REPORT OF

THE

STATE AUDITOR

STATE OF COLORADO
STATEWIDE SINGLE AUDIT

Fiscal Year Ended June 30, 2007

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STATE OF COLORADO

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February 7, 2008

Members of the Legislative Audit Committee:

Included herein is the report of the Statewide Single Audit of the State of Colorado for the fiscal year ended June 30, 2007. The audit was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all state departments, institutions, and agencies.

The purpose of this report is to present the results of the Statewide Single Audit for the year ended June 30, 2007. The report includes our reports on compliance and other matters and internal control over financial reporting in accordance with *Government Auditing Standards* and requirements related to Office of Management and Budget *Circular A-133*, and our audit opinion on the Schedule of Expenditures of Federal Awards. This report also contains our findings, conclusions, and recommendations, and the responses of the respective state agencies and institutions. Our opinion on the State's financial statements is presented in the State's Comprehensive Annual Financial Report for Fiscal Year 2007, which is available under separate cover.

This report may not include all of the findings and recommendations related to audits performed of state institutions and agencies. Some findings and recommendations are issued under separate report covers. However, in accordance with the federal Single Audit Act, this report includes all findings and questioned costs related to federal awards that came to our attention through either the Statewide Single Audit or other audits.

The report is intended solely for the use of management and the Legislative Audit Committee and should not be used for any other purpose. This restriction is not intended to limit distribution of the report, which, upon release by the Legislative Audit Committee, is a matter of public record.

Sally Symanski

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The State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007, is available in hard copy from the Office of the State Controller and electronically at:

http://www.colorado.gov/dpa/dfp/sco/cafr/cafr07/cafr07.htm

Sally Symanski, CPA
State Auditor

STATE OF COLORADO
STATEWIDE SINGLE AUDIT
FISCAL YEAR ENDED JUNE 30, 2007

Authority, Purpose, and Scope

This audit was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and with *Government Auditing Standards* issued by the Comptroller General of the United States. We performed our audit work during the period from March through December 2007.

The purpose of this audit was to:

- Express an opinion on the State's financial statements for the fiscal year ended June 30, 2007.
- Express an opinion on the State's Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2007.
- Review internal accounting and administrative control procedures as required by generally accepted auditing standards and generally accepted government auditing standards.
- Evaluate compliance with applicable state and federal laws, rules, and regulations.
- Evaluate progress in implementing prior audit recommendations.

We have issued three reports in connection with our audit. First, we issued an unqualified opinion on the State's financial statements for the fiscal year ended June 30, 2007. Our opinion on the financial statements is presented in the State's Comprehensive Annual Financial Report for Fiscal Year 2007, which is available in hard copy from the Office of the State Controller and electronically at www.colorado.gov/dpa/dfp/sco/CAFR/cafr07/cafr07.htm.

Second, we issued a report on the State's compliance with internal controls over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards.* These standards and Statement on Auditing Standards No. 112 (SAS 112) are established by the American Institute of Certified Public Accountants (AICPA) and require that we communicate

matters related to the State's internal control over financial reporting identified during our audit of the State's financial statements. The standards define three levels of internal control weaknesses that must be reported. These are described below.

- A *control deficiency* is the least serious level of internal control weakness. A control deficiency 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 misstatements on a timely basis. Control deficiencies are reported in the accompanying schedule of findings and questioned costs as Recommendation Nos. 1-3, 7, 13-15, 21-24, 27-29, 32, 37-40, 42-45 and 108.

- A *significant deficiency* is a higher level of internal control weakness. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. Significant deficiencies are reported in the accompanying schedule of findings and questioned costs as Recommendation Nos. 4-6, 8-12, 16-18, 20, 25, 26, 30, 31, 33-36, 46, 47, 56, 67, and 79.

- A *material weakness* is the most serious level of internal control weakness. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. We did not note matters involving the internal controls over financial reporting and its operation during our audit that we consider to be material weaknesses.

Prior to each recommendation in this report, we have indicated the classification of each finding.

The third report we issued is a report on the State's compliance with requirements applicable to major federal programs and internal control over compliance in accordance with the federal Office of Management and Budget's (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. We planned and performed the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred. As with matters identified during our audit of the State's internal control over the financial reporting, we are required to communicate internal control issues related to each of the major federal programs in similar manner. These three levels of internal control weaknesses over major federal programs are as follows:

- A *control deficiency* is the least serious of level of internal control weakness. A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. Control deficiencies are reported in the accompanying schedule of findings and questioned costs as Recommendation Nos. 48, 61, 63-66, 69, 71-73, 76, 78, 95, 97, 108, 109, 111, 112, and 115-119.

- A *significant deficiency* is a higher level of internal control weakness. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. Significant deficiencies are reported in the accompanying schedule of findings and questioned costs as Recommendation Nos. 49-60, 62, 67, 68, 70, 74, 75, 79-94, 98, 99, 101-106, 110, 113, 114, and 120-122.

- A *material weakness* is the most serious level of internal control weakness. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Material weaknesses are reported in the accompanying schedule of findings and questioned costs as Recommendation Nos. 50-57, 59, 62, 67, 68, 70, 74, 80, and 86-90.

Prior to each recommendation in this report, we have indicated the classification of each finding.

During our testing of compliance with federal requirements, we determined the State did not comply with requirements regarding Activities Allowable and Unallowable Allowable Costs/Cost Principles, Eligibility, and Subrecipient Monitoring that are applicable to the Food Stamps Cluster (CFDA Nos. 10.551 and 10.561); Eligibility and Special Tests and Provisions that are applicable to the Federal Family Education Loans (CFDA No. 84.032) and Federal Pell Grant Program (CFDA No. 84.063); Subrecipient Monitoring that is applicable to the Vocational Education Basic Grants to States program (CFDA No. 84.048); Eligibility that is applicable to the Temporary Assistance for Needy Families (CFDA No. 93.558) and State Children's Insurance Programs (CFDA No. 93.767); and Activities Allowable and Unallowable; Allowable Costs/Cost Principles; Cash Management; Eligibility; Procurement, Suspension, and Debarment; and Subrecipient Monitoring that are applicable to the Medicaid Cluster (CFDA Nos. 93.777 and 93.778). Compliance with such requirements is necessary to meet requirements applicable to those programs. Material noncompliance associated with the above mentioned programs is described in the accompanying schedule of findings and questioned costs as Recommendations Nos. 50-57, 59, 62, 67, 68, 70, 74, 80, and 86-90.

Current Year Findings and Recommendations

The Statewide Single audit report presents our financial and compliance audit of the State of Colorado for Fiscal Year 2007. The report may not include all findings and recommendations from separately issued reports on audits of state departments, institutions, and agencies. However, in accordance with the federal Single Audit Act, this report includes all findings and questioned costs related to federal awards that came to our attention through our audit.

As part of our audit, we examined, on a test basis, evidence supporting the amounts and disclosures in the State's financial statements. We considered the internal control over financial reporting; tested compliance with certain provisions of federal and state laws, regulations, contracts, and grants; and tested account balances and transactions for proper financial reporting.

The following section presents highlights of findings included in our report. The Recommendation Locator, following the Summary of Auditor's Results, includes a complete listing of all recommendations, agency responses, and implementation dates, as well as references to the location of each recommendation in the report.

Internal Controls

State agencies are responsible for having adequate controls in place to ensure compliance with laws and regulations and with management's objectives. As part of our audit, we tested controls over the processing of transactions and accounting for financial activity and identified the need for improvements in the following areas:

- Seven agencies did not have adequate controls over payroll and/or human resource-related functions during Fiscal Year 2007. The Department of Education did not ensure that compensation adjustments were appropriately documented and approved. At the Department of Health Care Policy and Financing, payroll reconciliations were not performed between August 2006 through May 2007. The Department of Human Services did not ensure that contracts were fully executed prior to making payments, or that signing bonuses were paid timely and failed to recoup one signing bonus when the employee left employment. As in Fiscal Year 2006, time sheets at the Department of Natural Resources were lacking employee certifications. At the Department or Personnel & Administration, 9 percent of the payroll adjustments tested were incorrect. The Department of Transportation failed to pay $148,000 in overtime earned between November 2006 through January 2007.

- The Departments of Corrections, Human Services, and Revenue lacked sufficient controls over purchasing cards. Specifically, the Department of Corrections did not ensure transactions totaling $2,000 were approved. At the Department of Human Services, 28 percent of the transactions tested contained at least one error, including account coding errors and lack of required signatures on cardholder statements. At the Department of

Revenue, 10 percent of cardholder files did not contain documentation required to issue purchasing cards to employees.

- Two agencies' internal controls over travel expenditures were inadequate. Transactions tested at the Departments of Public Safety and the Colorado Historical Society showed error rates of 20 percent and 76 percent, respectively. Some of the problems identified were transactions that were recorded in the wrong fiscal year, expenditures incorrectly coded, reimbursements lacking sufficient supporting documentation, and a reimbursement including entertainment and alcoholic beverages, both of which are prohibited under State Fiscal Rules.

- The Departments of Health Care Policy and Financing, Human Services, Personnel & Administration, and Transportation did not have sufficient physical and security controls in place over critical computer systems, including the State's financial and reporting system, COFRS; the State's electronic employee benefits system, Benefitsolver; the State's eligibility system for public and medical assistance, the Colorado Benefits Management System (CBMS); and the Department of Transportation's Systems, Applications, and Products system, SAP. In addition, the Department of Revenue did not have sufficient controls in place to ensure that terminated employees' access to the Department's mainframe and network was appropriately removed.

- The Department of Revenue had internal control weaknesses in the areas of duplicate tax refunds, modifications to taxpayer accounts, and physical security over refund warrants and certain types of taxpayer payments.

Financial Reporting

State agencies are responsible for reporting financial activity accurately, timely, and completely. The Office of the State Controller (OSC) establishes standard policies and procedures that must be followed by state agencies and institutions. As part of our audit, we reviewed the agencies' and institutions' control processes, policies, and procedures related to financial reporting and tested a sample of financial transactions to ensure that controls were adequate and financial activity was reported properly. We found:

- The Department of Human Services could not reconcile an approximately $5 million difference at fiscal year end between amounts due to or due from the counties recorded on the State's accounting system, COFRS, and amounts recorded on the Department's County Financial Management System, CFMS.

- At the Department of Health Care Policy and Financing, controls were lacking over financial reporting to ensure over $1.5 million in drug rebate and family planning receipts were allocated to the correct accounting period during the fiscal year.

- The Department of Local Affairs did not appropriately record accounts payable amounts for approximately $2 million in expenditures incurred in Fiscal Year 2007 but not paid until Fiscal Year 2008, although sufficient documentation was available prior to the end of Fiscal Year 2007.

Federal Grants

The State expended approximately $6.1 billion in federal grants in Fiscal Year 2007. As part of our audit, we determined compliance with federal regulations and grant requirements. Among other requirements, we tested for activities allowed or unallowed, allowable costs, cash management, eligibility, reporting, and subrecipient monitoring.

Colorado Benefits Management System (CBMS): For Fiscal Year 2007 we evaluated transactions processed by CBMS through review of three federal programs. Two programs are overseen by the Department of Human Services (DHS): Temporary Assistance for Needy Families (TANF) and Food Stamps. The other program, Medicaid, is overseen by the Department of Health Care Policy and Financing. We reviewed the Departments' procedures for complying with federal requirements for determining individuals' eligiblility to receive Food Stamps, TANF, and Medicaid. For all three programs we found significant error rates. For Food Stamps, the error rates were higher than those identified in our Fiscal Year 2006 audit. For all three programs, the error rates found in our Fiscal Year 2006 audit continue to be unacceptably high because of the size of these programs and the risk of substantial federal disallowances. We found the following:

- For TANF, we found that 13 of the 60 payments in our random sample (22 percent of payments sampled) contained at least one error. For the 13 payments containing at least one error, we identified questioned costs of $1,831 out of the total sampled costs of $16,444 (11 percent of costs). These error rates are lower than those identified during our Fiscal Year 2005 and 2006 audits (Fiscal Year 2006: Payment error rate of 38 percent and dollar error rate of 33 percent for the sample tested; Fiscal Year 2005: Payment error rate of 25 percent and dollar error rate of 20 percent for the sample tested). Total TANF benefit payments for Fiscal Year 2007 were $59.1 million, and the average monthly caseload was 11,898.

- For Food Stamps, we found that 34 of the 60 payments in our random sample (57 percent) contained at least one error. For the 34 payments containing at least one error, we identified questioned costs of $2,922 out of the total sampled costs of $13,692 (21 percent of costs). These error rates are higher than those identified during our Fiscal Year 2006 audit, but lower then our Fiscal Year 2005 audit (Fiscal Year 2006: Payment error rate of 18 percent and dollar error rate of 9 percent for the sample tested; Fiscal Year 2005: Payment error rate of 72 percent and dollar error rate of 20 percent for the sample tested). Total Food Stamps benefit payments for Fiscal Year 2007 were $317 million, and the average monthly caseload was 107,355.

- For Medicaid, we found that 22 of the 60 payments in our random sample (37 percent) contained at least one error. For the 22 payments containing at least one error, we identified questioned costs of $12,170 out of the total sampled costs of $80,763 (15 percent). These error rates are lower than those identified during our Fiscal Year 2005 and 2006 audits (Fiscal Year 2006: Payment error rate of 45 percent and dollar error rate of 36 percent for the sample tested; Fiscal Year 2005: Payment error rate of 37 percent and dollar error rate of 15 percent for the sample tested). Total Medicaid expenditures were about $3.3 billion for Fiscal Year 2007.

Medicaid: The Medicaid program is the State's largest federal program. During Fiscal Year 2007, Medicaid expenditures for administration and claims paid by HCPF totaled about $3.3 billion (state and federal funds). In addition to the error rates noted above we found significant problems with the management of the Medicaid program.

- The Department did not ensure adequate follow-up to errors noted during its federally mandated Medicaid Eligibility Quality Control process. Of 39 Medical Assistance (MA) sites reviewed, the Department failed to receive responses to errors noted for 22 sites.

- Federal regulations require the primary recipient of federal funds to ensure subrecipients are in compliance with federal requirements. The Department did not ensure that 6 of 23 Single Entry Points (SEP) submitted corrective action plans for deficiencies cited during on-site reviews. Further, for the remaining 17 SEPs that did submit corrective action plans, the Department did not conduct follow-up reviews to determine if the plans had been put in place.

Children's Basic Health Plan: During Fiscal Year 2007, the Department of Health Care Policy and Financing expended $103 million in state and federal funds for the State Children's Health Insurance Program (SCHIP), referred to as the Children's Basic Health Plan or the Children's Health Plan Plus (CHP+) in Colorado. The purpose of this program is to provide health insurance to uninsured children 18 years and younger from low-income families who do not qualify for Medicaid. We identified the following areas in which the Department needs to improve controls over SCHIP.

- The Department needs to strengthen controls over compliance with federal grant requirements in the following areas: allowable costs, eligibility, program income, federal reporting, and subrecipient monitoring.

- The Department did not review the annual cash management agreement between the State Treasury and the federal Treasury to ensure the Department was requesting federal reimbursement in accordance with the Cash Management Improvement Act. By not performing this review, the Department was unaware that it should request reimbursement 5 days after the expenditure incurred, rather than the 4 days it was using for reimbursement requests during Fiscal Year 2007.

- The Department did not maintain effective fiscal controls over the preparation and submission of the federal report used to account for all federal cash received by the Department. For the report submitted for the quarter ended December 31, 2006, the Department excluded about $669,000 of SCHIP disbursements it received.

Foster Care Program: During Fiscal Year 2007, the Department of Human Services expended approximately $379 million at the state and local level on child welfare services. This includes about $65 million for out-of-home placements and about $46 million for Core Services, which are designed to prevent or shorten out-of-home placements. Of the $379 million expended, federal funds represent about 29 percent of the State's child welfare expenditures.

- 103 of 128 foster parent files reviewed were missing documentation to show that foster parents had fulfilled all training requirements, passed criminal history checks, and were involved in family case planning.

- The Department did not ensure adequate oversight of abuse or neglect investigations at the county departments of human/social services. If the Department disagrees with a county's investigation conclusion, the Department does not routinely take action to resolve disagreements. The Department also did not ensure that the counties cited with investigational deficiencies implemented recommendations for the county to reevaluated its conclusions.

- Questioned costs in the amount of $69,600 were identified at eight Child Placement Agencies (CPAs) because the expenditure were unreasonable, unallowable, or not supported by adequate documentation. Further, CPAs did not pass along the correct child maintenance payment to foster parents, as required by Department regulations. For 68 of 255 foster parents sampled, payments did not match the contracted amounts between the counties and CPAs.

Student Financial Aid: State higher education institutions disbursed about $542.6 million in student loans and grants in Fiscal Year 2007. We found the following problems at various state institutions:

- The Colorado Community College System (CCCS) during Fiscal Year 2007 expended approximately $111.2 million and $22.7 million on the Student Financial Aid Cluster and the Carl Perkins Vocational Education Program, respectively, and did not ensure adequate controls over a number of federal requirements for the administration of these programs.

  > CCCS lacked controls to ensure subrecipients of the Carl Perkins Vocation Education Program were in compliance with federal regulations. Further, sufficient documentation was not maintained for one employee's salary that was charged in part to the program.

> CCCS did not ensure compliance with federal regulations related to the Student Financial Aid Cluster in the following areas: Return of Title IV funds for withdrawing students, verification of information provided by students applying for federal student aid, providing exit counseling for graduating students or students enrolled half-time or less, tracking satisfactory academic progress, and eligibility.

- Western State College does not have a formal written policies and procedures manual for administering approximately $8.6 million in federal student financial assistance programs.

Communication of Audit-Related Matters

There were no unusual or significant audit-related matters to report in connection with the audit of the State of Colorado for the year ended June 30, 2007. Uncorrected misstatements identified during the Fiscal Year 2007 audit were determined by management and the Office of the State Auditor to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The net effect of the uncorrected misstatements would have been to decrease the net assets by nearly $2 million, increase assets by about $300,000, increase liabilities by nearly $6.2 million, decrease revenue by over $708,000, and decrease expenditures by nearly $1.4 million. Appendix B shows the net and gross passed audit adjustments by agency and the net and gross posted audit adjustments by agency. A full disclosure of communications required under generally accepted auditing standards can be found in the Required Communications section of this report.

Recommendation Locator

The Recommendation Locator following this summary is arranged by department. In addition, Appendix A contains a separate Locator with additional columns to provide the information necessary to meet Single Audit reporting requirements. The Catalog of Federal Domestic Assistance (CFDA) No./Compliance Requirement/Federal Entity column indicates the federal program, category of compliance requirement, and applicable federal agency. The contact for the Corrective Action Plan designates the state agency contact person. For those findings not subject to reporting under the Single Audit Act, the CFDA No./Compliance Requirement/Federal Entity column is marked "not applicable."

Summary of Progress in Implementing Prior Recommendations

This report includes an assessment of the disposition of prior audit recommendations reported in the previous Statewide Single Audit Reports. Prior years' recommendations that were implemented in Fiscal Year 2006 or earlier are not included.

Outstanding Statewide Single Audit Report Recommendations by Fiscal Year							
	Total	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Implemented	44	30	7	3	3	1	-
Partially Implemented	56	41	9	4	-	2	1
Not Implemented	7	3	1	-	1	-	1
Deferred	12	12	-	-	-	-	-
Implemented and Ongoing	16	3	8	5	-	-	-
No Longer Applicable	-	-	-	-	-	-	-
Total	**135**	**89**	**25**	**12**	**4**	**3**	**2**

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____yes__X___ no
- Significant deficiencies identified that are not considered to be material weaknesses? ___X__yes_____none reported

Noncompliance material to financial statements noted? _____yes__X__no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___X__yes_____no
- Significant deficiencies identified that are not considered to be material weaknesses? ___X__ yes_____none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except for the Food Stamp Program Cluster, Federal Family Education Loans, Federal Pell Grant Program, Vocational Education: Basic Grants to States, Temporary Assistance for Needy Families, State Children's Insurance Program, and Medicaid Cluster, which were qualified.

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.551, .561	Food Stamp Program Cluster
14.871	Section 8 Choice Vouchers
17.207, .801, .804	Employment Service Cluster
17.225	Unemployment Insurance
17.258, .259, .260	Workforce Investment Act Cluster
20.205	Highway Planning and Construction
84.010	Title I Grants to Local Education Agencies
84.048	Vocational Education: Basic Grants to States
84.126	Rehabilitation Services: Vocational Rehabilitations Grants to States
90.401	Help America Vote Act
93.283	Center for Disease Control and Prevention: Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families (TANF)
93.596, .575	Child Care and Development Fund Cluster
93.658	Foster Care: Title IV-E
93.767	State Children's Insurance Program
93.775, .777, .778	Medicaid Cluster
97.004, .067	Homeland Security/State Domestic Preparedness Equipment Support Program
Various	Research and Development Cluster

Various	Student Financial Aid Cluster (including CFDA 84.032 FFEL-Lenders)

Dollar threshold used to distinguish
between type A and B programs: $14.4 million

Auditee qualified as low-risk auditee? _____yes___X___no

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RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
Financial Statement Findings				
1	43	The Department of Corrections should expand testing for compliance with established controls over procurement card (P-card) transactions by (a) setting a minimum percentage of P-card transactions to be tested and incorporating the testing plan in the internal auditors' annual audit plan and (b) establishing and implementing a policy for uniform disciplinary actions for the various types of violations of P-card transaction policies and procedures.	Agree	a. April 2008 b. May 2008
2	46	The Department of Corrections should continue to improve its monitoring of inmate banking by (a) ensuring compliance with Administrative Regulations over inmate banking, particularly with respect to the maintenance of complete and accurate documentation to support all activity in inmate accounts; and (b) expanding testing of inmate banking transactions by the internal auditors.	Agree	February 2008
3	51	The Department of Education should continue to improve and strengthen controls over compensation adjustments by (a) keeping personnel files complete to ensure that important documentation regarding employee salaries and job descriptions is maintained; (b) ensuring that the Request for Personnel and/or Position Action (CDE-43) forms are reviewed before the salary change is implemented to ensure that all signatures are appropriate and, on the rare occasion that someone is authorized to sign on behalf of the authorized signor, the reason for that situation should be documented; (c) reviewing the CDE-43 forms to ensure that all of the signatures required on the CDE-43 form have been obtained; and (d) requiring that Human Resources, as the gate keeper for salary adjustments, perform desk reviews of employees being reallocated to ensure that the documentation provided in the Position Description Questionnaire is accurate and sufficient.	Agree	June 2008
4	55	The Department of Health Care Policy and Financing should improve controls over payroll by performing reconciliations between actual and expected gross pay on a monthly basis, prior to the distribution of monthly payroll, and incorporating a timely supervisory review of payroll reconciliations and related adjustments.	Agree	Implemented
5	57	The Department of Health Care Policy and Financing should find an alternative method for recording unallocated amounts received for drug rebates and family planning and ensure that these amounts are recorded and reversed consistently.	Agree	Implemented

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
6	62	The Colorado Historical Society should strengthen controls over travel expenditures by (a) ensuring that travel expenditures are appropriately approved, appropriate per diem rates are used, travel reimbursements are recorded in the proper period, and that all other State policies regarding travel are followed; and (b) training staff and supervisors on State travel rules and policies.	Agree	July 2007
7	64	The Colorado Historical Society should improve its monitoring controls over the Georgetown Loop Railroad by strengthening the process for reviewing monthly cash and credit card reconciliations prepared by the Contractor and following up on discrepancies in a timely manner.	Agree	May 2008
8	69	The Department of Human Services should ensure that amounts reported on the State's accounting system, COFRS, related to counties' administration of public assistance programs is accurate and complete by (a) instituting a monthly reconciliation process to identify and resolve discrepancies between the County Financial Management System (CFMS) and COFRS for amount payable to and receivable from the counties and (b) determining the cause of the discrepancies between the balances reported on CFMS and those reported on COFRS for amounts due to or from the counties at June 30, 2007, and making necessary adjustments.	Agree	June 2008
9	72	The Department of Human Services should establish adequate controls over benefit authorization and issuance data for the cash programs by (a) performing routine and comprehensive reconciliations between the Colorado Benefits Management System, County Financial Management System, the State's EBT service provider, and the State's accounting system to ensure that financial information is accurately and completely recorded; (b) ensuring that all reconciliations are reviewed by knowledgeable personnel not involved in preparing the reconciliations; and (c) making any necessary adjustments to the appropriate systems in a timely manner.	Agree	December 2008
10	75	The Department of Human Services should improve controls over the year-end confirmation of funds held by commercial financial institutions by (a) ensuring that staff sending the confirmations are adequately trained on the Public Deposit Protection Act (PDPA) and that they include all information that must be confirmed by the institution, including the PDPA number; (b) adequately reviewing the returned confirmations and following up with the institution(s) on any information that was incorrect, incomplete, or not confirmed; and (c) working with the Office of the State Controller to revise and clarify the completion of the confirmation form to ensure agencies understand their responsibility to provide the required information to commercial financial institutions, and requiring explicit verification of PDPA numbers by commercial financial institutions.	Agree	a. May 2008 b. August 2008 c. May 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
11	78	The Department of Human Services should improve controls over the revenue and receipt process for Medicare Part D at the Fort Logan and Pueblo Mental Health Institutes by (a) continuing to work with the vendor for the AVATAR system and the drug insurance companies to develop a method for reconciling the detail on all claims submitted for Medicare Part D reimbursement and tracking the related receivable from the drug insurance companies and (b) recording revenue and related accounts receivable on COFRS in accordance with generally accepted accounting principles.	Agree	a. December 2007 b. June 2008
12	80	The Department of Human Services should improve the process over signing bonuses at the Fitzsimons Nursing Home by (a) ensuring that standard language regarding the payment of bonuses and the terms under which repayment will be required is included in contracts for bonuses, and that the language is consistent with the Department's policies; (b) paying signing bonuses in accordance with contract terms; (c) recouping payments made to employees who have not fulfilled the terms stated in the contract; and (d) seeking repayment of the $1,500 bonus that should have been reimbursed to the State.	Agree	January 2008
13	83	The Department of Human Services should improve controls over the payroll and human resource process by (a) ensuring that time sheets are certified and maintained within the timeframes in the Department's stated policy and (b) ensuring that employee information is entered into the Colorado Payroll Personnel System in a timely manner.	Agree	a. March 2008 b. January 2008
14	85	The Department of Human Services should improve controls over the preparation of fiscal year-end exhibits submitted to the Office of the State Controller by (a) continuing to ensure that staff preparing exhibits are adequately trained, yearly, on exhibit-preparation requirements and (b) enhancing the secondary review process over exhibits to include an in-depth, detailed review of all supporting documentation used to prepare the exhibits.	Agree	August 2008
15	87	The Department of Human Services should improve its internal controls over purchasing cards by (a) completing testing and implementation of the automated system to track the results of the Department's internal purchasing card audits and the responses of actions taken by approving authorities and (b) continuing to communicate to approving officials and cardholders their responsibilities to ensure compliance with Department policy and consequences for policy violations through ongoing training.	Agree	a. June 2008 b. Implemented and ongoing

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
16	92	The Department of Labor and Employment should strengthen overall accounting controls by (a) developing written procedures to ensure that all year-end accounting functions are performed, such as a timely review of significant year-end account balances, including year-end accruals, account balance reconciliations, and significant adjustments; (b) ensuring that adequate supervisory reviews are in place and documented for all accounting functions; and (c) providing additional cross-training to staff.	Agree	a. June 2008 b. December 2007 c. September 2008
17	94	The Department of Labor and Employment should implement a process to evaluate the accuracy and completeness of the liability to employers for overpayment of Unemployment Insurance claims.	Agree	September 2008
18	96	The Department of Local Affairs should re-evaluate its policies and procedures in place to capture all expenditures in the correct accounting period.	Agree	June 2008
19	98	The Department of Local Affairs should continue the development of the current Business Continuity Plan by (a) identifying specific threats and the probability of those threats occurring and tailoring the Plan to address these threats; (b) obtaining appropriate management approval and finalizing the status of the Plan, removing confidential information if necessary; and (c) testing the Plan at least annually.	Agree	a. June 2008 b. June 2008 c. August 2008
20	103	The Department of Military and Veterans Affairs should improve controls over the preparation of the Exhibit K to ensure that information reported on the Exhibit K is accurate and that supporting documentation is maintained and readily available for review.	Partially Agree	February 2008
21	107	The Department of Natural Resources should enforce its payroll policies and strengthen its controls over personnel and payroll activities by (a) requiring supervisors to review time sheets to ensure they are signed off by the employee at the end of each pay period and (b) reassigning incompatible duties within the Payroll Accountant and Payroll Technicians positions to other individuals.	a. Agree b. Disagree	a. March 2008 b. Not Applicable
22	110	The Department of Natural Resources should improve its controls over capital expenditures by (a) reviewing the expenditures related to capital projects and construction in progress in a timely manner to ensure that all completed capital projects are properly capitalized and that depreciation is in the appropriate fiscal year and (b) ensuring that expenditures for capital asset projects are reviewed and recorded appropriately on COFRS in accordance with the State Fiscal Procedures Manual.	Agree	April 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
23	113	The Department of Personnel & Administration should strengthen controls over payroll by ensuring that an adequate review process is in place to identify and correct payroll adjustment errors.	Agree	April 2008
24	114	The Department of Personnel & Administration should improve controls over expenditures by (a) ensuring that workers' compensation claims are reviewed and approved by Risk Management staff prior to payment, (b) processing expenditures within the 45-day timeframe required by State Fiscal Rules, and (c) coding expenditures appropriately on the State's accounting system.	Agree	a. Implemented b. February 2008 c. February 2008
25	118	The Department of Personnel & Administration should ensure that the Office of the State Controller strengthens its controls over COFRS to ensure COFRS access is monitored for appropriateness and access is removed upon employee termination or job changes.	Agree	December 2008
26	120	The Department of Personnel & Administration should ensure the security of employee benefit information contained in Benefitsolver by establishing user administration procedural controls including (a) disabling or deleting user accounts in a timely manner, (b) performing periodic reviews of existing user access, and (c) ensuring that agencies have access only to the information related to the employees within their respective agencies.	Agree	a. December 2008 b. April 2008 c. March 2008
27	125	The Department of Public Health and Environment should segregate cash receipt responsibilities from the ability to credit customer accounts.	Partially Agree	Implemented
28	129	The Department of Public Safety should strengthen controls over travel expenditures by (a) ensuring that travel reimbursements are recorded in the proper period using the correct coding and that all other state policies regarding travel are followed and (b) training staff and supervisors on state travel rules and policies.	Agree	March 2008
29	134	The Department of Revenue should improve controls over the issuance of income tax refunds by (a) strengthening its review process by instituting a secondary review over potential duplicate refunds and (b) updating the criteria for the potential duplicate report to include duplicate payments made to the same taxpayer under different account and/or social security numbers.	Agree	January 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
30	135	The Department of Revenue should strengthen controls over the security of tax warrants by ensuring that its new tax information system is designed to allow the internal transfer of funds for the collection of costs associated with county and special district taxes. The Department should implement controls over internal transfers during the interim.	Agree	November 2010
31	137	The Department of Revenue should improve controls over taxpayer accounts by instituting a secondary review and approval process over modifications of taxpayer information within the individual income and business tax systems.	Partially Agree	November 2010
32	138	The Department of Revenue should improve internal controls over warrants by restricting access to the outgoing mailroom.	Agree	September 2009
33	140	The Department of Revenue should develop procedures to enforce its policy requiring employees to sign and submit annual Statements of Understanding to the Office of Human Resources.	Agree	March 2007
34	142	The Department of Revenue should improve controls over taxpayer payments by (a) implementing proper segregation of duties over the creation of new business accounts and the processing of loose checks from business taxpayers, (b) restricting physical access to the Registration Control area to authorized personnel and locking up loose checks in a vault, and (c) implementing adequate record-keeping procedures over loose checks.	a. Disagree b. Partially Agree c. Partially Agree	a. Not Applicable b. September 2009 c. No implementation date provided.
35	145	The Department of Revenue should review its current estimation process for Tax Conferee collections and bad debts for accuracy and appropriateness.	Agree	June 2008
36	147	The Department of Revenue should improve controls over information system security and access by (a) enforcing the policy that requires all employees to read the Department's Information Technology Security Standards and Policies document and sign a Statement of Compliance and ensuring that current Statements of Compliance are maintained in employee files and (b) ensuring that system access for terminated employees is revoked timely by improving communication between the Human Resources Section and the IT Security Administrator.	Agree	a. June 2008 b. February 2008

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
37	149	The Department of Revenue should improve controls to adequately secure sensitive data sent via e-mail by (a) revising its existing e-mail policy to address the appropriateness of sharing sensitive taxpayer data via e-mail, (b) considering the implementation of an e-mail encryption program and training employees on its proper use, and (c) training employees on the risks of and appropriate related procedures for using e-mail for data sharing.	Agree	a. March 2008 b. June 2008 c. June 2008
38	151	The Department of Revenue should improve controls over financial reporting related to income tax refunds by (a) resolving reporting issues on the "Summary of Income Tax Refunds Issued" report in a timely manner and (b) ensuring that the Income Tax System is able to correctly process information during interruptions in business.	Agree	Implemented
39	153	The Department of Revenue should improve its internal controls over financial reporting by (a) ensuring that exhibits are adequately reviewed by a supervisor prior to submission to the Office of the State Controller or other parties and (b) implementing procedures to ensure that all necessary and historical information is available to estimate year-end accruals.	Agree	a. September 2007 b. June 2008
40	155	The Department of Revenue should improve its internal controls over the issuance of purchasing cards by ensuring that required forms are obtained and signed prior to card issuance.	Agree	November 2007
41	160	The Office of the State Treasurer should ensure distributions from the Highway Users Tax Fund are made within the statutorily required five days after receiving revenue estimates from the Department of Revenue.	Agree	November 2007
42	161	The Office of the State Treasurer should improve internal controls over Unclaimed Property by (a) documenting policies and procedures that apply to the computer system operations; (b) cross-training staff, including management, on the functionality of the computer system and the documented policies and procedures above to allow efficient operations in the event of turnover or employee absences; and (c) ensuring that proper monitoring is performed by requiring that review of change reports be documented and performed timely by an individual not involved in making changes to the Unclaimed Property system.	Agree	November 2007

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
43	172	The Department of Transportation should ensure the accounting system is calculating depreciation expense correctly by manually calculating depreciation expense, on a monthly basis, on a sample of capital assets in classes 400 and 850 and comparing the manual calculation results to the system's calculation of depreciation expense for those same line items until the Department has reached a high level of confidence that the system is calculating depreciation correctly.	Agree	June 2008
44	173	The Department of Transportation should continue to monitor all aspects of the processing and payment of payroll, including overtime earned.	Agree	Implemented
45	174	The Department of Transportation should improve year-end procedures to ensure all expenses and costs incurred prior to year-end are recorded.	Agree	June 2008
46	178	The Department of Transportation should ensure that its information systems are safeguarded by (a) updating its existing disaster recovery plan to address the Systems, Applications and Products in Data Processing (SAP) system and (b) addressing current environmental hazards to the Department's information systems.	a. Agree b. Partially Agree	a. July 2008 b. June 2008
47	181	The Department of Transportation should perform a comprehensive security risk assessment and a detailed review of current transaction access rights as implemented in the Department's Systems, Applications and Products in Data Processing system to identify all conflicting transaction access rights and modify existing access rights as appropriate.	Partially Agree	June 2009
Federal Award Findings				
48	184	The Department of Education should assign someone the responsibility to review transactions near or subsequent to the end of an award period to ensure all transactions are properly recorded within the period of available funding.	Agree	Implemented
49	188	The Department of Health Care Policy and Financing should set a deadline for the case cleansing of all remaining backlogs of Medicaid and State Children's Health Insurance Program cases on the Colorado Benefits Management System (CBMS), requiring that all remaining cases be cleansed as soon as possible.	Agree	July 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
50	192	The Department of Health Care Policy and Financing should continue to improve the reporting from CBMS and work with county departments of human/social services and Medical Assistance sites to ensure that new Medicaid cases and redeterminations, as well as State Children's Health Insurance Program applications, are processed within federal guidelines.	Agree	April 2008
51	196	The Department of Health Care Policy and Financing should ensure that Medicaid eligibility is terminated in a timely manner when individuals are no longer eligible for the program by (a) correcting the Transitional Benefits Report problem within the Colorado Benefits Management System (CBMS) related to the Transitional Medicaid program to ensure that eligibility is terminated if no Transitional Benefits Report is submitted; (b) establishing programmed alerts within CBMS for all Medicaid programs that have specified limitations for Medicaid eligibility, such as the Transitional Medicaid program and the Four-Month Extended program, to ensure that eligibility is redetermined for all cases when a period of eligibility expires; (c) ensuring that county departments of human/social services address all CBMS alerts in a timely manner; and (d) using existing eligibility determination monitoring procedures to identify additional inappropriate Medicaid payments related to the problems noted related to timeliness of eligibility determination and following up on problems identified, as appropriate.	Agree	September 2008
52	201	The Department of Health Care Policy and Financing should ensure that case file documentation for the Medicaid program is adequate to support all eligibility determinations by utilizing established monitoring procedures to ensure required eligibility information is contained in county case files.	Agree	January 2009
53	203	The Department of Health Care Policy and Financing should improve controls over Medicaid eligibility determinations and data entry into the Colorado Benefits Management System by (a) requiring county departments of human/social services and Medical Assistance sites to institute effective supervisory review processes over data entry into CBMS and eligibility determinations and (b) using eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS at counties and Medical Assistance sites.	Agree	January 2009
54	206	The Department of Health Care Policy and Financing should ensure that county departments of human/social services are addressing Income, Eligibility, and Verification System data discrepancies within 45 days of receiving notification as required by federal regulations and in accordance with the State Plan it filed with the federal government.	Partially Agree	June 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
55	209	The Department of Health Care Policy and Financing should improve the Medicaid Eligibility Quality Control system by ensuring that county departments of human/social services and Medical Assistance sites respond to findings that identify eligibility errors and that corrective action plans are adequate to address deficiencies identified. In addition, the Department should continue to follow up on recovering any improper payments identified as a result of the MEQC process.	Agree	Implemented and Ongoing
56	211	The Department of Health Care Policy and Financing should improve controls over payments to laboratory providers for the Medicaid program by (a) ensuring edits to identify laboratory certification numbers are implemented and operating as intended in the Medicaid Management Information System and (b) establishing a method to verify federally issued certification numbers for laboratories.	Agree	June 2009
57	214	The Department of Health Care Policy and Financing should improve controls over Single Entry Points and for the Medicaid program to ensure that subrecipient monitoring responsibilities related to OMB *Circular A-133* audits are met and that appropriate follow-up is conducted.	Agree	June 2008
58	215	The Department of Health Care Policy and Financing should improve controls over the administration of the State Children's Health Insurance Program in order to ensure that the State is in compliance with federal requirements for the grant such as allowable activities, eligibility determination, program income, subrecipient monitoring, and federal reporting.	Agree	Ongoing
59	217	The Department of Health Care Policy and Financing should annually review and comply with the State Treasury Cash Management Improvement Act Agreement for all affected federal programs in the Department and communicate any changes needed to the State Treasury Department.	Agree	Implemented
60	219	The Department of Health Care Policy and Financing should ensure an adequate review process is in place and that all information reported in the Quarterly PSC-272, *Federal Cash Transaction Report*, is accurate and complete prior to submission to the federal government.	Agree	Implemented

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
61	221	The Department of Health Care Policy and Financing should improve internal controls over the indirect cost process by (a) developing and implementing a review process of the allocation of statewide indirect costs and Departmental indirect costs across programs and other areas, (b) ensuring that all spreadsheets used for tracking indirect costs are protected from unauthorized user modifications and formulas are calculating correctly, and (c) evaluating the need to amend the Departmental indirect cost allocation plan and complying with federal regulations annually by either submitting an amended indirect cost plan for approval or certifying to the federal government that the approved cost allocation plan is not outdated.	Agree	a. Implemented b. December 2007 c. June 2008
62	224	The Department of Health Care Policy and Financing should establish and implement a procedure to ensure compliance with federal debarment and suspension requirements for all contracts and subawards by reviewing the federal Excluded Parties List System, including a clause regarding suspension or debarment in all Department contracts or obtaining a certification regarding suspension and debarment from the contractor.	Agree	April 2008
63	234	The Department of Health Care Policy and Financing should improve the oversight of nursing facility resident assessments and Minimum Data Set (MDS) data by (a) working with the Department of Public Health and Environment to conduct more systematic review and analysis of standard reports available in the electronic MDS system and data maintained by its contract auditor on resource utilization group classifications to identify those facilities that are at higher risk of submitting invalid assessments and, therefore, warrant further attention during rate-setting; (b) working with the Department of Public Health and Environment to require that MDS coordinators at all Medicaid-certified nursing facilities complete the State's MDS training or a comparable MDS training on a routine basis, as appropriate; and (c) working with the Department of Public Health and Environment to evaluate options for the development and implementation of a state validation team to perform routine on-site reviews of nursing facilities' MDS assessments for Medicaid residents.	Agree	December 2007
64	241	The Department of Health Care Policy and Financing should improve its oversight of nursing facilities to ensure compliance with federal and state requirements for managing resident fund accounts. Specifically, the Department should (a) develop and implement an audit program consistent with its existing authority to conduct more routine audits of resident fund accounts managed by nursing facilities participating in Medicaid; (b) take steps to identify Medicaid residents with account balances exceeding applicable resource limits; and (c) work with the Department of Public Health and Environment to improve communication and coordination and, to the extent possible, minimize the potential for duplication of resident fund account monitoring efforts.	Agree	a. Implemented b. March 2007 c. March 2007

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
65	245	The University of Colorado should implement procedures to ensure that federal grant reimbursement requests are reviewed by someone other than the preparer prior to submission, and the University should maintain documentation that the reviews were performed.	Partially Agree	December 2007
66	247	The Colorado School of Mines should ensure proper policies and procedures are in place to report all student status changes to the National Student Loan Data System within the proper timeframe.	Agree	June 2008
67	252	Colorado Community College System (CCCS) should develop an action plan based on our current and prior findings related to the Community College of Denver, work performed by CCCS Internal Audit, and on the Internal Controls Report issued by the external forensic accountants.	Agree	January 2009
68	255	Colorado Community College System should improve its subrecipient monitoring by implementing policies, procedures, and controls to ensure compliance with OMB *Circular A-133*. Specifically, CCCS should: (a) develop a risk-based approach for monitoring subrecipients, including written policies and procedures, in compliance with OMB *Circular A-133*; (b) perform periodic site visits to ensure that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (c) require all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to OMB *Circular A-133* audit requirements; (d) develop written policies, procedures, and documentation requirements for subrecipients to support allowability and appropriateness of grants expenditures and other compliance requirements; (e) provide training to improve the technical skill of staff responsible for subrecipient monitoring; and (f) provide adequate oversight and supervisory review of the Perkins monitoring process.	Agree	June 2009
69	257	For those employees who charge less than 100 percent of time to the Perkins program, Colorado Community College System (CCCS) should ensure that time being charged is properly supported by time and effort reporting, including new employees charging time to the program. CCCS should ensure compliance with these requirements by (a) training employees who work on the Perkins programs regarding the importance of time and effort reporting and certifications and (b) performing periodic reviews of time and effort reporting or certifications for a sample of those employees who charge time to the Perkins programs.	Partially Agree	November 2007

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
70	258	Colorado Community College System should work with Lamar Community College (LCC) to enhance procedures to make certain that the institution's portion of a student's unearned Title IV funds is returned to the federal government within 45 days after the school has determined the student has withdrawn.	Agree	December 2007
71	259	Colorado Community College System should work with LCC to enhance procedures to ensure that verification procedures over student information are properly performed and documented.	Agree	December 2007
72	261	Colorado Community College System should work with LCC to enhance procedures to comply with required exit counseling procedures.	Agree	December 2007
73	262	Colorado Community College System should work with Pueblo Community College to enhance procedures to comply with required satisfactory academic progress procedures.	Agree	November 2007
74	263	Colorado Community College System should work with Community College of Denver to enhance procedures to comply with eligibility requirements.	Agree	November 2007
75	265	Adams State College should improve the timeliness of the return of unearned Title IV funds and ensure federal timeframes are met.	Agree	July 2007
76	267	Metropolitan State College should improve internal controls over the Teacher Quality Enhancement Grant by (a) ensuring the Project Steering Committee's oversight actions are documented in minutes of all meetings and (b) implementing procedures to ensure time and effort reports are reviewed and approved at a supervisory level on a timely basis.	Agree	December 2007
77	269	Western State College should ensure that employees with oversight of Perkins loans understand all requirements of the program and are monitoring the third party contractor for administrative compliance.	Agree	October 2007
78	270	Western State College should formalize its policies and procedures in a manual for Student Financial Aid staff to follow.	Partially Agree	June 2008

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
79	273	Colorado Student Loan Program dba College Assist should implement and strengthen controls over the U.S. Department of Education Form 2000 reconciliation process by (a) ensuring complete and timely review of the monthly reconciliation; (b) establishing a process to compare the monthly Form 2000 to the amounts reported on the weekly invoice, and to the amounts recorded in the general ledger; (c) recording the activity related to these payments and reimbursements through separate accounts (gross amounts) so that any discrepancies between amounts paid and amounts received can be identified; and (d) ensuring that staff reviewing the Form 2000 are familiar with the reconciliation process in order to minimize the chance that errors would not be caught.	Agree	a. Implemented b. Implemented c. October 2007 d. May 2007
80	278	The Department of Human Services should ensure that applications for Food Stamps and Temporary Assistance for Needy Families/Colorado Works benefits are processed within federal and state guidelines.	Agree	Implemented and ongoing
81	284	The Department of Human Services should continue to improve controls over Temporary Assistance for Needy Families (TANF)/Colorado Works eligibility determinations and data entry into the Colorado Benefits Management System (CBMS) by (a) directing county departments of human/social services to institute effective supervisory review processes over data entry into CBMS and eligibility determinations, (b) directing county department of human/social services to research all overpayments and determining if collections or further investigation should be pursued, and (c) continuing to use eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS.	Agree	Implemented
82	286	The Department of Human Services should take immediate steps to correct the Monthly Status Report problem identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.	Agree	January 2008
83	288	The Department of Human Services should continue to work with the county departments of human/social services to ensure that they address Income, Eligibility, and Verification System data discrepancies for the Temporary Assistance for Needy Families/Colorado Works program within 45 days as required by federal and state regulations.	Partially Agree	April 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
84	291	The Department of Human Services should ensure that case file documentation for the Temporary Assistance for Needy Families/Colorado Works program is adequate to support all benefit payments to recipients by (a) continuing to use existing monitoring procedures to ensure that required eligibility information is contained in county case files; (b) continuing to provide training to ensure that county departments of human/social services are aware of the types of eligibility information that should be maintained in case files; and (c) continuing to communicate timely to Department staff, as appropriate, changes in policies and procedures affecting required case documentation.	Partially Agree	Implemented
85	294	The Department of Human Services should ensure it has adequate management tools to monitor for compliance with federal requirements for the Temporary Assistance for Needy Families program by (a) developing a reporting function for extracting and compiling information contained within the Colorado Benefits Management System (CBMS) for Income, Eligibility and Verification System; sanctions; and accounting-related data and (b) reviewing reports monthly to identify discrepancies, monitor for federal compliance, and take appropriate action.	Disagree	Not Applicable
86	300	The Department of Human Services should ensure that Food Stamps eligibility is terminated in a timely manner when individuals are no longer eligible for the program and improve controls over data entry into CBMS by (a) requiring county departments of social services to institute effective supervisory review processes over data entry into CBMS and eligibility terminations and (b) using eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS.	Agree	December 2007
87	302	The Department of Human Services should ensure that Food Stamps redeterminations are processed within federal and state guidelines.	Agree	March 2008
88	304	The Department of Human Services should take immediate steps to correct the Food Stamps sanctions, change reporting, and restoration payments problems identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.	Agree	June 2008
89	307	The Department of Human Services should work with the county departments of human/social services to ensure that they address Income, Eligibility, and Verification System data discrepancies for the Food Stamps program within 45 days as required by federal and state regulations.	Agree	Implemented

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
90	310	The Department of Human Services should ensure that case file documentation for the Food Stamps program is adequate to support all benefit payments to recipients by (a) continuing to use existing monitoring procedures to ensure that required eligibility information is contained in county case files and (b) continuing to communicate timely with Department staff, as appropriate, regarding changes in policies and procedures affecting required case documentation.	Agree	Implemented
91	313	The Departments of Human Services and Health Care Policy and Financing should coordinate efforts to ensure that adequate SAS 70 Type 2 examinations of the Colorado Benefits Management System (CBMS) are conducted on a regular basis. At a minimum, the examinations should include areas reviewed during the 2005 SAS70 Type 2 examination. In addition, future SAS 70 examinations should include control activities at Electronic Data Systems that are related to CBMS.	*DHS*: Agree *HCPF:* Agree	*DHS*: June 2008 *HCPF*: Ongoing
92	315	The Department of Human Services and the Department of Health Care Policy and Financing should strengthen disaster recovery procedures over the CBMS by ensuring that the CBMS Hot Site at the State's Disaster Recovery Site is operating and functional and that a full disaster recovery test is performed.	*DHS*: Agree *HCPF:* Agree	*DHS:* December 2008 *HCPF*: December 2008
93	317	The Department of Human Services should strengthen controls over the Title IV-E Foster Care program by (a) ensuring that county personnel are properly trained on the requirements of Title IV-E and the claiming of IV-E funds in the Trails system, (b) training Trails Help Desk staff on the proper procedures for handling county requests to override system edits related to Title IV-E, (c) requiring that the counties implement procedures to ensure timely redetermination of Title IV-E eligibility, and (d) returning improperly claimed Title IV-E reimbursements identified during the audit to the federal government.	Agree	a. March 2008 b. March 2008 c. January 2009 d. December 2007
94	320	The Department of Human Services should improve the county technical assistance review process for Title IV-E Foster Care by developing a formal written policy for county technical assistance reviews that specifies how often reviews will take place by county size and sets time frames for timely submission of the findings letter to the county once the review is complete.	Agree	March 2008

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
95	336	The Department of Human Services should improve its oversight of the foster parent certification process by (a) requiring county departments of human/social services and child placement agencies to conduct periodic desk audits of their certified foster parents to ensure that the parents meet all applicable requirements and that their qualifications are documented in their files, (b) developing and applying sanctions when the Department finds discrepancies between county and child placement agency attestations and actual foster parent qualifications, (c) requiring that county departments of human/social services provide Family Service Plan information to child placement agencies with which they have placed children and ensuring that county-certified foster parents also receive Family Service Plan information, and (d) working with county departments of human/social services to develop a solution for providing relevant child information to foster parents without violating confidentiality requirements.	Agree	a. July 2008 b. July 2008 c. July 2008 d. October 2008
96	343	The Department of Human Services should improve its oversight of institutional abuse or neglect (i.e., Stage I) investigations of children in foster care by (a) implementing a formalized and documented process to follow up with counties on disagreements between the conclusions of the Institutional Abuse Review Team and the county departments of human/social services regarding abuse or neglect investigations, (b) ensuring that the Institutional Abuse Review Team provides detailed recommendations to county departments of human/social services for corrective actions related to specific Stage I investigations and that Department staff follow up on the Review Team's recommendations to ensure that counties comply with them, and (c) requiring the Institutional Abuse Review Team to provide specific recommendations in its annual Child Abuse Prevention and Treatment Act report for correcting deficiencies identified during its review of county abuse or neglect investigations and ensuring that the recommendations are implemented.	Agree	a. July 2008 b. July 2007 c. September 2009
97	350	The Department of Human Services should strengthen its oversight of county foster care programs to ensure a high-quality foster care delivery system by (a) including specific strategies in its corrective action plans to address county noncompliance with federal foster care standards and state and federal requirements; (b) developing and implementing a system of ongoing or recurring corrective action and progressive sanctions, up to and including withholding reimbursement of county child welfare expenditures, to use when county departments of human/social services are noncompliant with statutory or regulatory requirements or federal standards; (c) improving the monitoring of counties' implementation of corrective action plans to ensure problems are corrected in a timely manner; and (d) modifying the procedures followed in periodic reviews of county foster care programs to focus more resources on case file reviews rather than on interviews and policy reviews.	Agree	a. December 2008 b. July 2008 c. Ongoing d. October 2007

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
98	355	The Department of Human Services should improve oversight of child placement agencies for the foster care program by (a) establishing risk-based schedules for licensing and monitoring child placement agencies, (b) revising procedures for renewing child placement agency licenses to ensure that the agencies receive renewal materials in time to submit them at least 90 days before their licenses expire, (c) establishing and implementing policies to fully document all key areas reviewed during licensing and monitoring visits and retaining the supporting documentation, and (d) evaluating current licensing and monitoring procedures to identify and eliminate duplication.	Agree	a. October 2007 b. Implemented c. January 2008 d. January 2008
99	359	The Department of Human Services should track the timeliness of all federally mandated foster care case reviews by monitoring how long reviews are delayed once they have gone beyond the federal deadline.	Agree	July 2008
100	364	The Department of Human Services should increase monitoring and oversight of Core Services programs provided by county departments of human/social services to ensure counties provide these services only to families with children at risk of out-of-home placement. Specifically, the Department should (a) implement procedures to review samples of county files during on-site visits to verify that counties are only providing Core Services to children and families that meet the imminent risk criteria; (b) develop written policies to impose fiscal sanctions and/or require repayment of funds from county departments of human/social services for cases in which Core Services eligibility has not been adequately documented; and (c) provide training and technical assistance to the counties to ensure that counties understand how to document eligibility for Core Services and that counties are aware of available Department sanctions if documentation is not sufficient.	Agree	a. November 2007 b. July 2008 c. July 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
101	380	The Department of Human Services should improve accountability for child welfare expenditures and foster care rates to ensure funds are used cost-effectively by (a) analyzing the foster care rates being paid to providers, including county-certified providers, against provider costs and benchmark information on a periodic (e.g., annual) basis to determine if the rates being paid by county departments of human/social services are reasonable; (b) revising the formula for setting base administrative maintenance, administrative services, and child maintenance rates for child placement agencies and group homes and ensuring costs allocated to each component are accurate; (c) improving supervision and oversight of the counties' rate-setting and negotiating process by ensuring that counties submit documentation on their rate-setting practices, setting and implementing standards for reviewing county rate negotiation methodologies and rate levels, and following up to make sure that counties do not use their new rate negotiation methodologies until the Department determines that the new methodologies are acceptable; and (d) identifying and considering implementing alternative rate-setting methodologies that rely on objective cost data, such as benchmarks on child care and administrative costs, to pay for foster care services.	a. Partially Agree b. Agree c. Agree d. Partially Agree	a. July 2008 b. July 2009 c. December 2008 d. December 2008
102	385	The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by (a) working with counties to develop and implement a validated, statewide level-of-care assessment tool; (b) updating the Trails system to include fields for recording the child's level of care and requiring counties to include this information in Trails whenever they enter new provider rates; and (c) conducting periodic file reviews at counties and analysis of actual rates paid by counties to ensure they are using level-of-care tools to assist with setting and negotiating appropriate foster care rates.	a. Partially Agree b. Agree c. Agree	a. January 2009 b. March 2009 c. June 2009
103	392	The Department of Human Services should improve information for evaluating county administrative and case management costs in the child welfare allocation model by (a) working with counties to identify and evaluate options for using or modifying existing systems to improve cost information and (b) using the improved cost information to analyze administrative and case management costs in the program services cost driver and considering allocating funds for administrative and case management costs in the child welfare allocation model separately.	a. Partially Agree b. Disagree	a. October 2009 b. Not Applicable

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
104	397	The Department of Human Services should ensure it is claiming Title IV-E–eligible reimbursements for foster care appropriately by (a) contacting the U.S. Department of Health and Human Services (DHHS) to determine whether all case management costs qualify for federal reimbursement and should be included as part of administrative maintenance costs; (b) ensuring Department staff and county departments of human/social services record and classify case management services in accordance with the direction provided by DHHS in part "a"; (c) implementing procedures for verifying that counties are entering rate information into Trails accurately, including bed reservation rates, and for ensuring that payments to counties reflect adjustments for any federal funds claimed incorrectly for reimbursement under Title IV-E; and (d) reviewing the incorrect payment allocations identified during our audit, requiring the affected counties to pay back any federal funds that did not qualify for Title IV-E reimbursement and making appropriate adjustments on reports to the federal government.	Agree	a. December 2008 b. December 2008 c. December 2008 d. December 2007
105	403	The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by (a) evaluating the substance of the relationship between counties and CPAs based on OMB *Circular A-133* criteria and concluding on whether CPAs should be considered vendors or subrecipients; (b) implementing requirements for audits of CPAs in accordance with the determination suggested in part "a" of the recommendation; (c) establishing procedures to review the CPA audits and follow up on any findings identified; (d) evaluating options for reviewing the allowability and appropriateness of CPA expenditures made with child welfare funds, which could include incorporating procedures into the periodic CPA monitoring visits conducted by the 24-Hour Monitoring Unit or having Field Audit staff participate on and provide support to the monitoring team; and (e) including examples of unallowable costs in regulations.	a. Agree b. Agree c. Partially Agree d. Partially Agree e. Agree	a. July 2008 b. December 2008 c. December 2009 d. December 2009 e. January 2008
106	407	The Department of Human Services should ensure that CPAs pass along the correct child maintenance payments received from county departments of human/social services to foster parents by (a) implementing routine, periodic reviews of the payments made from CPAs to foster parents to ensure that they match the payments received from counties and (b) following up on identified over- or underpayments to foster parents to determine why the incorrect payments were made and to require that counties and CPAs rectify all incorrect payments.	Agree	a. October 2008 b. July 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
107	410	The Department of Human Services should improve internal controls over federal Chafee funds by (a) establishing procedures to review samples of Chafee expenditures made by county departments of human/social services for allowability and appropriateness; (b) ensuring that the county identified during this audit adheres to proper internal controls, including segregation of duties, as set forth in Department regulations; (c) requiring that counties track inventories of goods (e.g., gift cards and household items) purchased with Chafee funds; and (d) providing training and technical assistance to counties to strengthen the controls over Chafee expenditures, including the proper coding of rental assistance costs and having counties document that youths receive goods purchased with Chafee funds.	Agree	December 2008
108	425	The Department of Human Services should increase its oversight of Business Enterprise Program operators to ensure accurate financial reporting and compliance with applicable laws, rules and regulations, and the operators agreement by (a) ensuring only operators with fully executed contracts or operators agreements are managing business enterprise locations; (b) revising the Program's rules and regulations to define allowable and unallowable business expenses and, where necessary, cap the amount of certain business expenses that can be deducted from operator sales; (c) reviewing the operators' monthly financial reports to identify operators who appear to be reporting questionable or excessive expenses for follow-up by Program staff; (d) conducting annual onsite reviews at each business enterprise location to ensure that operators are maintaining documentation sufficient to support reported sales and expenses, reporting only allowable business expenses, reporting all revenue earned, paying applicable business and employee withholding taxes, and complying with the terms and conditions of the operators agreement; (e) improving the controls over vending machines to ensure that sales are reported completely and accurately; and (f) taking enforcement action against operators with recurring deficiencies, including license suspension and termination as appropriate.	Agree	a. December 2007 b. November 2007 c. October 2007 d. Implemented and Ongoing e. June 2008 f. November 2007
109	431	The Department of Labor and Employment should establish procedures to ensure compliance with the Cash Management Improvement Act and federal grant cash management requirements.	Agree	March 2008
110	433	The Department of Labor and Employment should ensure time sheets for the Workforce Investment Act and Employment Services federal grants are certified in accordance with federal regulations, State Personnel Rules, and Department policy by enforcing time sheet certifications by both the employee and supervisor.	Agree	March 2008
111	434	The Department of Labor and Employment should improve controls over federal reporting by instituting a secondary review process to ensure amounts recorded on reports to the federal government are accurate and complete prior to submission.	Agree	April 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
112	436	The Department of Labor and Employment should complete annual on-site monitoring of all workforce centers in accordance with federal requirements.	Agree	November 2007
113	445	The Department of Local Affairs should improve the quality of statewide interoperable communications planning and ensure accountability for targeting funds by working with the Department of Personnel & Administration, as necessary, to implement mechanisms to collect reliable and sufficient data on the State's current communications capabilities and needs, as well as the resources required, to achieve statewide interoperability.	Agree	June 2008
114	448	The Department of Local Affairs should improve its practices for evaluating communications capabilities, needs, and risks and ensure these evaluations consider risks and priorities from the statewide perspective, working with the Department of Public Safety as necessary.	Agree	June 2008
115	451	The Department of Public Health and Environment should comply with draw patterns in the Cash Management Improvement Act Agreement.	Agree	Implemented
116	464	The Department of Public Health and Environment should improve controls over the certification survey process for nursing facilities to ensure that surveyors identify all deficient practices and cite deficiencies at a level that accurately and sufficiently identifies the scope and severity of the deficiency, in accordance with federal requirements. Specifically, the Department should (a) ensure that survey staff follow established quality review procedures, including use of a standard review form to document and track all changes made to deficiency citations prior to their release to the nursing facility or the public; (b) explore ways to expand quality review processes to ensure the completion of required survey forms, the sufficiency of documentation in support of deficiency citations, and the overall survey file organization; (c) work with survey supervisors to ensure timely communication with survey teams throughout the survey process and increase the frequency with which supervisors are required to be on-site with survey teams; (d) implement a standard format for organizing certification survey files and relevant supporting documentation; (e) improve documentation standards and work with surveyors and supervisors to ensure that required forms are properly labeled and completed and that results from inquiries, team meetings, and the resolution of potential issues are clearly and sufficiently documented; and (f) provide surveyors with more training on general investigative skills and protocols, as well as on the regulatory and legal aspects of the survey process.	a. Partially Agree b. Agree c. Agree d. Partially Agree e. Agree f. Partially Agree	a. Implemented b. October 2007 c. July 2007 d. October 2007 e. October 2007 f. October 2007

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
117	473	The Department of Public Health and Environment should work to improve the prioritization and timeliness of nursing facility complaint investigations by: (a) reviewing and updating the point schedules programmed in the Complaint Priority Assessment System to ensure the proper prioritization of nursing home complaints in accordance with current standards, practices, and relevant decision criteria; (b) establishing clear and consistent time frames within which each complaint investigation at a given priority level should begin; and (c) reviewing reports of complaints data on a routine basis to determine if nursing home complaint investigation time frames are being met, and take action as appropriate.	Agree	April 2007
118	484	The Department of Public Health and Environment should improve the oversight of nursing facility resident assessments and Minimum Data Set (MDS) data by (a) continuing to increase awareness among surveyors of the risk of problems with MDS assessments and ensure that surveyors investigate any problems noted with the MDS assessments, including problems with validity and reliability, during certification surveys; (b) working with the Department of Health Care Policy and Financing (HCPF) to conduct more systematic review and analysis of standard reports available in the electronic MDS system and data maintained by HCPF's contract auditor on resource utilization group classifications to identify those facilities that are at higher risk of submitting invalid assessments and, therefore, warrant further attention during certification surveys or require additional training; (c) working with the Department of Health Care Policy and Financing to require that MDS coordinators at all Medicaid-certified nursing facilities complete the State's MDS training or a comparable MDS training on a routine basis, as appropriate. Facility MDS coordinators attending the State's training should be tracked and proof of comparable external training should be obtained to identify those facilities whose MDS coordinator has not completed the required training; (d) encouraging nursing facilities to identify and use best practices, such as standardized flow charts and checklists, to help collect data, improve communication, and better substantiate MDS assessments; and (e) working with the Department of Health Care Policy and Financing to evaluate options for the development and implementation of a state validation team to perform routine on-site reviews of nursing facilities' MDS assessments for Medicaid residents.	a. Agree b. Partially Agree c. Partially Agree d. Partially Agree e. Disagree	a. Implemented and Ongoing b. July 2007 c. July 2007 d. July 2007 e. Not Applicable

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
119	493	The Department of Public Health and Environment should improve its oversight of nursing facilities to ensure compliance with federal and state requirements for managing resident fund accounts. Specifically, the Department should (a) ensure that surveyors are trained on the requirements and proper internal controls over resident fund accounts, as well as on common problems and risks associated with resident fund accounts; (b) include specific questions about resident fund accounts in interviews with residents, family members, and facility staff; and (c) work with the Department of Health Care Policy and Financing to improve communication and coordination and, to the extent possible, minimize the potential for duplication of resident fund account monitoring efforts.	Agree	a. July 2007 b. July 2007 c. April 2007
120	507	The Department of State should ensure compliance with the 5 percent state match requirement and provide greater accountability for the sources and uses of the Help America Vote Act (HAVA) state match by (a) working with the federal Election Assistance Commission or other appropriate federal agency to resolve the issue related to whether matching funds must be deposited into the State's Federal Election Assistance Fund, (b) correcting the calculation of the match amount, and (c) revising reports to the federal government to reflect any corrections in the amount of matching funds expended by the State.	Agree	March 2008
121	510	The Department of State should improve its documentation of staff time associated with the HAVA. This should include (a) adopting a method for tracking staff time spent on HAVA activities that is consistent with OMB *Circular A-87* for employees whose positions are not fully dedicated to this program and (b) ensuring that certifications are prepared and properly signed at least semi-annually by those employees whose positions are fully dedicated to HAVA.	Agree	January 2008
122	514	The Department of State should strengthen its controls over Help America Vote Act (HAVA) fund management and reporting by (a) ensuring expenditures reported to the Election Assistance Commission (EAC) can be reconciled to the State's accounting system, COFRS, and that all adjustments are supported by adequate documentation; (b) implementing a supervisory review process designed to ensure federal HAVA expenditures are reported accurately and completely and EAC requirements are correctly applied and reported; and (c) adopting formal written procedures documenting the processes related to HAVA funds management, including reporting to the EAC and submitting required certifications.	Agree	March 2008

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
123	518	The Office of the State Treasurer should continue to use the most current and accurate information available from both the Office of the State Controller and state agencies in order to ensure that the correct programs are included in the Cash Management Improvement Act Agreement. In addition, programs should be combined based on the Catalog of Federal Domestic Assistance (CFDA) number and evaluated in total against the threshold for inclusion in the Agreement. The Agreement should also be reviewed by someone other than the preparer to ensure the appropriate draw patterns are identified in the Agreement.	Agree	January 2008
124	520	The Department of Transportation should update its training manual to include specific language that directs its engineers on how to properly review contractor and subcontractor payroll information on a weekly basis for compliance with Davis-Bacon Act pay rate requirements and how to adequately document evidence of their review.	Agree	Implemented

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Department of Corrections

Introduction

The Department of Corrections (DOC) manages the State's adult correctional facilities, youthful offender system, and the adult parole and community corrections system. In addition, the Department operates the prison canteens and the Division of Correctional Industries. The canteens provide various personal items for purchase by inmates, including hygiene items, snack foods and phone services. Correctional Industries operates businesses that employ inmates, including furniture manufacturing facilities, metal fabrication, security cells and furnishings, modular office systems, garment shops, a leather products shop, Colorado State forms production and distribution facilities, dairy and agri-business facilities, the State's license plate manufacturing facility, and the state surplus property program.

The Department's Fiscal Year 2007 appropriation was 6,097 full-time equivalent staff and $648.8 million, of which $582.8 million, or 90 percent, was general funds. Administrative offices for the Department are located in Cañon City, Colorado and Colorado Springs, Colorado. During Fiscal Year 2007, DOC owned and operated twenty-two of the State's twenty-eight correctional facilities. State-owned correctional facilities are located throughout Colorado and include sites in Buena Vista, Cañon City, Denver, Pueblo, Limon, Ordway, Delta, Rifle, Golden, Sterling, Trinidad, and Fort Lyon. The six non-state facilities are privately owned and operated and are located in Burlington, Colorado Springs, Las Animas, Olney Springs, Walsenburg, and Brush. During Fiscal Year 2007 the Department transferred offenders to an out-of-state privately owned and operated prison in Sayer, Oklahoma. DOC contracts with various counties, which in turn subcontract with private firms to provide correctional services at these facilities, including the Oklahoma facility.

The following comments were prepared by the public accounting firm BKD, LLP, which performed Fiscal Year 2007 audit work at the Department of Corrections.

Procurement Cards

Procurement cards (P-cards) are the State's governmental purchasing "credit" card issued to authorized state employee cardholders to make allowable, relatively small dollar purchases. The standard DOC P-card purchase dollar limit is $3,000 per transaction, and a total of $7,000 per (monthly) cycle limit. Certain individuals may

request and receive authorization for higher limits, up to a maximum per-transaction limit of $5,000, and a recommended maximum cycle limit of $25,000.

All P-card purchases are to be made in accordance with the Procurement Card Program Handbook issued by DOC's Purchasing Office, which is issued to each P-card holder. All employees making P-card purchases are subject to the provisions of Administrative Regulation 200-06 (AR 200-06). During Fiscal Year 2007, DOC P-card transactions totaled over 41,000 for a total of $10.5 million, with an average per transaction amount of $255.

Because this is an area, by its nature, that is highly susceptible to fraudulent activity, DOC's internal auditors perform periodic testing of compliance with established control procedures over DOC's P-card transactions. As part of our audit procedures, we reviewed DOC internal audit Fiscal Year 2007 reports on required procedures and findings with respect to testing P-card transactions. For Fiscal Year 2007, violations of the required procedures and other deficiencies noted by the internal auditors in testing of P-card transactions were as follows:

Violation Description	Number of Violations
Lack of "approver" signature	9
Supporting documentation missing	3
Account number not concealed	14
Lack of "cardholder" signature	11
Split purchase	2

Deficiency Description	Number of Deficiencies
Sales tax charged	1
Other personal services charged	1
Transaction log not complete	12
No official function form	1

DOC's internal auditors tested a total of 1,258 transactions for 208 P-card holders for Fiscal Year 2007. For the transactions tested, they identified a 3.1 percent violation rate and a 1.2 percent deficiency rate. Additionally, in Fiscal Year 2007, we tested 25 P-card transactions totaling about $30,700 and noted two exceptions where the "approver" signature was missing. The two transactions totaled approximately $2,000.

When violations of established P-card purchasing requirements are noted by DOC, the nature of the violation determines if disciplinary actions are initiated. Major violations of established P-card purchasing requirements, such as suspected fraudulent use of P-cards, results in disciplinary proceedings, including possible employee termination. For lesser violations such as lack of supporting

documentation or "approver" signature, DOC typically reschedules the audit process for a later date to test for reoccurrence of the employee violation.

DOC's compliance with all P-card control procedures, particularly documented approval of the transactions, is critical in helping to ensure that the risk of improper use of P-cards is minimized. Additionally, the review of P-card transactions by DOC's internal auditors makes cardholders aware that P-card transactions are being reviewed by individuals other than the approving official.

While the Department has expanded its testing of compliance with P-card policies and procedures over the last several years, violations of those policies and procedures continued to occur in Fiscal Year 2007. The Department should expand its review of P-card controls and the detail testing of P-card transactions for compliance with established P-card policies and procedures and should ensure that violators of policies are subjected to available appropriate disciplinary actions. Annual testing of P-card transactions should, at a minimum, be 1 percent of total P-card transactions. Department personnel should establish the testing percentage annually based on available internal auditor resources and the internal auditors' annual audit plan. If transactions are noted that are in violation of AR 200-06 (e.g., purchase of any items for personal use or benefit, use to obtain cash, use to circumvent the cardholder's maximum transaction dollar limit, etc.), then such predetermined testing percentages should be expanded.

(Classification of Finding: Control Deficiency.)

Recommendation No. 1:

The Department of Corrections should expand testing for compliance with established controls over P-card transactions by:

a. Setting a minimum percentage of P-card transactions to be tested and incorporating the testing plan in the internal auditors' annual audit plan.

b. Establishing and implementing a policy for uniform disciplinary actions for the various types of violations of P-card transaction policies and procedures.

Department of Corrections Response:

a. Agree. Implementation date: April 1, 2008.

The Internal Audit Department will expand its P-card transaction tests for compliance by 33 percent. A target sample of approximately 4 percent of annual transactions will be implemented. The focus will be on testing for compliance with P-card policies which require review and signatures of approval by the cardholder and their reviewer on monthly bank statements.

b. Agree. Implementation date: May 1, 2008.

The Department does have established policies regarding P-card violations which are included in its Procurement Card Program Handbook. Administrative Regulation 200-06, *Purchasing* will be revised to include P-card violations and the policy for handling violations to improve communication of the policies.

Inmate Bank Accounts

The Department of Corrections maintains inmate bank accounts to allow inmates to deposit funds received from outside sources or from inmate pay, make purchases from prison canteens, and pay for other items such as restitution, child support, medical co-pays, postage, copies, and money orders. As of June 30, 2007, there were approximately 26,800 total active inmate bank accounts and 3,500 total inactive inmate accounts with about $1.8 million held in these active and inactive accounts for inmates at DOC and privately owned facilities in Colorado. Also, as of June 30, 2007, there were approximately 240 total active inmate accounts with about $52,300 at North Fork Correctional Facility, the State's newest contracted private facility in Sayer, Oklahoma.

DOC's Business Office is responsible for all incarcerated offenders inmate bank accounts, including those located at privately operated prisons. As part of its management and oversight, DOC has designed and implemented internal controls over inmate banking to help assure compliance with state regulations and proper maintenance of all such accounts. DOC's policies require that facilities obtain and maintain complete and accurate documentation to support all inmate bank account activity, including all deposits and withdrawals.

During the Fiscal Year 2003, 2004, 2005 and 2006 audits, it was determined that the Department needed to improve its monitoring of privately operated facilities to ensure that all activity is properly recorded in inmate accounts. During Fiscal Year 2006, the Department consolidated the oversight for all inmate banking activity within the DOC Business Office in an effort to eliminate errors noted during the prior year audits.

Our Fiscal Year 2006 audit recommended that DOC research the benefits of expanding the percentage of time DOC's internal auditor spends on testing compliance with regulations, policies, and procedures over inmate banking. During Fiscal Year 2007, DOC's internal auditor selected a random sample of 70 total offenders from the Colorado offender population and the North Fork Correctional Facility for testing. The population from which the sample was drawn included both state-owned and non-state facilities. Four different types of inmate bank transactions were tested for compliance with Administrative Regulations covering inmate banking: canteen purchase receipts, miscellaneous withdrawals, inmate pay and mandatory 20 percent child support/restitution withholding (North Fork Correctional Facility only). No exceptions were noted for miscellaneous withdrawals, inmate pay, and mandatory 20 percent child support/restitution withholding. Seven exceptions of non-compliance totaling about $87 were noted in the other area as follows:

Canteen Purchase Receipts

a. In four instances totaling about $51, Colorado State Penitentiary/Centennial Correctional Facility could not produce the requested receipts. DOC internal audit personnel were informed that Canteen purchase receipts are retained for only six months, which is not in compliance with AR 200-11 and a memo dated November 8, 2006, to all wardens, business managers, canteen coordinators and the Private Prison Monitoring Unit Chief, which requires a twelve-month retention period for the signed purchase receipts for Canteen orders.

b. In two instances totaling about $19, Colorado Correctional Center could not produce the requested receipts. DOC internal audit personnel were informed by the Canteen coordinators that not all receipts are being saved, which is also not in compliance with the twelve-month retention period requirement cited in bullet a above.

c. In one instance totaling about $17, the Buena Vista Correctional Facility could not produce the requested receipt. The business manager informed DOC internal audit personnel that when staff collect receipts in the living units, occasionally an offender is inadvertently overlooked and therefore a receipt may be missed.

Additionally, we judgmentally selected 25 inmates with inmate banking transactions from the February and March 2007 time period for testing compliance with Administrative Regulations covering inmate banking. Out of a sample of about $3,100 inmate banking transactions, five exceptions were noted, all for missing receipts for the transaction, totaling approximately $328 across five facilities. The five exceptions noted were all for inmates incarcerated in state-owned facilities.

The Department should continue to place emphasis on testing of inmate banking transactions to ensure that adequate records are maintained to document all activity to an inmate's account, required deductions are made, and that the activity complies with applicable Administrative Regulations. Additionally, the Department should continue to monitor each facility's familiarity with Administrative Regulations concerning inmate banking and inmate pay. Failure to maintain adequate supporting documentation for all inmate banking decreases the effectiveness of the Department's internal control system and increases the risk that errors or irregularities might occur and not be detected.

The number of inmate banking transactions tested annually by DOC's internal auditor should be reassessed for each DOC and privately owned facility, with the extent of the testing determined by DOC internal auditor availability and the number and nature of any exceptions noted during testing.

(Classification of Finding: Control Deficiency.)

Recommendation No. 2:

The Department of Corrections should continue to improve its monitoring of inmate banking by:

a. Ensuring compliance with Administrative Regulations over inmate banking, particularly with respect to the maintenance of complete and accurate documentation to support all activity in inmate accounts.

b. Expanding testing of inmate banking transactions by the internal auditors.

Department of Corrections Response:

a. Agree. Implementation date: February 1, 2008.

Non-compliance with administrative regulations regarding inmate bank documentation will be reported by internal audit to management for corrective action.

b. Agree. Implementation date: February 1, 2008.

Internal audit will expand testing at all facilities for compliance with the Administrative Regulation 200-11, *Canteen*, regarding retention of canteen receipts.

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Department of Education

Introduction

Article IX of the Colorado Constitution places responsibility for the general supervision of the State's public schools with the Colorado State Board of Education (the Board). The Board appoints the Commissioner of Education to oversee the Department of Education which serves as the administrative arm of the Board by providing assistance to 178 local school districts and implementing administrative rules. The Department's Fiscal Year 2007 appropriation was approximately $3.8 billion with 304 full-time equivalent staff. Of this amount $2.6 billion, or 68 percent, was general funds.

The following comments were prepared by the public accounting firm of BKD, LLP, which performed the audit at the Department of Education for Fiscal Year 2007.

Controls Over Compensation Adjustments

Colorado Revised Statute 24-5-135 provides the Department of Education exempt status from the State Personnel hiring rules for certain positions. Exempt positions within the Department are referred to as at-will employees. At-will staff generally include positions such as directors, supervisors, instructors, or consultants. The Department is not required to post at-will staff positions; however, Department policy does require that the most qualified candidates be hired. The Department hires at-will employees as deemed necessary and documents the hiring process through the use of a completed application and a Request for Personnel and/or Position Action form (CDE-43). The Department also uses the CDE-43 form to document salary adjustments outside of the normal annual salary survey adjustment process. The CDE-43 form includes a signature line for approvals from Supervisors, Unit Directors, Budget personnel, Human Resources personnel, and Assistant Commissioner or Commissioner/Chief of Staff.

The Department also utilizes the CDE-43 form to document the hiring of and salary adjustments (outside the normal annual salary survey adjustment) for classified employees. Classified personnel represent non-exempt (from state hiring policies) staff employed by the State. Salary ranges for classified positions are set by the State and are revised annually.

Department employees, both at-will and classified, can receive a salary adjustment by either a promotion or a reallocation. A promotion upgrades a Department employee to a position requiring responsibilities not previously undertaken by the employee. A promotion given to both at-will and classified employees requires a CDE-43 form. A reallocation, on the other hand, amends an employee's current position description to include tasks and responsibilities already assumed by the staff. A reallocation requires a CDE-43 form for both types of employees, and requires a Position Description Questionnaire (PDQ) for classified employees only.

A PDQ is a Departmental form used to document the basis for the reallocation and to provide an explanation of the additional duties taken on by the classified employee and the underlying cause for the reallocation. The form is generally completed by the Department Supervisor and the employee being reallocated. This form provides the information necessary to determine whether the employee's recommended reallocation is valid and necessary.

During the audit for the fiscal year ended June 30, 2004, the Department received a recommendation to strengthen controls over personnel processes by maintaining sufficient documentation with the proper approval for initial hires and salary adjustments for current employees. This recommendation was scheduled to be implemented in May 2005. We evaluated 25 employees employed during Fiscal Year 2007 who had received raises in excess of 10 percent and noted the following areas where continued improvement is needed:

- We noted one personnel file that was missing a CDE-43 form. The missing form would have represented the support for a salary adjustment given to an at-will employee in August 2005, subsequent to the May 2005 recommendation implementation date.

- In our testing of the 25 selected employees with salary adjustments, we noted that one of the CDE-43 forms appeared to have been signed "on behalf" of another individual in the agency. There was no documentation included to explain the reason for the "on behalf" signature.

- We noted that two of the selections tested did not include proper documentation of approval on the CDE-43 form. The two forms were dated subsequent to the May 2005 recommendation implementation date. In both cases, the forms were not signed by the Human Resource Director.

- Upon review of the PDQs for the six selected reallocations of classified employees, we noted that for two of the forms the documentation provided was either not complete or limited in nature. These two forms did not contain sufficient explanation to support the need for reallocation.

Failure to have the CDE-43 and PDQ forms prepared accurately and thoroughly and to have the proper approvals documented on the forms could result in incorrect or unapproved salary adjustments being made for employees.

(Classification of Finding: Control Deficiency.)

Recommendation No. 3:

The Department of Education should continue to improve and strengthen controls over compensation adjustments by:

a. Keeping personnel files complete to ensure that important documentation regarding employee salaries and job descriptions is maintained.

b. Ensuring that the CDE-43 forms are reviewed before the salary change is implemented to ensure that all signatures are appropriate and, on the rare occasion that someone is authorized to sign on behalf of the authorized signor, the reason for that situation should be documented.

c. Reviewing the CDE-43 forms to ensure that all of the signatures required on the CDE-43 form have been obtained.

d. Requiring that Human Resources, as the gate keeper for salary adjustments, perform desk reviews of employees being reallocated to ensure that the documentation provided in the PDQ is accurate and sufficient.

Department of Education Response:

Agree. Implementation date: June 2008.

The Department recognizes that it is important to do a good job of maintaining accurate and complete records over the compensation adjustment process. The Department is continuously monitoring and updating our policies and procedures that will address these issues, in an effort to improve the efficiency and effectiveness of our internal controls.

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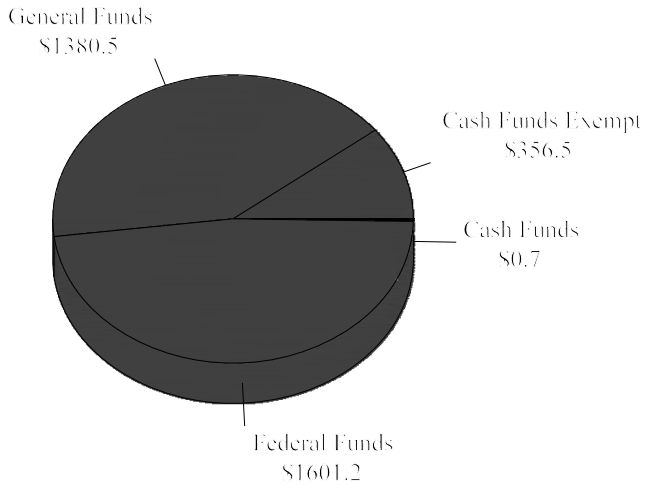
Department of Health Care Policy and Financing

Introduction

The Department of Health Care Policy and Financing (HCPF) is the state agency responsible for developing financing plans and policies for publicly funded health care programs. The principal programs administered by HCPF include the Medicaid program, which provides health services to eligible needy persons, and the State Children's Health Insurance Program (SCHIP), which furnishes subsidized health insurance for children aged 18 years or younger in low-income families not eligible for Medicaid. The Medicaid grant is the largest federal program administered by the State and is funded by about 50 percent federal funds and 50 percent state general funds. The State Children's Health Insurance Program, marketed in Colorado as the Children's Basic Health Plan and Child Health Plan Plus (CHP+), serves as the State's version of SCHIP and is funded by approximately two-thirds federal funds and one-third state funds.

In Fiscal Year 2007 the Department was appropriated approximately $3.3 billion and 231.8 full-time equivalents (FTE). The following chart shows the appropriations by funding source within the Department for Fiscal Year 2007:

Department of Health Care Policy and Financing
Fiscal Year 2007 Appropriations by Funding Source
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

We identified 16 overall areas in which the Department could make improvements to its operations—2 related to financial controls and 14 related to federal awards. Please refer to the HCPF chapter in the Federal Award Findings section for recommendations related to federal awards.

Payroll Reconciliations

During Fiscal Year 2007 the Department spent about $13.6 million on salaries and wages and had appropriated 231.8 FTE. Department procedures require that payroll personnel reconcile actual gross pay with expected gross pay on a monthly basis. In addition, the Department's payroll procedures require that this reconciliation be performed prior to the distribution of employees' payroll remittances. This helps to ensure that all payroll adjustments are accurately reflected in the payroll system and subsequently on the State's accounting system, COFRS. Reconciliations include the current regular payroll and any adjustments needed to reflect reductions or increases in employees' pay during the month, such as leave without pay or promotions.

During our testwork for this fiscal year, we found that the Department was not ensuring that monthly payroll reconciliations were performed, nor was the Department performing a supervisory review of payroll reconciliations. We tested eight reconciliations and found that six reconciliations were performed after payroll remittances had been distributed to employees. The Department stated that the

employee assigned to the task of reconciling payroll was terminated in May 2007 for not performing her related duties. Subsequent to the employee's termination, the Department found that while some reconciliations had been performed prior to the end of her employment with the Department, no reconciliations had been completed for the period from August 2006 through May 2007 (ten months). Therefore, another payroll employee had to complete these reconciliations, and did so between May and June 2007, nine months after the August 2006 reconciliation should have been completed.

We also found that there were adjustments that were identified through this subsequent reconciliation process. We noted that two employees had been overpaid by a total of $10,269. When the Department identified these overpayments it recovered all related overpayments. We were able to confirm that the payroll system and the State's accounting system reflected correct wage amounts.

In addition to payroll reconciliations not being performed timely, we found that reconciliations were not undergoing a supervisory review. Department procedures do not include this step as part of its payroll reconciliation process; however, a supervisory review would have identified much sooner the fact that the reconciliations were not being performed, and would also have helped ensure that the Department's employees were getting paid appropriately and that payroll was accurately reflected on COFRS. After we notified the Department of the absence of supervisory reviews on the reconciliations, the Department started performing these reviews in May 2007, when the reconciliations of August 2006 through May 2007 were being completed and the errors were identified and corrected.

Preparing timely reconciliations and routinely performing a supervisory review of those reconciliations and associated adjustments can reduce the risk of errors in the payroll system and the State's accounting system, as well as ensure that payments to state employees are appropriate and accurate.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 4:

The Department of Health Care Policy and Financing should improve controls over payroll by performing reconciliations between actual and expected gross pay on a monthly basis, prior to the distribution of monthly payroll, and incorporating a timely supervisory review of payroll reconciliations and related adjustments.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Implemented.

The Department has addressed the issue and implemented a review process to improve controls over payroll and to reconcile actual gross pay to expected gross pay on a monthly basis to ensure that all adjustments to payroll are accurately reflected in the payroll system and the Colorado Financial Reporting System (COFRS). The Department would like to confirm, as noted by the auditor, that some reconciliations were performed during the year resulting in the Department's identification of the two overpayments and the Department took the necessary steps to correct the overpayment and the amounts were recovered prior to the audit.

Allocation of Receipts

In Fiscal Year 2007 the Department disbursed $2.7 billion in Medicaid payments to medical providers on behalf of eligible beneficiaries. During our audit we analyzed the Department's expenditures related to prior-period payments. We found several entries that were described as unallocated drug rebates, family-planning and drug-rebate emergency reclassifications. The Department stated that these were payments received for drug rebates and family planning during Fiscal Year 2007; however, when the funds were received the Department did not determine whether the funds applied to Fiscal Year 2006 or Fiscal Year 2007 expenditures. Therefore, the Department recorded the drug-rebate and family-planning receipts within the prior-period reporting category. The Department stated that it would reverse these entries in the next accounting period, zero out the allocation, and record these receipts to the appropriate accounting period. We found that the Department had neither reversed the entries nor allocated over $1.5 million worth of receipts to the correct accounting period.

The Department's management should find an alternative method for recording drug rebates and family-planning cash receipts to ensure that all such transactions are reversed and then allocated to the correct accounting period. By not consistently accounting for these unallocated transactions the Department cannot ensure that its financial information is accurate.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 5:

The Department of Health Care Policy and Financing should find an alternative method for recording unallocated amounts received for drug rebates and family planning and ensure that these amounts are recorded and reversed consistently.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Implemented.

The Department has changed its method for recording the unallocated amounts for drug rebates and family planning. The Department is now utilizing the automatically reversed Journal Voucher transactions to ensure that these amounts are recorded and reversed consistently. The Department has reviewed State Fiscal Year 2008 year-to-date unallocated amounts and confirmed that those amounts have been reversed correctly.

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Department of Higher Education

Introduction

The Department of Higher Education was established under Section 24-1-114, C.R.S., and includes all public higher education institutions in the State. It also includes the Auraria Higher Education Center, the Colorado Commission on Higher Education, the Colorado Council on the Arts, the Colorado Student Loan Program dba College Assist, CollegeInvest, the Colorado Historical Society, and the Division of Private Occupational Schools.

State public institutions of higher education are governed by ten different boards. The governing boards and the schools they oversee are:

- **Board of Regents of the University of Colorado**
  University of Colorado at Boulder
  University of Colorado at Colorado Springs
  University of Colorado at Denver and Health Sciences Center

- **Board of Governors of the Colorado State University System**
  Colorado State University
  Colorado State University - Pueblo

- **Trustees of the University of Northern Colorado**
  University of Northern Colorado

- **Trustees of the Colorado School of Mines**
  Colorado School of Mines

- **State Board for Community Colleges and Occupational Education (SBCCOE)**
  13 Community Colleges

- **Trustees of Adams State College**
  Adams State College

- **Trustees of Fort Lewis College**
  Fort Lewis College

- **Trustees of Mesa State College**
  Mesa State College

- **Trustees of Metropolitan State College**
  Metropolitan State College

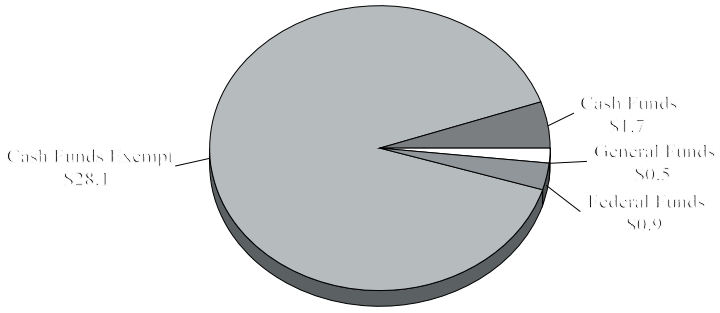
- **Trustees of Western State College**
  Western State College

Colorado Historical Society

The Colorado Historical Society (Society) is statutorily designated as an "educational institution" in the Department of Higher Education. The Society has exclusive control over the State's historical monuments and, in this capacity, has the duty of surveying suitable sites and structures for historical designation. The Society is also responsible for the administration of the state register of historical properties, and it distributes gaming revenue through a grant program for historic preservation.

The Society was appropriated $31.2 million and 126.9 full-time equivalent (FTE) staff for Fiscal Year 2007.

Colorado Historical Society
Fiscal Year 2007 Appropriations by Funding Source
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

Travel Expenditures

During Fiscal Year 2007 the Society expended more than $129,000 for employees' in-state and out-of-state business travel. State Fiscal Rules issued by the Office of the State Controller provide policies concerning business travel that state agency staff are required to follow when traveling on business for the State.

As part of our Fiscal Year 2007 audit, we selected a sample of 25 travel expenditures for review. We identified one or more problems with 19 of the 25 (76 percent) expenditures selected for review.

We noted the following problems:

- Six travel reimbursement requests, totaling approximately $6,900, did not include receipts for nearly $1,600 in lodging, gas, and registration fees, as required by State Fiscal Rules.

- Five travel reimbursements, totaling nearly $3,200, did not have authorizing signatures on their respective travel reimbursement vouchers or travel request forms. State Fiscal Rules require that the travel reimbursement voucher be signed by an approving authority unless the travel was pre-approved and the reimbursable expenses claimed are within the limits established prior to the trip. Travel request forms must be signed by the approving authority for in-state travel or the Executive Director for out-of-state travel.

- Two travel reimbursement requests, totaling $2,800, did not contain a purpose for the travel on their respective travel reimbursement vouchers, as required by State Fiscal Rules.

- One travel reimbursement, totaling $536, did not include the requesting employee's signature, as required by State Fiscal Rules.

- One travel reimbursement, totaling $864, contained a calculation error. As a result, the employee was overpaid by $133, or 15 percent, of the request.

- Three travel reimbursements, totaling $4,000, for travel to Chicago, Phoenix, and Washington, D.C., respectively, had no supporting documentation indicating that the travel requests had been submitted to the Executive Director's Office in advance of the trip, as required by State Fiscal Rules.

- One out-of-state travel request and the related travel reimbursement voucher, which totaled $864, were approved by the employee requesting reimbursement.

- Two travel reimbursements, totaling about $2,000, exceeded the maximum per diem rate for the city of travel by a total amount of $149.

- One travel reimbursement included $13 for entertainment expenses and $20 for alcoholic beverages, which are not reimbursable under State Fiscal Rules.

- One travel reimbursement totaling $239 was processed in the wrong fiscal year.

In addition, we found eight travel reimbursements, totaling $6,700, that lacked supporting documentation for $639 in meals. State Fiscal Rules in place through September 30, 2007, required receipts for meals when the total amount of reimbursement requested for the day exceeded $25. Therefore, support should have been provided for the $639. Subsequent to the end of Fiscal Year 2007, as of October 1, 2007, the State Fiscal Rules no longer require receipts for meals but place a cap on daily meal reimbursements.

The problems we identified indicate that the Society lacks adequate controls over travel expenditures. Although Society policies have in place a process for review and approval of travel requests and reimbursements, our review indicates that employees and supervisors are not consistently adhering to the policies or process. The Society should require that employee requests for travel and travel reimbursement be appropriately approved, that reimbursement requests contain purpose statements and employee signatures, and that all other state policies regarding travel be followed. In addition, the Society should ensure that employees and supervisors are adequately trained on travel expenditure policies.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 6:

The Colorado Historical Society should strengthen controls over travel expenditures by:

a. Ensuring that travel expenditures are appropriately approved, appropriate per diem rates are used, travel reimbursements are recorded in the proper period, and that all other state policies regarding travel are followed.

b. Training staff and supervisors on state travel rules and policies. For supervisors, emphasis should be placed on the importance of conducting a thorough review of all requests for travel reimbursements with respect to

compliance with State Fiscal Rules and resolving any problems prior to approval for payment.

Colorado Historical Society Response:

Agree. Implementation date: July 2007.

Accounting staff will be trained to perform compliance reviews of travel reimbursement requests to ensure compliance with state travel rules and policies. No reimbursements will be made without the proper approvals. Accounting staff and Division Directors will be trained on current state travel rules and policies.

Cash Reconciliations

The Colorado Historical Society maintains museums and exhibits that explore Colorado's history. One of these exhibits is the Georgetown Loop Railroad (Railroad), where visitors can purchase a train ride and guided tour of the local silver mines. The Society contracts out the operations of this exhibit to Railstar Corporation (Contractor). The Railroad's operating season begins in May and runs through October of each year. Revenues recognized from operations of this exhibit totaled over $1.2 for the Calendar Year 2006 operating season and over $1.1 million for the Calendar Year 2007 operating season. The Contractor is required by its contract with the Society to perform monthly reconciliations of cash and credit card receipts to the invoices received from Dynamic Ticketing Solutions (DTS), the ticketing system company used by the Contractor.

During our Fiscal Year 2007 audit, we found that the Society's internal controls over the operation of the Railroad are lacking. Society staff stated that they reviewed Contractor-prepared monthly reconciliations of cash and credit card receipts for the Railroad during the May through October 2006 operating season and worked with the Contractor during that time to address problems with a new information system. However, Society staff did not determine until November 2006 during their review of the Contractor's season-end reconciliation that approximately $54,200 in credit card charges entered for the Railroad during the 2006 season had not been received by the Society because the charges had either failed or been disputed by the cardholders. Further, staff did not determine until January 2007 that there was an additional cash shortage at the Railroad of approximately $54,300 due to credit card processing problems with the Railroad's ticketing system company (DTS).

The Contractor first identified the credit card processing problem at the end of the Calendar Year 2006 operating season. At that time, the Contractor contacted the affected cardholders to attempt to process the transactions again; however, the Contractor was able to recover only about $25,700, or less than half of the charges, resulting in a loss of approximately $28,500 in revenue. The Society deducted an amount equal to the $82,800 in lost revenue due to the credit card problems from the final management fee paid to the Contractor.

The Society should strengthen its monitoring over Contractor activities to ensure that Railroad revenues are properly processed and safeguarded. This should include strengthening its monthly review process over cash and credit card reconciliations and following up on discrepancies in a timely manner.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 7:

The Colorado Historical Society should improve its monitoring controls over the Georgetown Loop Railroad by strengthening the process for reviewing monthly cash and credit card reconciliations prepared by the Contractor and following up on discrepancies in a timely manner.

Colorado Historical Society Response:

Agree. Implementation date: May 2008.

The Society is presently working with the firm of Anton Collins Mitchell LLP (ACM) to review the 2007 reconciliation and necessary improvements for the 2008 season reporting. Preliminary reports from ACM indicate that the 2007 reconciliation is in order with minor mathematical mistakes that are within an acceptable margin of error. There are no significant financial issues this year.

From the ACM evaluation, recommendations will be drafted to improve financial monitoring of the credit card revenue flow from DTS. This will improve the monitoring controls over the Georgetown Loop Railroad and strengthen the oversight of monthly cash and credit card reconciliations.

Also part of the evaluation, restructuring the vendor's control of revenue is being evaluated to provide the State more direct control and/or oversight. The Colorado Historical Society President has directed that the financial

oversight and monitoring of revenue for this operation be the responsibility of the Society directly. The Anton Collin Mitchell LLP report will strengthen the work previously done by Society staff. The Society looks forward to improving the overall financial monitoring and reviewing process.

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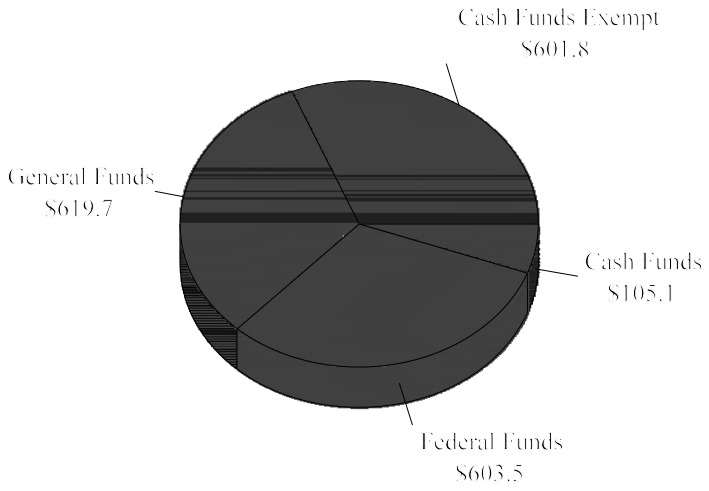
Department of Human Services

Introduction

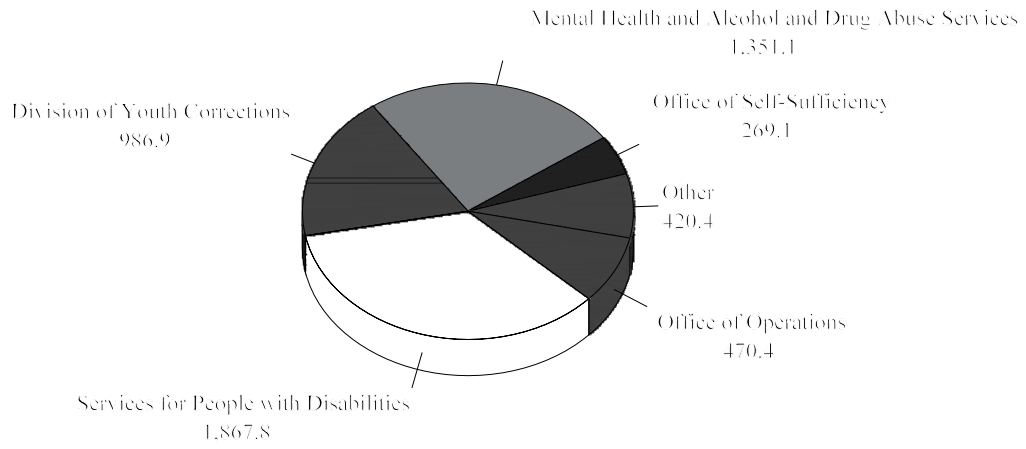
The Department of Human Services (DHS) is solely responsible, by statute, for administering, managing, and overseeing the delivery of the State's public assistance and welfare programs throughout the State of Colorado. Most of these programs are administered through local county or district departments of human/social services. The Department also manages and directly administers programs in the areas of developmental disabilities, mental health, nursing homes, and youth corrections. In Fiscal Year 2007 the Department was appropriated approximately $1.9 billion and over 5,300 full-time equivalents (FTE). The following charts show the appropriations by funding source and FTE by major areas within the Department, respectively, for Fiscal Year 2007:

Department of Human Services
Fiscal Year 2007 Appropriations by Funding Source
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

Department of Human Services
Fiscal Year 2007 Full-Time Equivalents (FTE) by Major Areas



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

We identified 23 overall areas where the Department could make improvements to its operations—8 related to financial controls and 15 related to federal awards. Please refer to the DHS chapter in the Federal Award Findings section for recommendations related to federal awards.

County Administrative Expenditures

The Department of Human Services oversees the county administration of public assistance programs for the State's 64 county departments of human/social services. Counties incur administrative costs for the operation of the public assistance programs, and the Department reimburses them for a portion of these costs. The counties enter financial information into the County Financial Management System (CFMS). CFMS accumulates the information and calculates the appropriate reimbursement. The information processed through CFMS is uploaded to the State's accounting system, COFRS, each month. When the upload is performed, transactions are recorded in either an accounts receivable or payable account on COFRS, based on whether each transaction represents an amount due from or due to each county.

During Fiscal Year 2007 we reviewed the county accounts receivable and payable accounts in COFRS to determine whether the Department has adequate controls in

place to ensure that the amounts recorded on COFRS as owed to and from the counties are appropriate and accurate. We noted that the amounts reported on CFMS and COFRS for the net liability due to the counties for costs associated with the administration of public assistance programs at June 30, 2007, differed by more than $5 million. According to CFMS, the Department owed the counties a total of approximately $35 million at the end of Fiscal Year 2007; however, amounts recorded on COFRS reflected that the Department owed approximately $40 million to the counties at the end of Fiscal Year 2007. The Department could not provide an explanation for the approximately $5 million difference, nor had it determined an appropriate audit adjustment to reconcile CFMS and COFRS.

We found that the Department has not established procedures for performing monthly reconciliations between the amounts reported on CFMS as owed to and from the counties and the corresponding amounts reported on COFRS to identify differences between the two systems and to investigate and resolve discrepancies. The Department reports that it is normal for the CFMS balance to differ slightly from the COFRS balance during the year as a result of timing differences in the upload of data. However, the Department lacks adequate controls over these amounts to know the reasons for the discrepancies and whether adjustments are needed to either CFMS or COFRS.

In order to ensure that amounts are reported accurately on CFMS and COFRS the Department should institute a monthly reconciliation process between CFMS and COFRS. Reconciliation procedures are intended to enable an entity to identify errors and make appropriate corrections to its financial information in a timely manner. Further, the Department should determine the cause of the discrepancy at June 30, 2007, and determine the need for any adjustments to CFMS or COFRS.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 8:

The Department of Human Services should ensure that amounts reported on the State's accounting system, COFRS, related to counties' administration of public assistance programs is accurate and complete by:

a. Instituting a monthly reconciliation process to identify and resolve discrepancies between CFMS and COFRS for amount payable to and receivable from the counties. The reconciliation process should include investigating and resolving all discrepancies and making adjustments as appropriate.

b. Determining the cause of the discrepancies between the balances reported on CFMS and those reported on COFRS for amounts due to or from the counties at June 30, 2007, and making necessary adjustments.

Department of Human Services Response:

Agree. Implementation date: June 30, 2008.

The Colorado Department of Human Services, Division of Accounting, is in the process of identifying the transactions, and transaction types, that cause the Due To/Due From account in CFMS to be out of balance with its control account in COFRS. Once these are identified, we will develop a monthly reconciliation of the affected accounts, in order to ensure that COFRS reflects the correct and accurate balance due to the counties on the State's financial statements.

Reconciliation of County Expenditures

In Colorado, the county departments of human/social services administer most of the State's public assistance and welfare programs under the supervision of the Department of Human Services. Programs are classified by the Department as either food assistance or cash programs, such as the federal Food Stamps program and the Temporary Assistance to Needy Families (TANF) programs. The State distributes welfare benefits for these two programs, among others, through an electronic benefit system. Eligible families are provided with Electronic Benefit Transfer (EBT) cards that can be used to make purchases at participating stores through the use of point-of-sale terminals. Colorado contracts with a vendor, currently JP Morgan Chase, for its EBT payment processing. During Fiscal Year 2007, JP Morgan Chase issued approximately $314 million in food assistance and $168.5 million in cash benefit payments for the Department.

Financial data for the Department's EBT programs are contained in four primary systems: the Department's eligibility determination system, Colorado Benefits Management System (CBMS); the Department's financial record-keeping system, County Financial Management System (CFMS); the State's accounting system (COFRS); and JP Morgan Chase's information system. Information flows between these systems in the following manner:

1. Staff at the county departments of human/social services input client information into CBMS, which calculates client benefit amounts, and authorize benefit payments.

2. CBMS files containing benefit authorizations are uploaded to CFMS for daily processing.

3. CFMS generates daily payment files that are sent to JP Morgan Chase for payment of benefits through EBT cards.

4. At the end of each month, information contained in CFMS is translated into a journal entry containing account information, which is uploaded to COFRS.

5. JP Morgan Chase provides daily data on benefit payments made to recipients using EBT cards to the Department.

The Department uses the financial information generated through these processes to (1) reimburse the counties for allowable expenditures under federal guidelines, (2) report financial activity on federal programs to the federal government, (3) reimburse JP Morgan Chase for benefits paid on EBT cards, and (4) report financial activity on the State's financial system.

During our Fiscal Year 2005 audit, we noted that the Department was not performing routine reconciliations of expenditure and revenue data in CFMS to JP Morgan Chase benefit authorization data for the Food Stamp program and TANF. We recommended that the Department establish adequate controls over benefit authorization issuance data by performing routine and comprehensive reconciliations between CBMS, CFMS, JP Morgan Chase, and COFRS; ensuring that the reconciliations undergo review by knowledgeable personnel; and making any necessary adjustments, in a timely manner, to the appropriate systems. The Department agreed with the recommendation.

During Fiscal Year 2006, the Department reported that it had obtained the reports necessary to perform the reconciliations of the food assistance programs, but did not have the same type of reports available for the cash programs. The Department indicated that full implementation of the reconciliation process would occur in Fiscal Year 2007.

During Fiscal Year 2007, we continued to review the Department's progress towards implementing the Fiscal Year 2005 recommendation. While we did determine that the Department is completing daily and monthly reconciliations of the system interactions for the food assistance programs, the Department is not performing complete reconciliations over the benefits being issued for the cash programs, such as TANF. Although the Department does reconcile expenditure and revenue data transferred between CFMS and COFRS for the cash programs, it does not perform reconciliations of the data transferred from CBMS to CFMS, or from CFMS to JP Morgan Chase, for the cash programs.

Department staff report that system limitations in CBMS continue to not allow for the creation of reports that would aid in the completion of reconciliations for the cash programs. Further, Department staff indicate that the cash programs are more complicated and diverse in nature than the food assistance programs. The Department submitted a change request in April 2007 for additional CBMS reports, similar to those now produced for the food assistance program, that would allow the Department to reconcile the cash programs. However, as of the end of our fieldwork, the Department reported the additional CBMS reports had not been made available.

The Department is responsible for safeguarding state assets, which includes ensuring that funds are spent only for state business, and for reporting complete and accurate data on the State's activity. By not performing routine reconciliations among the four systems noted, the Department does not have a control in place to identify and resolve differences and to determine whether errors or irregularities exist. Further, it cannot ensure that benefit recipients are paid correctly and that counties and JP Morgan Chase are reimbursed appropriately. The Department should institute routine and comprehensive reconciliation processes over data transferred among CBMS, CFMS, JP Morgan Chase, and COFRS to ensure that differences are identified and resolved timely and all appropriate adjustments are recorded on COFRS for cash programs administered by the counties.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 9:

The Department of Human Services should establish adequate controls over benefit authorization and issuance data for the cash programs by:

a. Performing routine and comprehensive reconciliations between the Colorado Benefits Management System, County Financial Management System, the State's EBT service provider, and the State's accounting system to ensure that financial information is accurately and completely recorded. As part of the reconciliation, the Department should investigate and resolve any differences.

b. Ensuring that all reconciliations are reviewed by knowledgeable personnel not involved in preparing the reconciliations.

c. Making any necessary adjustments in a timely manner to the appropriate systems.

Department of Human Services Response:

Agree. Implementation date: December 31, 2008.

We have re-distributed work assignments within the County Processing Unit, such that these reconciliations will now be performed by the Supervisor of the EBT Processing Group, and will be reviewed by the Manager of the County Processing Unit, on a monthly basis. This reconciliation process will include reconciliation from CFMS to JP Morgan, from CFMS to COFRS, and from CFMS to the Activity Detail Database file. Our intention is to add to this reconciliation process a reconciliation between CFMS and CBMS, once reliable reports can be produced from CBMS.

Compliance with the Public Deposit Protection Act

On a yearly basis, the Department of Human Services (DHS) is required by the Office of the State Controller (OSC) to confirm the balances of each checking, savings, and certificate of deposit accounts that are deposited with a commercial financial institution and held in the Department's name. The OSC provides a bank confirmation form in the Fiscal Procedures Manual (Manual) to assist the Department in verifying deposits, insurance, and collateralization. As of the end of Fiscal Year 2007, DHS had nearly $11.1 million in cash and cash-equivalent accounts at various institutions.

The confirmation process provides DHS, as well as the OSC, with specific information on the balances, as well as on whether funds are federally insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by the commercial financial institution as required under the Public Deposit Protection Act (PDPA). Each governmental entity must request and be assigned a unique PDPA number by the Colorado Division of Banking.

The purpose of the Public Deposit Protection Act is to ensure that public funds held on deposit in commercial financial institutions are protected in the event that the commercial financial institution holding the public deposits becomes insolvent. Public monies in a commercial financial institution that exceed the FDIC insurance limit are required to be protected through the escrow of bank assets that are held in safekeeping and are pledged to the Colorado Division of Banking on behalf of public organizations. These assets must equal 102 percent of the amount of public monies held by financial institutions. In the event of a commercial financial institution's insolvency, the escrowed bank assets will be sold and the proceeds distributed to Colorado public organizations requiring reimbursement.

The Manual states that it is important that the commercial financial institution confirms the PDPA number and that the Department verifies that the number associated with the account is the one assigned to the Department. Additionally, the Manual instructs the Department to contact the bank if the PDPA number is not confirmed.

During our Fiscal Year 2007 audit, we tested 29 year-end confirmations obtained by DHS staff for 57 bank accounts holding DHS funds. We found that in 26 cases, or nearly 90 percent, there was an error related to the PDPA numbers. In 14 of the 26 cases, the PDPA number was missing from the confirmation and in the remaining 12 cases, the confirmation contained an inaccurate PDPA number for the Department. In all instances noted, we were unable to determine whether the PDPA information was or was not completed by the Department or institution. Further, the instructions contained within the Manual for completing the confirmation form are not clear in defining who is responsible for completing the PDPA information.

The Department's confirmation process is decentralized with each agency within DHS sending requests for confirmations to the commercial financial institutions holding funds for that specific agency. According to Department staff, the individuals sending confirmation forms to the commercial financial institutions are often unfamiliar with PDPA requirements. Further, the review performed by DHS' accounting division does not include a secondary examination of PDPA numbers on the confirmations to ensure the PDPA numbers are included, are accurate, and were confirmed by the commercial financial institution. Finally, we noted that the confirmation form provided in the Manual does not explicitly require verification of the PDPA number by the commercial financial institution.

The failure to confirm PDPA numbers and verify that the PDPA number associated with the account is assigned to the Department could potentially result in public funds held by a commercial financial institution being unprotected and lost in the event of the institution becoming insolvent. DHS should ensure that staff preparing and reviewing confirmations are adequately trained in the information that should be included on the form and confirmed by the commercial financial institution, as well as the importance of the Public Deposit Protection Act.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 10:

The Department of Human Services should improve controls over the year-end confirmation of funds held by commercial financial institutions by:

a. Ensuring that staff sending the confirmations are adequately trained on the Public Deposit Protection Act (PDPA) and that they include all information that must be confirmed by the institution, including the PDPA number.

b. Adequately reviewing the returned confirmations and following up with the institution(s) on any information that was incorrect, incomplete, or not confirmed.

c. Working with the Office of the State Controller to revise and clarify the completion of the confirmation form to ensure agencies understand their responsibility to provide the required information to commercial financial institutions, and requiring explicit verification of PDPA numbers by commercial financial institutions.

Department of Human Services Response:

a. Agree. Implementation date: May 31, 2008.

The Department will conduct training to responsible staff about the requirements of the Public Deposit Protection Act (PDPA) and the bank confirmation form to ensure that all required information on the bank confirmation form would be obtained and confirmed by the commercial financial institutions. The responsible staff will review the accuracy of information on the bank confirmation form before they submit the form to the accounting office.

b. Agree. Implementation date: August 10, 2008.

The accounting staff who is responsible for the Exhibit M reporting will review the required information on the bank confirmation form for completeness and accuracy. In the event of any missing and/or incorrect information on the form, the responsible staff will work with the appropriate bank account custodian to resend the bank confirmation form to the commercial financial institution and to ensure that the returned bank confirmation is in compliance with the Fiscal Procedures Manual.

c. Agree. Implementation date: May 31, 2008.

The Department will work with the Office of the State Controller (OSC) to update current instruction on the completion of the confirmation form in the Fiscal Procedures Manual by including the verification and confirmation of PDPA number by commercial financial institutions.

Mental Health Institutes Revenue

The Department of Human Services operates the Fort Logan Mental Health Institute and Pueblo Mental Health Institute for the care for children and adults who have been diagnosed with a mental illness or legally determined to need mental health services. The two Institutes receive payments for services provided from sources including patient payments, Medicare, and Medicaid. In Fiscal Year 2007, the Fort Logan Institute and Pueblo Institute earned $9.3 million and $18.6 million, respectively, in revenue from all sources.

In December 2003, Public Law 108-173 added Part D to the Medicare program, in which Medicare contracts with specific drug insurance companies to provide a prescription drug benefit to Medicare beneficiaries. The drug insurance companies act as the payers and insurers for the prescription drug benefit. Fiscal Year 2007 was the first full fiscal year in which the Institutes received pharmacy revenue related to Part D. In Fiscal Year 2007, the Fort Logan Institute and Pueblo Institute received over $92,000 and $339,000, respectively, in Part D pharmacy revenue.

In performing our Fiscal Year 2007 testwork on the Institutes' year-end revenue reconciliations, and specifically on the Part D revenue, we noted the Department was recording this revenue on the cash basis of accounting. Specifically, the Institutes, in late June and July 2006, first submitted Part D claims for the second half of Fiscal Year 2006 of approximately $15,000 in revenue which was not received or recorded until Fiscal Year 2007. According to generally accepted accounting principles (GAAP) and the Fiscal Procedures Manual, published by the Office of the State Controller, revenue is required to be recorded when it is earned. This is accomplished through the recording of a receivable and revenue when the amounts are billed, but not yet collected.

When this issue was discussed with the Institutes, staff reported that the problems with the Institutes' system have prevented the proper recording of revenue. The Institutes' staff maintain all financial information for patients within a computerized information system, AVATAR. Periodically, information is uploaded into the State's accounting system, COFRS, and the staff at the Institutes are responsible for

performing reconciliations to ensure that the data on COFRS are consistent with AVATAR.

According to discussions with Department staff, AVATAR contains a pharmacy sub-system initially designed to track doctor orders and fill prescriptions. However, with the implementation of Medicare Part D, the Medicare federal oversight agency, the Centers for Medicare and Medicaid Services (CMS), required billings for pharmaceuticals to be itemized in order to be reimbursed by the individual prescription drug plans. This required the Department, beginning in Fiscal Year 2006, to work with the system's vendor to redesign the system to create claims. The Department was successful in this effort, but was unable to have the sub-system calculate and post to a receivable account in AVATAR.

Department staff further indicated that the sub-system does produce a monthly adjudication report showing detailed information on the prescription amount, related prescription fees, patient co-pays, and other information billed over the past month to the drug insurance companies. The Department stated it has attempted to reconcile the individual payments received from the drug insurance companies to the adjudication report after receipt of payment, but this has proven difficult and time-consuming, as each drug insurance company's detailed payment remittance advices are presented in a variety of fashions. Therefore, the Department determined to record Part D revenue directly into COFRS when reimbursement payments were received. This, as indicated above, is not in compliance with GAAP or the Fiscal Procedures Manual. Further, the Department was unable to provide a detailed listing of outstanding claims for each Institute that should have been booked as a receivable at June 30, 2007, and as revenue in Fiscal Year 2007.

As a result, the accuracy of receivables at fiscal year-end is understated by the amount of any Medicare Part D claims due for medications provided prior to June 30, 2007, but not for which no payment has been received; Fiscal Year 2007 revenue is understated by the same amount. The revenue would be offset by the $15,000 in Fiscal Year 2006 revenue that was recorded in Fiscal Year 2007. The Department should continue to work with the system vendor and the drug insurance companies to ensure that receivables and revenue are appropriately recorded for the Institutes and that information on the State's financial statements is accurate and complete.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 11:

The Department of Human Services should improve controls over the revenue and receipt process for Medicare Part D at the Fort Logan and Pueblo Mental Health Institutes by:

a. Continuing to work with the vendor for the AVATAR system and the drug insurance companies to develop a method for reconciling the detail on all claims submitted for Medicare Part D reimbursement and tracking the related receivable from the drug insurance companies.

b. Recording revenue and related accounts receivable on COFRS in accordance with generally accepted accounting principles.

Department of Human Services Response:

a. Agree. Implementation date: December 31, 2007.

The Department will use the accrual basis of accounting to record accounts receivable and revenue on all claims submitted for Medicare Part D reimbursement. Up to now the pharmacy subsystem vendor has been very accommodating to the agency in trying to capture reasonable data to facilitate a reconciliation between the Part D Pharmacies (PDP) and the pharmacy subsystem. A phenomenon that is occurring to complicate this goal is that PDPs are being added and dropped from the program and also consolidating in various combinations. The effect of this is constantly changing formularies among the PDPs.

b. Agree. Implementation date: June 30, 2008.

For financial statement purposes at fiscal year end, accrual entry will be made based on the estimated collections experienced through out the fiscal year.

Signing Bonuses

The Department of Human Services offers signing bonuses specifically targeting positions in information technology, nursing, food service, and other occupations where there is a documented shortage in the market and recruitment or retention difficulty jeopardizes the Department's mission. Further, a signing bonus may be

made to an applicant that possesses a unique and critical skill in relation to the job requirements. A signing bonus is a discretionary award that is issued to attract employees into the state system, and is offered to the candidate as part of the salary negotiations prior to employment with the Department. During Fiscal Year 2007, the Department issued nine signing bonus payments, which ranged from $1,500 to $4,500 per payment, totaling $18,500.

According to Department policies, half of the award should be paid upon hire and the remaining half at the time of certification, or 12 months of satisfactory work service. However, if the employee does not stay for 12 months, the amount of the award paid must be refunded in full by the employee. The specific conditions of the signing award are delineated in the standard contract signed by the Department designee and the employee. Specifically, the contract states that the first payment will be included in the first paycheck after the first day of work, and the second payment will be made no later than the first payroll following one year of satisfactory service.

In performing our Fiscal Year 2007 testwork on the Department's signing bonuses, we reviewed nine signing bonuses contracted for and paid by the Fitzsimons State Nursing Home, and found at least one problem with all nine. Specifically, we identified the following:

- The standard contract for all of the signing bonuses was signed after the initial payments were due to the employees. As a result, two payments totaling $4,500 were paid to the employees prior to the standard contract being executed, which is in violation of state statutes and State Fiscal Rules.

- Eight instances in which bonus payments, totaling $16,500, were paid to employees approximately one to four months late. Of these, six were the initial payment, and two were the second payment.

- One instance in which the employee did not stay with the Department for 12 months as required by Department policies. However, the Department failed to collect the initial part of the bonus, in the amount of $1,500, previously paid to the employee.

During our testwork we also noted that the standard contract does not state that employees are to refund the initial payment if they do not stay for 12 months. Further, we noted that the Department's signing-bonus policy is silent as to when the standard contract should be signed by the Department designee and the employee.

When the issues were discussed with the Department, staff could not clearly identify why the bonuses were not being paid timely. However, staff indicated that turnover and a lack of funding at the nursing home could be the cause for the delayed payments. As for the $1,500 signing bonus not being recouped, Department staff have indicated possible problems with the wording in the standard contract and lack of review of the employee's hiring packet prior to separation from the Department. As of the end of our fieldwork, the bonus remained uncollected after the employee's service was terminated nearly one year earlier.

The lack of adequate procedures and the wording of the standard contract's not being consistent with Department policies have resulted in signing bonuses not being issued and recouped in accordance with established departmental policies. The Department should improve the processes related to issuing signing bonuses at the Fitzsimons State Nursing Home.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 12:

The Department of Human Services should improve the process over signing bonuses at the Fitzsimons Nursing Home by:

a. Ensuring that standard language regarding the payment of bonuses and the terms under which repayment will be required is included in contracts for bonuses, and that the language is consistent with the Department's policies.

b. Ensuring contracts are fully executed prior to making payments, and paying signing bonuses in accordance with contract terms.

c. Recouping payments made to employees who have not fulfilled the terms stated in the contract.

d. Seeking repayment of the $1,500 bonus that should have been reimbursed to the State.

Department of Human Services Response:

Agree. Implementation date: January 1, 2008.

a. The facility will ensure that the standard language in the contract specifies the terms for payment of bonuses and repayment requirements and is consistent with the Department's policies.

b. Fitzsimons will pay signing bonuses in accordance with contract terms and no new signing bonuses will be issued until modifications are made to the current contract. Appropriate parties (Human Resources and the Department of Human Services) will be consulted to ensure consistency and proper implementation with the Department of Human Services. Furthermore, contracts will be fully executed prior to any disbursements and monitoring of bonus payments will be done to ensure the payment schedule outlined in the contract is adhered to.

c. The facility will first attempt to contact those employees who did not fulfill the terms of the contract. If the facility is unsuccessful in contacting the former employee, the action taken will be to submit the information to the State's Central Collection office to pursue the recoupment of payments.

d. The facility will contact the former employee to try and collect the $1,500 bonus. If unsuccessful, Fitzsimons will submit information to the State's Central Collection office in order to recoup this payment.

Time Sheet Certifications and Timely Entry in CPPS

During Fiscal Year 2007, the Department spent over $249 million on salaries and wages, and had appropriated over 5,300 FTE. The Department's Payroll and Human Resources (HR) staff across the various divisions work together to ensure that employees are paid appropriately through the Colorado Payroll Personnel System (CPPS) and payroll amounts are accurately reflected on the State's accounting system, COFRS. Information is entered into CPPS by HR staff prior to payroll processing on either a monthly or biweekly basis.

During Fiscal Year 2007, we tested both monthly and biweekly payrolls, in which a sample of 72 employees and 74 time sheets related to those employees, were tested. Of the testwork performed on the employee time sheets for wages that had been paid, we found problems with 14, or an error rate of 19 percent. Further, we also identified four instances where HR staff failed to enter employee-related data timely into CPPS. Specifically, we identified the following:

- **Ten time sheets were either not dated or did not contain a supervisory signature certifying compliance with the Department's policy and State Personnel Rules.** In Fiscal Year 2004, the Department instituted a policy requiring time sheets to be certified by both the employee and the supervisor within 20 days of the close of the Department's timekeeping system. This policy was also developed to ensure the Department's compliance with State Personnel Rules for the certification of time sheets. Seven of the ten time sheets in question were not dated within the 20-day time frame, and they ranged from approximately one week to almost nine months late. The remaining three time sheets did not contain a supervisory certification.

- **Four certified time sheets could not be provided by the Department.** The Department stated that either the originals were misplaced or the time sheets were simply never signed. However, the employees were paid for the time frame covered by the missing time sheets.

- **Four instances were identified in which employee information was not entered timely into CPPS by Human Resources' staff.** In two cases, new-hire employees were not entered into CPPS from two to almost seven weeks after their scheduled start date. The remaining two cases involved pay increases that were not entered for four to almost six weeks after the effective date of the increases. Because of the lack of timely input by the Human Resources' staff, three payroll adjustments, totaling $2,941, had to be prepared by the payroll staff to ensure that the affected employees would be paid on the appropriate payroll dates.

We have noted problems with the Department's payroll controls in prior years. For Fiscal Years 2000, 2003, and 2005, we recommended that the Department require documentation of supervisory approval on all employee time sheets and address payroll system deficiencies, establish a time frame during which the time sheets must be certified, and ensure that time sheet certifications be completed within the Department's stated policy.

While the amounts identified in our sample are small in terms of the Department's overall Fiscal Year 2007operations, payroll is an inherently high-risk area. The lack of adequate controls and supervision indicate an environment where errors and irregularities could occur and not be detected in a timely manner, which could result in more significant problems. The Department should improve the controls to ensure that time sheets are certified within the Department's policy and that HR staff are entering employee information into CPPS timely.

(Classification of Finding: Control Deficiency.)

Recommendation No. 13:

The Department of Human Services should improve controls over the payroll and human resource process by:

a. Ensuring that time sheets are certified and maintained within the timeframes in the Department's stated policy.

b. Ensuring that employee information is entered into CPPS in a timely manner.

Department of Human Services Response:

a. Agree. Implementation date: March 1, 2008.

The Department will distribute an updated Timekeeping Policy and emphasize the importance of time sheet certification at every New Employee Orientation and periodically to all CDHS employees by email (with ITS approval). The Department will continue random internal audits of unit timekeepers on a monthly basis and provide Executive Management Team summarized information quarterly. Disciplinary action for continued noncompliance will be implemented.

b. Agree. Implementation date: January 14, 2008.

The Department will implement a new system to ensure employee information is entered into CPPS in a timely manner. Currently, a payroll spreadsheet that is updated three times a month tracks the entry of new employee information into CPPS. A review step will be added to the process that will identify and resolve issues with employee pay increases and ensure the timely entry of employee information into CPPS.

Exhibit Preparation

At the end of each fiscal year, the Office of the State Controller (OSC) requires that each department submit financial and financial-related information that aids the preparation of the State's financial statements and footnote disclosures in accordance with generally accepted accounting principles. The OSC requires that all departments submit this information on uniform reports, or "exhibits." We have identified weaknesses in the Department of Human Services' controls over the

preparation of exhibits since our Fiscal Year 2002 audit. During Fiscal Year 2007, we reviewed exhibits that had been prepared and submitted to the State Controller by the Department's 17 agencies, and we continued to find errors.

The Department submitted 16 exhibits to the Office of the State Controller for Fiscal Year 2007, and we noted problems with 3 of the 16 (19 percent), which required one revision each. The three exhibits were revised because of errors or omissions we identified through our audit. Specifically, we identified the following problems:

- **Schedule of Operating Leases (Exhibit F2)**: This exhibit records future minimum lease payments that are required by generally accepted accounting principles to be disclosed for all noncancellable operating leases. Two revisions were necessary for this exhibit to correct three errors that overstated the total amount reported by approximately $7.1 million.

- **Other Accounting Disclosures (Exhibit U1)**: The Department is required to report on this exhibit various other information that is not reported on any other exhibit. For example, information recorded on this exhibit includes capital asset useful lives and interest capitalized in proprietary funds for capital assets placed in service. One revision was necessary for this exhibit to correct three errors that overstated the total reported by over $83,000.

All of the exhibits were corrected and resubmitted to the OSC prior to the issuance of the State's financial statements.

As noted earlier, we have identified issues with the Department's exhibits since Fiscal Year 2002. The exhibit error rate has fluctuated between Fiscal Year 2002 and 2007 from a high of 49 percent in Fiscal Year 2003 to a low of 11 percent in Fiscal Year 2004. We identified an error rate of 19 percent for Fiscal Year 2007.

Based on our previous recommendations in this area, the Department instituted a year-end training and secondary review process in Fiscal Year 2004, but shifted the focus of the training in Fiscal Year 2007 to one-on-one training with staff that have the responsibility for preparing the required exhibits. However, these processes do not appear to be functioning effectively, as evidenced by the number and types of errors we noted during our testwork.

The Department should improve the existing controls over the preparation of its exhibits in order to ensure that the State's financial statements and related footnotes are accurate and that the time required to correct and revise exhibits is minimized. This could be accomplished by continuing to ensure that staff responsible for the preparation of exhibits are adequately trained on an annual basis and to ensure the

supervisory review process continues to include an in-depth review of all supporting documentation.

(Classification of Finding: Control Deficiency.)

Recommendation No. 14:

The Department of Human Services should improve controls over the preparation of fiscal year-end exhibits submitted to the Office of the State Controller by:

a. Continuing to ensure that staff preparing exhibits are adequately trained, yearly, on exhibit preparation requirements.

b. Enhancing the secondary review process over exhibits to include an in-depth, detailed review of all supporting documentation used to prepare the exhibits.

Department of Human Services Response:

Agree. Implementation date: August 31, 2008.

The errors indicated were carried forward from prior year supporting documents. The Department took immediate steps to correct these errors and has taken additional steps to ensure adequate on the job training is provided. The Department has undertaken new supporting documentation preparation processes to improve the completeness and accuracy of exhibit reporting. These processes will allow for a more comprehensive secondary review of all supporting exhibit documentation.

Purchasing Cards

The purchasing card program was adopted by the DHS to allow approved staff within its agencies to make purchases under $5,000. The goal of the program is to make it easier for state employees to acquire goods and services that cost less than $5,000 while providing more timely payment to merchants and reducing the number of small-dollar payments issued by the traditional vouchering system.

During Fiscal Year 2007, the Department expended approximately $10.4 million through the use of purchasing cards. For that period, the Department reported that its average monthly purchasing card purchases totaled nearly $866,000, with an average number of 3,910 monthly transactions placed. As of the end of Fiscal Year

2007, approximately 905 Department employees, or 17 percent of its over 5,300 employees, had been issued purchasing cards.

All Department employees are considered to be eligible for a purchasing card but are evaluated on their need to make purchases. An employee becomes a cardholder by completing the cardholder account form and obtaining approval from his or her designated approving official, typically the employee's manager. All charges made on the card are the liability of the Department; the cardholder has no personal liability on the card unless the cardholder violates the terms of card use. Department policy requires that at the end of each purchasing card cycle the cardholder attach supporting documentation for his or her purchase(s), review the account coding, and sign and date the statement. This information is forwarded to the approving official, who is responsible for performing a secondary review for accuracy and appropriateness and applying his or her signature and date to the statement. Both the cardholder's and approving official's review and sign-off must occur by the end of the month following the card statement date.

During our previous audits in Fiscal Years 2004 and 2006, we noted problems with the Department's administration of its purchasing card program. In both audits, we identified similar problems with cardholder statements either not being signed by the cardholder and/or approving official, and purchases being incorrectly coded on the State's accounting system, COFRS. The average error rate for the Fiscal Years 2004 and 2006 audits was 32 percent. In addition, we noted that the Department's internal purchasing card audits identified the same issues. We recommended that the Department improve controls over purchasing cards by enforcing a formalized policy that requires approving authorities to address problems identified through purchasing card reviews and report disciplinary or other actions taken for employee purchasing card errors and misuse, tracking and enforcing actions taken by approving authorities to address problems identified, and providing ongoing training to cardholders and approving authorities. The Department agreed with the recommendation in Fiscal Year 2004. In Fiscal Year 2006 the Department agreed with portions of the recommendation; however, the Department disagreed with the recommendation to improve controls by tracking and enforcing actions taken by approving authorities.

During Fiscal Year 2007, we found that the Department is requiring approving officials to report any actions being taken to prevent future cardholder violations and will be tracking the actions being taken through an automated system that is currently being tested. During the testing phase, the Department plans to retain hard copies of audit documentation. In addition, the Department is requiring training for all new cardholders and is making training available for current cardholders. However, although our audit continued to identify problems as discussed below, the Department expresses that the automated tracking system will allow it to more easily track, in the future, the history on cardholders and violations.

As part of our Fiscal Year 2007 audit, we selected a sample of 25 purchasing card transactions for review and found at least one error with 7 (28 percent) of the transactions tested. Specifically, we found the following:

- **Cardholder statement reviews.** Department policy requires that each cardholder and approving official review and sign off on the monthly purchasing card statement by the end of the following month. For example, if a purchase was made during May, the cardholder statement must be signed and dated by June 30. We found four transactions in which the approving official had either not signed the cardholder statement or had not signed the cardholder statement within the required time frame. Specifically, for three transactions totaling approximately $222, the approving official did not sign the statement within the required time frame. For one transaction totaling $165, the approving official had not signed the cardholder statement at the time of our review, approximately four months after the purchase was made.

- **Account coding errors.** According to Department policy, the cardholder must ensure that the purchase has the proper account coding. We found four transactions totaling approximately $819 that were coded to an improper account code. For example, snacks were purchased for a staff meeting and coded as "Office Supplies" instead of "Food and Food Service Supplies." The removal and replacement of a dumpster behind a garage was charged to "Automotive Supplies" instead of "Waste Disposal Services."

Adequate controls over purchasing cards are important because the cards are a high-risk area for fraud and abuse. Because of the number of employees within the Department that have purchasing cards, ongoing monitoring of this area is imperative.

(Classification of Finding: Control Deficiency.)

Recommendation No. 15:

The Department of Human Services should improve its internal controls over purchasing cards by:

a. Completing testing and implementation of the automated system to track the results of the Department's internal purchasing card audits and the responses of actions taken by approving authorities.

b. Continuing to communicate to approving officials and cardholders their responsibilities to ensure compliance with Department policy and consequences for policy violations through ongoing training.

Department of Human Services Response:

a. Agree. Implementation date: June 30, 2008.

The Department has developed a system for entering the results of purchasing card audits and responses from approving officials. However, the system has not yet generated reports. The reporting function is still under development and will then require some testing. The Department hopes that the system, including report generation, will be fully implemented no later than June 30, 2008.

b. Agree. Implementation date: Currently in place and ongoing.

The Department continues to provide training on the Department policy and consequences for violations to new cardholders and approving officials. The training is also offered on an ongoing basis as a refresher course to current cardholders and approving officials.

Department of Labor and Employment

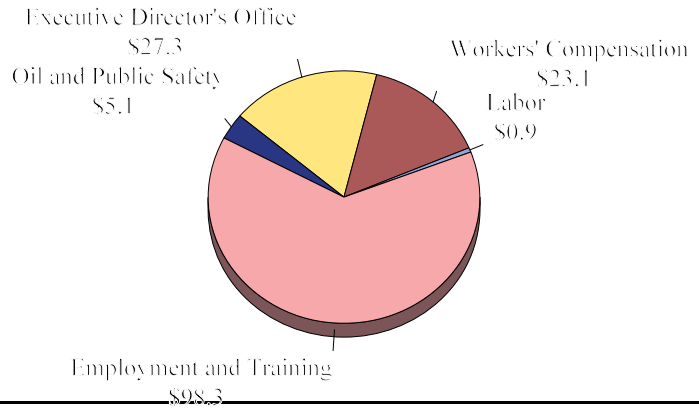
Introduction

The Department of Labor and Employment (DOLE) is responsible for providing services to employers and job seekers and enforcing laws concerning labor standards, unemployment insurance, workers' compensation, public safety, and consumer protection. The DOLE is comprised of the following major organizational units:

- Division of Employment and Training
- Division of Workers' Compensation
- Division of Oil and Public Safety
- Division of Labor
- Executive Director's Office

The Department was appropriated $154.7 million and 1,089.1 full-time equivalent staff (FTE) for Fiscal Year 2007. Approximately 33 percent of the Department's funding is from cash funds and the other 67 percent is from federal funds. The following chart shows the operating budget by major organizational unit during Fiscal Year 2007:

Department of Labor and Employment
Fiscal Year 2007 Appropriations by Organizational Unit
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

The following comments were prepared by the public accounting firm of Clifton Gunderson LLP, which performed the Fiscal Year 2007 audit at the Department of Labor and Employment.

SUPER System

In 1999 the Department began a project, referred to as *genesis,* to redesign the Unemployment Insurance program. The goal of the project was to combine the program's two major components—unemployment benefits and unemployment taxes—into one information system and achieve operating efficiencies and improve customer service. In Fiscal Year 2002 the Department initiated a contract to begin construction on the new system, the State Unemployment Program E-government Resource (SUPER) system. SUPER would replace the current stand-alone legacy systems for unemployment benefits and taxes, both of which are over 20 years old. SUPER was intended to be a single system that would track tax collections from employers and benefits paid to unemployed workers. Department employees would be able to access an employer's account and obtain detailed information on all taxes paid and benefits charged against the account and to review all activity in an unemployment benefit claimant's account as well.

The Department's original completion date for SUPER implementation was Fiscal Year 2004. After several contract amendments the Department's three-year appropriation of $44.8 million for SUPER expired, with $27.9 million expended (62 percent), net of reimbursements from the contractor, Accenture, LLP, and the project not completed. The system was designed with five components, and the two major components, the benefit program and the tax program, were not finished. During Fiscal Year 2005 the Department held discussions with Accenture, LLP in efforts to resolve the problems. However, the contract with Accenture, LLP was terminated in December 2005.

In January 2007, the Department completed a Project Recovery assessment that determined whether any of the SUPER System development work could be salvaged, and the costs associated with completing the system. On the basis of that assessment, the Department determined that the project was no longer viable and wrote off the entire Construction in Process balance related to the project of over $16.1 million in Fiscal Year 2007. The Department retained software related to the project with a net book value of approximately $8.3 million and reported that over the next 18 months it will be evaluating its business processes, identify opportunities for legislative change, and create a new request for proposal for an integrated system.

Accounting Oversight and Controls

The Department of Labor and Employment's Executive Director's Office (EDO) performs administrative functions including public relations, information management, accounting, budgeting, data processing, and personnel management. Within the EDO, accounting staff are responsible for performing all accounting-related functions for the Department, including entering and approving all expenditure transactions on the State's accounting system, COFRS; performing adequate reconciliations on year-end data to ensure information submitted to the Office of the State Controller is accurate for presentation in the State's financial statements; and tracking and requesting federal reimbursement for federal grant program expenditures.

During the Fiscal Year 2007 audit, several adjusting journal entries were identified by our office, ranging from approximately $4.2 to $10 million, and were submitted by the Department to the Office of the State Controller to correct the State's financial statements. The underlying errors requiring the entries were primarily made by the Department when recording and performing year-end accruals and account balance reconciliation procedures.

The errors point to a lack of adequate staffing, supervisory review, and training in critical areas during the fiscal year closing period. According to the Department, there were changes in key personnel near the end of the fiscal year and as a result, duties were reassigned. The Department did not have sufficient detailed, written procedures related to the year-end accrual and account balance reconciliations and cash draw procedures for the reassigned personnel to follow or refer to for questions. Further, the reassigned personnel had not received sufficient cross-training to adequately perform the reassigned duties.

Strong accounting controls become more critical when staff are required to perform new duties. The Department should establish adequate written procedures to ensure accounting functions are performed properly, including assigning the appropriate levels of oversight and review of the accounting activities conducted by Department staff. Further, the Department should also consider cross-training current staff to ensure adequate coverage of the Department's accounting functions if situations in the future require the reassignment of duties and tasks.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 16:

The Department of Labor and Employment should strengthen overall accounting controls by:

a. Developing written procedures to ensure that all year-end accounting functions are performed, such as a timely review of significant year-end account balances, including year-end accruals, account balance reconciliations, and significant adjustments.

b. Ensuring that adequate supervisory reviews are in place and documented for all accounting functions.

c. Providing additional cross-training to staff.

Department of Labor and Employment Response:

a. Agree. Implementation date: June 30, 2008.

Finance will add some control account analytics and assign additional resources to review critical accounts for completeness, accuracy, and timeliness. Identified problem areas per this audit typically had written procedures but were not followed or not executed as prescribed. This was due primarily to key staff shortages occurring at the fiscal year end. These key staff shortages were not mitigated effectively by the Finance office for this close only. Closing schedules and critical task lists were followed consistently but this did not guarantee the usual high level of accounting execution in year end booking, account reconciliations and significant accounting adjustments.

b. Agree. Implementation date: December 31, 2007.

Adequate supervisory reviews will be performed in all accounting functional areas.

c. Agree. Implementation date: September 30, 2008.

Senior accounting managers will continue to cross-train in critical processing and reporting areas for maximum coverage.

Unemployment Insurance Overpayment Reporting

The Department collects unemployment insurance tax from employers on a quarterly basis during the year, based upon an employer's tax rate and amount of employee wages. Unemployment insurance taxes collected for the year ended June 30, 2007 totaled approximately $391 million.

The Department records a liability for unemployment insurance tax owed to employers for overpayments of the tax. Refunds to employers arise mainly due to mathematical errors by employers in the calculation of taxes due. The liability is recorded based on actual amounts due to employers, and the Department refunds overpayments after verification of the claim by Department staff. The Department uses the Colorado Automated Tax System (CATS) to process employer tax reports and payments for Unemployment Insurance and to process refunds for overpayment.

During the Fiscal Year 2007 audit, we determined that the Department has not established procedures to verify the accuracy of the unemployment insurance tax refund balance on the State's accounting system, COFRS. As of June 30, 2007, COFRS reports a balance of approximately $14 million, which is an increase of over $4.4 million from the June 30, 2006, balance on COFRS. The Department's support for the balance is a report from CATS that is highly summarized. According to Department staff, CATS is unable to produce a report that contains detail as to the amounts owed to individual employers. Therefore, the Department was unable to provide detailed documentation to support the account balance or explain the increase in the liability account from the prior year.

Based on discussions with Department staff, CATS is not integrated with COFRS, and the Department's accounting staff must rely on reports from CATS to record the year-end balance for the liability. Further, CATS does not currently provide reports on the historical details of the balance. Department staff indicate that because of reconciliations now in place between other systems, it may be possible to obtain detailed liability information from CATS.

We have reported the Department's inability to verify the accuracy of the unemployment insurance tax refund balance since Fiscal Year 2004. At that time the Department indicated the implementation of the SUPER system would provide the necessary information to resolve this issue. However, as previously discussed, the development of the SUPER system has been terminated. Adequate records must be maintained to support year-end balances to ensure the State's financial statements are accurate and complete.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 17:

The Department of Labor and Employment should implement a process to evaluate the accuracy and completeness of the liability to employers for overpayment of Unemployment Insurance claims. This should include an evaluation of CATS to determine its capability to provide detail information on the account balance, as well as an overall evaluation of the reasonableness of the balance and changes over a period of time.

Department of Labor and Employment Response:

Agree. Implementation date: September 30, 2008.

CDLE will evaluate and implement effective controls over critical fiscal data processing and reporting originating from the CUBS and CATS legacy systems to ensure its' accuracy, completeness, and timeliness. The Finance Office internal control assessment identified a need to employ a "top-down" accounting system approach for identifying and controlling critical data processing and reporting areas. Unemployment Insurance Overpayment reporting has been identified as one of the critical data processing and reporting areas and must have at least an interim accounting solution and a permanent accounting solution to come at a later time. The CDLE will implement an interim accounting solution and a permanent accounting solution to come at a later time.

Department of Local Affairs

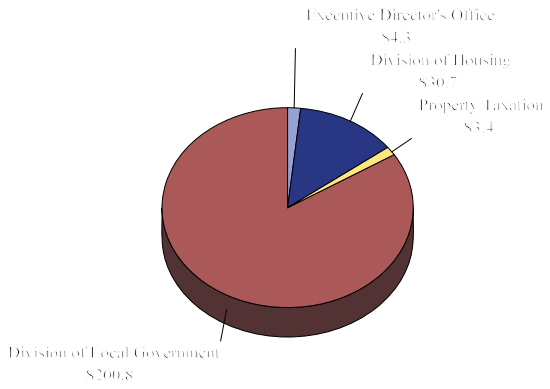
Introduction

The Department of Local Affairs is responsible for building community and local government capacity by providing training and technical and financial assistance to localities. The Department is comprised of the following major divisions: Executive Director's Office, Property Taxation, the Division of Housing, the Division of Emergency Management and the Division of Local Government. Key responsibilities of the Department include:

- Administering state and federal low-income housing programs.
- Assisting local governments in emergency preparedness and response, providing technical assistance and information to local governments on available federal and state programs, and acting as a liaison with other state agencies for local governments.
- Supervising property tax collection and ensuring that property assessment and valuation procedures are consistent throughout the State.

The Department was appropriated about $239 million and 192 full-time equivalent staff for Fiscal Year 2007. The following graph shows the operating budget by division for Fiscal Year 2007:

Department of Local Affairs
Fiscal Year 2007 Operating Budget By Division
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

The following comments were prepared by the public accounting firm of BKD, LLP, which performed Fiscal Year 2007 audit work at the Department of Local Affairs.

Cutoff on Accounts Payable

The Department's current payables reporting policy that was in place for divisions for Fiscal Year 2007, based on deadlines stipulated by the Office of the State Controller, requires all payables to be recorded by July 20th, or a week after the close of accounting period 12. This deadline is established and communicated to the division staff in early June and a list of all deadlines is made available on the Department's intranet site.

During the Fiscal Year 2007 audit, we tested the Department's procedures related to cutoff for payables at year-end. During our audit procedures, we found three disbursements totaling approximately $2 million that were made after year-end but pertained to Fiscal Year 2007 activity and were not properly recorded in payables at year-end. On further inquiry with Department staff, we noted that the staff for certain divisions had possession of the related supporting documentation for these disbursements but had failed to enter the transactions into the system prior to the cut off deadline as required by the Department's policy. The Department believes that the current payables reporting policy provides sufficient time to capture payable related to the proper fiscal period and that requirements are being adequately communicated to the division staff.

As a result of the $2 million in expenditures not being recorded in Fiscal Year 2007, payables and the corresponding expenses or costs were understated at year-end by this amount. The Department should re-evaluate its policies and procedures to ensure that all expenditures are recorded in the proper accounting period. Proper cutoff procedures are critical for preparing accurate financial reporting.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 18:

The Department of Local Affairs should re-evaluate its policies and procedures in place to capture all expenditures in the correct accounting period. This re-evaluation process should include ensuring that uniform procedures for all divisions to report expenditures in a timely fashion are adhered to.

Department of Local Affairs Response:

Agree. Implementation date: June 30, 2008.

The change in Administration has brought about change in management's philosophy regarding internal service components at the Department. The new Executive Director has hired a Deputy Director who is responsible for reviewing policy and procedure for the Department and making recommendations for change to the Executive Director. The payables reporting policy and procedure is being re-evaluated and discussion is taking place as to how the objectives can be met with the current staffing levels. It is the desire and goal of management to achieve proper recording of expenditures in the proper accounting period.

Business Continuity Plan

The development of a Business Continuity Plan is a process used to create and validate a practiced logistical plan for how an organization will recover and restore partially or completely interrupted critical function(s) within a predetermined time after a disaster or extended disruption. The need for providing continuous Information Technology (IT) services requires developing, maintaining and testing IT continuity plans; offsite backup storage; and periodic continuity plan training. An effective continuous service process minimizes the probability and impact of a major IT service interruption on key business functions and processes.

A Business Impact Analysis (BIA) is the first step in developing a Business Continuity Plan. This phase involves identifying various events that could impact the continuity of operations and their financial, human, and reputational impact on an organization. A BIA is essentially a risk analysis that should ask the following questions: What are the threats? What is the probability that these threats may occur? What resources might be affected? How critical are these resources? This BIA should include information related to the criticality of, and the associated risks, with information resources (e.g., applications, data, networks, system software, facilities, internal and external providers, etc.) that support the organization's key business processes.

During the Fiscal Year 2007 audit, we reviewed the Department's current Business Continuity Plan. We noted that the Department's Business Continuity Plan is still in "draft" status. On further inquiry of Department staff, we noted that the Plan has not been finalized and approved as it currently contains confidential information that the Department does not want to be subject to the Colorado Open Records Act. We further noted that the draft Plan did not address identification of specific threats such

as a natural disaster, building fire, utility outage, cyber attack, etc., or probability of those threats occurring. In addition, the Plan has not been tested during the last twelve months.

An incomplete or inadequate Business Continuity Plan leaves an organization in a position where they may not be able to recover or restore critical functions for an extended period of time. Having an updated approved Business Continuity Plan is a vital part of ensuring that the Department is managing its risks appropriately. The Department should ensure that their Business Continuity Plan addresses all required elements and formally approve the Plan.

(Classification of Finding: Not classified—not an internal control issue.)

Recommendation No. 19:

The Department of Local Affairs should continue the development of the current Business Continuity Plan by:

a. Identifying specific threats and the probability of those threats occurring and tailoring the Plan to address these threats.

b. Obtaining appropriate management approval and finalizing the status of the Plan, removing confidential information if necessary.

c. Testing the Plan at least annually.

Department of Local Affairs Response:

Agree. Implementation date: August 31, 2008.

DOLA will continue the development of the Business Continuity Plan (BCP). DOLA IT will continue to refine its Disaster Recovery (DR) plan to support the Department's BCP. The plans are working documents that are reviewed and updated periodically. DOLA has security concerns about the plans becoming public documents.

a. Agree. Implementation date: June 30, 2008.

   DOLA will continue to develop its Business Impact Analysis (BIA), refine its BCP, and IT DR plans using a threat analysis and resolution process.

b. Agree. Implementation date: June 30, 2008.

The working documents will have appropriate management approval and will be finalized. If the working documents are to become public information DOLA will remove personal emergency contact information.

c. Agree. Implementation date: August 31, 2008.

A testing methodology will be developed and the plan will be tested before the end of Fiscal Year 2008 plus each year there after.

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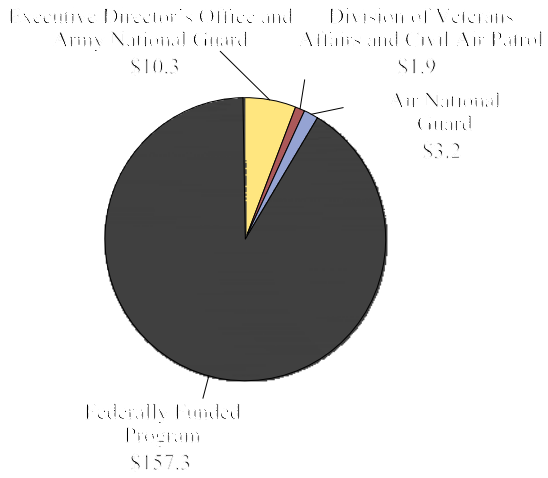
Department of Military and Veterans Affairs

Introduction

The Department of Military and Veterans Affairs consists of the Executive Director's Office, the Division of Veterans Affairs, the Army National Guard, the Air National Guard, and the Civil Air Patrol. The Adjutant General is the administrative head of the Department as well as the Chief of Staff of the Colorado National Guard. The Colorado National Guard is a federal and state military organization whose primary mission is to support the federal, state, and local governments in times of need.

The Department was appropriated approximately $152.6 million and 1,187.8 full-time equivalent staff for Fiscal Year 2007. The following graph shows the Department's operating budget by division for Fiscal Year 2007.

Department of Military and Veterans Affairs
Fiscal Year 2007 Appropriations
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

Schedule of Federal Assistance

Each year, the Department of Military and Veterans Affairs is required to prepare a report, or "exhibit," to aid the Office of the State Controller in preparation of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA is required by the federal Office of Management and Budget's *Circular A-133* to show the State's expenditures for federal awards during the fiscal year. The exhibit is referred to as the "Exhibit K" or the Schedule of Federal Assistance. The Exhibit K includes columns for the fiscal-year beginning balance of funds due from or to the federal government for federal grants, the amount of funds received from the federal government during the fiscal year, the amount of federal funds expended during the fiscal year, and the fiscal-year ending balance of funds due from or to the federal government for federal grants. The Office of the State Controller gives instructions to state agencies on how each exhibit, including the Exhibit K, should be prepared.

During our Fiscal Year 2007 audit we performed testwork on the Department's Exhibit K. We found that the Department's controls over the preparation of the Exhibit are lacking. Specifically, the Department was unable to provide supporting documentation for $11.4 million in federal expenditure information reported on its Exhibit K in a timely manner. We requested supporting documentation for the Exhibit in October 2007. At that time, Department staff indicated that they could not find the supporting documentation used to prepare the Exhibit and they would have to recreate it. However, the Department did not provide us with supporting documentation for the Exhibit until January 2008, or three months later. We were able to agree amounts reported on the Exhibit K to the supporting documentation for the beginning and ending balances due to the federal government. However, our review of the documentation also showed that the Department did not adhere to instructions for completing the Exhibit K provided by the Office of the State Controller, and the Department incorrectly reported the amount of funds received during the year from the federal government as the amount of federal funds expended during the year.

The Department should improve controls over the preparation of the Exhibit K to ensure that information reported on the Exhibit is accurate and that supporting documentation is maintained and readily available for review.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 20:

The Department of Military and Veterans Affairs should improve controls over the preparation of the Exhibit K to ensure that information reported on the Exhibit K is accurate and that supporting documentation is maintained and readily available for review.

Department of Military and Veterans Affairs:

Partially agree. Implementation date: February 2008.

The Department will charge the Department Controller with providing a copy of the back-up data to the Deputy Director so that there will be two copies readily available. Beginning with next year's report, the Department will report the information in the columns that the auditor interprets as being the correct columns.

Auditor's Addendum:

As discussed in the narrative, the Department inappropriately reported its federal expenditures in the federal receipts column of the Exhibit K. The Office of the State Controller annually publishes instructions for the preparation of the Exhibit K, including detailed explanations of each column, which the Department did not follow.

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Department of Natural Resources

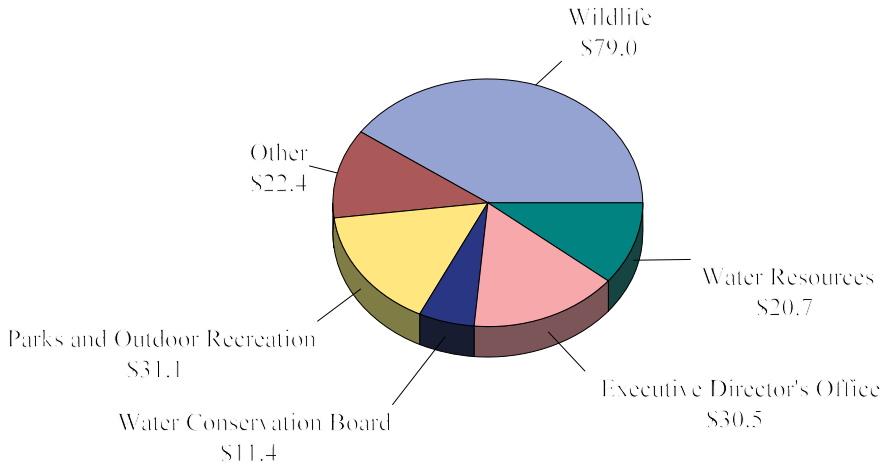
Introduction

The Department of Natural Resources is responsible for encouraging the development of the State's natural resources. Resources include land, wildlife, outdoor recreation, water, energy, and minerals. The Department comprises the Executive Director's Office, which is responsible for the administration and management of the overall Department, and the following eight divisions:

- Wildlife
- Water Resources
- State Board of Land Commissioners
- Parks and Outdoor Recreation
- Oil and Gas Conservation Commission
- Minerals and Geology
- Water Conservation Board
- Geological Survey

In Fiscal Year 2007 the Department was appropriated approximately $195.1 million with 1,466 full-time equivalent staff (FTE). The Department is primarily cash-funded. Revenue sources include hunting, fishing, and other licenses, as well as royalties, rents, and interest, among other sources. The following chart shows the Department's appropriations for Fiscal Year 2007:

Department of Natural Resources Fiscal Year 2007 Appropriations by Division
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

Controls Over Payroll

During Fiscal Year 2007, the Department spent approximately $84.1 million on salaries and wages for its appropriated FTE of 1,466. The Department uses the Payroll Review Certification form (PRC) in order for its Divisions to verify that only bona fide employees are paid. Designated staff members within each of the Divisions sign the PRC to attest that they have verified the employment of each employee contained on attached payroll reports and that based on their review, all employees are bona fide and payroll charges are reasonable and proper to the best of the staff member's knowledge. In order to ensure that each employee's time is accurately recorded and approved, Department policy requires employees to enter their work hours into the Department's timekeeping system, KRONOS, and sign off at the end of the pay period. Every supervisor is required to review the employees' time sheets and apply an electronic approval. The electronic approval documents the supervisor's knowledge of the employee's existence and performance of the hours entered.

During our Fiscal Year 2007 audit, we reviewed time sheets for six employees within the Department from three Divisions. We noted that two of these time sheets were not signed by the employees. The time sheets did, however, contain documentation of the supervisor's approval and also proper approval of Division staff noted on the PRC for each payroll tested.

In addition, we noted that the Department's two Payroll Accountants and one Payroll Technician have the ability to change certain information (including pay rates) in on-line files for payroll entries subsequent to the submission of payroll information from the Divisions, but prior to the posting of the payroll batch. However, the State's payroll systems do not allow an employee in a payroll position to access or change their own payroll information. The Department's policy requires changes to pay rates be supported by an authorized Personnel Action Request (PAR) form although there are no controls in place to ensure that a PAR has been received prior to the pay rate change. The ability to change pay rates prior to posting of the payroll to the State's accounting system, COFRS could lead to employees being paid at a rate above their authorized pay scale.

The Payroll Accountant and Payroll Technicians also have access to signed payroll checks to be issued. This creates the opportunity for the Payroll Accountant or Payroll Technicians to obtain a payroll check that had been created or changed without proper authorization.

Based on the results of our testing, the Department does not have adequate controls in place over payroll. The lack of adequate controls indicates an environment where errors and irregularities could occur and not be detected in a timely manner. In order to ensure that payroll is accurate and that only bona fide employees are paid, the Department must enforce its payroll policies and oversight by establishing a review process for required employee signatures. The Department should also reassign access to signed checks to personnel without the ability to create or change payroll checks.

(Classification of Finding: Control Deficiency.)

Recommendation No. 21:

The Department of Natural Resources should enforce its payroll policies and strengthen its controls over personnel and payroll activities by:

a. Requiring supervisors to review time sheets to ensure they are signed off by the employee at the end of each pay period.

b. Reassigning incompatible duties within the Payroll Accountant and Payroll Technicians positions to other individuals.

Department of Natural Resources Response:

a. Agree. Implementation date: March 2008.

Employee and supervisor approval of timecards is done through the KRONOS timekeeping system. For temporary and seasonal employees paid on the bi-weekly payroll, time entered in KRONOS is used to process their pay, as well as distribute expenditures and track leave balances. For employees on the monthly payroll, which the sampled timesheets were, KRONOS is used to allocate expenditures and track leave. Each division of the Department has a KRONOS liaison who is responsible to ensure that all employee and supervisor approvals are in place by established deadlines. With the number of employees spread across the State and some with limited access to computers, approvals are sometime missed. We will more closely monitor the approval process to ensure both employee and supervisor approvals are in place prior to closing the system for labor distribution processing.

b. Disagree. Implementation date: Not applicable.

Currently the Department receives approximately 19 payroll checks during the month for employees who are not on direct deposit, which is required by Executive Order. Several employees have been granted exceptions to the Executive Order before it became effective, and occasionally the first or last paycheck for an employee is an actual check, not direct deposit. Statewide, the general process is to deliver payroll checks to the payroll departments. Due to the small number of actual checks received, and additional controls available through review of payroll distribution reports and other accounting/budget reports, which should detect unauthorized changes, we don't anticipate changing assigned duties of the payroll technician or accountants.

Auditor's Addendum:

The fundamental issue discussed here is that the Department does not have adequate controls in place over changes to pay rates and access to signed checks. Therefore, there is an increased risk that employees could be overpaid.

Reconciliation of Construction in Progress

At the end of Fiscal Year 2007 the Department reported total capital assets of $254.4 million and construction in progress of approximately $72 million. Generally

accepted accounting principles require that costs related to long-term construction projects be accumulated into construction in progress on the balance sheet until the project is substantially complete and placed into service. All costs that are directly and clearly associated with the acquisition, development, and construction of a real estate project should be capitalized. These costs include allocated indirect costs, such as construction administration and costs common to more than one project. Once the project is placed in service, the costs are transferred from construction in progress to the appropriate capital asset category (i.e., land, buildings, or equipment), and the assets are depreciated over their respective useful lives.

The Fiscal Procedures Manual (Manual) published by the Office of the State Controller requires state agencies to review expenditures for their uncompleted capital construction projects and record, or capitalize, those costs meeting various capitalization thresholds provided in the Manual for various types of assets. For example, the Manual provides a $5,000 capitalization threshold for furniture and equipment and a $50,000 capitalization threshold for buildings and leasehold improvements. Assets with costs below the capitalization thresholds should be expensed during the year incurred.

During our Fiscal Year 2007 audit, we reviewed certain post-closing adjusting entries prepared by the Department relating to the capitalization of completed construction projects approximating $21.9 million. We noted that the Department made several adjustments that related to prior fiscal years. Included in the amounts capitalized in the current year were approximately $19 million of projects that were completed in years prior to Fiscal Year 2007. Associated with these prior year projects was approximately $900,000 of depreciation expense that was recorded in the current fiscal year. We also noted that the Department had made an adjustment for approximately $3.1 million of costs erroneously included in its construction in progress account that should have been expensed in prior years in accordance with the state capitalization guidelines described above. The Department expensed these in the current fiscal year.

While the Department's year-end review identified and corrected these errors, the Department should improve its review process over capital project expenditures in order to accurately expense and capitalize costs, as appropriate, in the correct fiscal year.

(Classification of Finding: Control Deficiency.)

Recommendation No. 22:

The Department of Natural Resources should improve its controls over capital expenditures by:

a. Reviewing the expenditures related to capital projects and construction in progress in a timely manner to ensure that all completed capital projects are properly capitalized and that depreciation is taken in the appropriate fiscal year.

b. Ensuring that expenditures for capital asset projects are reviewed and recorded appropriately on COFRS in accordance with the State Fiscal Procedures Manual.

Department of Natural Resources Response:

a. Agree. Implementation date: April 2008.

A variety of changes in staffing and job assignments relative to capital assets have occurred during the last few years. Late Fiscal Year 2007 it became apparent that the review of construction in progress would not be completed prior to final close, and that the process used to define, classify and move completed construction in process items was flawed. The Supervising Accountant and the Department Controller reviewed and classified construction in process accounts into the appropriate asset classification or expense. Prior year depreciation expense was taken to ensure that the capital asset records of the Department were accurate. The capital asset process has been changed to allow for adequate time for review and processing of monthly and year end entries to correctly state the Departments capital asset inventory and depreciation expense.

b. Agree. Implementation date: April 2008.

The Department has always attempted to identify, record, and depreciate the Department's capital assets in accordance with the State Fiscal Procedures Manual. As mentioned above, we are continually revising our procedures to ensure the recording of assets and depreciation expense is timely and accurate. Further refinements to the process will be implemented during Fiscal Year 2008, as well as additional training throughout the Department on capital asset issues.

Department of Personnel & Administration

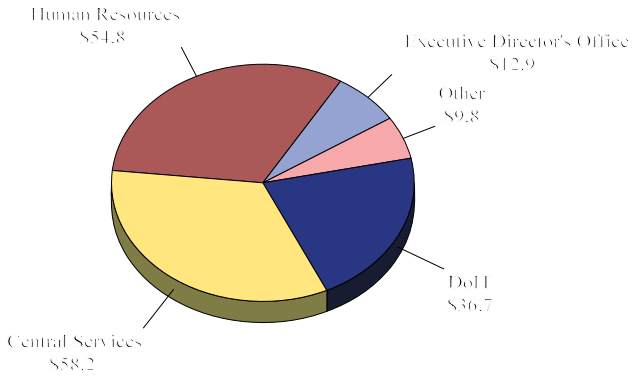
Introduction

The primary function of the Department of Personnel & Administration (DPA) is to support the business needs of state government. The Department administers the classified personnel system, which includes approximately 30,197 full-time employees across state government (excluding the Department of Higher Education), and it provides general support for other state agencies. The Department of Personnel & Administration includes the following divisions:

- Executive Director's Office
- Division of Human Resources
- Personnel Board
- Central Services
- Finance and Procurement
- Division of Information Technology (DoIT)
- Administrative Courts

The Department was appropriated total funds of approximately $172.5 million and 541.3 full-time equivalent (FTE) staff for Fiscal Year 2007. Approximately 5 percent of the funding is from general funds, and 95 percent is from cash funds. Cash funds include, but are not limited to, vehicle and building rentals, copying, printing, graphic design, and mail services. The following chart shows the operating budget by division during Fiscal Year 2007:

Department of Personnel & Administration
Fiscal Year 2007 Appropriations by Funding Source
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

Payroll Adjustments

During Fiscal Year 2007, the Department of Personnel & Administration expended approximately $30 million on salaries and wages. Department employees are paid on either a monthly or biweekly basis. Department staff prepare routine payroll reconciliations to ensure that all payroll information is accurately reflected on the State's accounting system, COFRS. The payroll reconciliations include the current regular payroll and any adjustments needed to reflect reductions or increases in each employee's pay. Reductions may be due to leave taken without pay or disciplinary actions, and increases may be due to overtime pay and shift differentials.

During our Fiscal Year 2006 audit, we identified problems with controls over the accuracy of payroll adjustments made by Department staff. During our Fiscal Year 2007 audit, we continued to find problems in this area. We reviewed a total of 32 payroll adjustments and found problems with three adjustments, an error rate of 9 percent. One of the three errors we noted resulted in an employee being underpaid by approximately $56. Two of the three errors we noted resulted in two employees being overpaid by approximately $4 and $8, respectively. In all three instances, Department staff used the incorrect number of hours worked when calculating the adjustment. The Department made adjustments for the $56 and $4 errors in October 2007. The Department notified the employee who received the $8 overpayment by mail of the error and requested repayment because the individual had left employment with the State.

The Department currently has a review process for payroll adjustments. However, this review process failed to identify and/or correct the errors noted above.

While the amounts identified in our sample are small, payroll is an inherently high-risk area and these errors indicate a lack of adequate controls. This means that errors and irregularities could occur and not be detected in a timely manner, which could result in more significant problems.

(Classification of Finding: Control Deficiency.)

Recommendation No. 23:

The Department of Personnel & Administration should strengthen controls over payroll by ensuring that an adequate review process is in place to identify and correct payroll adjustment errors.

Department of Personnel & Administration Response:

Agree. Implementation date: April 2008.

The Department will re-evaluate its payroll review process and determine where changes are necessary. Appropriate changes will be made by April 2008.

Controls Over Expenditure Processing

Department accounting staff are responsible for performing accounting-related functions for the Department, including entering and approving all expenditure transactions on the State's accounting system, COFRS. The Department has a process in place requiring the Department's various divisions to review invoices for their division before submitting them to the accounting section for payment.

During Fiscal Year 2007, we reviewed a sample of 25 expenditures incurred by the Department's Division of Human Resource Services and the Office of the Executive Director. We noted the following issues:

- **Lack of review and approval of Worker's Compensation claims by Risk Management staff**. We found six transactions related to workers' compensation claims, totaling more than $3.9 million, that did not contain evidence of supervisory approvals. In all six cases, the Department's

Accounting section received the worker's compensation claims invoices directly from Pinnacol Assurance and released the payments without ensuring that the expenditures were approved by the Risk Management supervisor.

- **Expenditures were not processed in a timely manner.** State Fiscal Rules require all invoices to be paid within 45 days. However, we found one payment voucher that was processed in March 2007 for three invoices dated in October, November, and December of 2006. In another instance, we noted that bank fees, totaling nearly $3,700, were related to Fiscal Year 2005 and were not processed until January 2007.

- **Expenditures were coded incorrectly.** We identified two expenditure transactions, totaling $409, that were assigned to an improper account code. Specifically, "Subscription Fees" were recorded as "Office Supplies," and "Freight Expenses" were recorded as "Books and Periodicals."

The Department should strengthen its controls over expenditures by ensuring that workers' compensation claims are reviewed and approved by Office of Risk Management staff prior to payment, processing expenditures within required timeframes, and coding expenditures appropriately on COFRS.

(Classification of Finding: Control Deficiency.)

Recommendation No. 24:

The Department of Personnel & Administration should improve controls over expenditures by:

a. Ensuring that workers' compensation claims are reviewed and approved by Risk Management staff prior to payment.

b. Processing expenditures within the 45-day timeframe required by State Fiscal Rules.

c. Coding expenditures appropriately on the State's accounting system.

Department of Personnel & Administration Response:

a. Agree. Implementation date: Implemented.

The Department now requires approval by Risk Management staff of all workers' compensation invoices.

b. Agree. Implementation date: February 2008.

The Department will review deadlines for processing invoices and proper account coding with accounting staff.

c. Agree. Implementation date: February 2008.

The Department will review deadlines for processing invoices and proper account coding with accounting staff.

COFRS Access Controls

The State's mainframe computer houses information systems, including the Colorado Financial Reporting System (COFRS), the official record of the State's financial information. Personnel in all state agencies regularly access the mainframe to record the financial transactions of their respective agencies in COFRS. Because the information stored in COFRS is of a critical nature, it is essential that access to it be protected and limited. Therefore, adequate controls over that access must be established and adhered to.

The State Controller oversees COFRS and has responsibility for the integrity, accurate reporting, and use of the system's data. The Office of the State Controller (OSC) within the Department of Personnel & Administration provides financial information; issues fiscal policies for state agencies; and develops, implements, and monitors system-wide security guidelines and controls, among other duties. The OSC's Fiscal Procedures Manual (Manual) includes a statewide security policy regarding access to COFRS. Among the security policy's requirements are the controls related to COFRS data security and integrity that each state department, agency, and institution of higher education is responsible for implementing. The Department's Statewide Applications Financial Unit within the Division of Information Technologies is responsible for the operational management of the system and the data. This includes analyzing and implementing requested system changes and ensuring that appropriate backup and disaster recovery controls are in place at all times.

The State Controller has delegated COFRS security administration responsibilities to the state departments, agencies, and institutions of higher education that use COFRS. According to the Manual, access to COFRS may be revoked if users violate security policies. Additionally, the Delegated Security Administration Agreement between the OSC and the agencies states that if an agency controller is not adequately administering the responsibilities of the Agreement, the State Controller may void the agreement and assume responsibility for the agency's security administration.

During our Fiscal Year 2006 audit, we tested the Department's statewide access and security controls over the State's mainframe and COFRS and found that the Department needed to strengthen its controls in both areas. For example, we found that 42 of 2,976 COFRS IDs were assigned to individuals who were no longer employed by the State.

During our Fiscal Year 2007 audit, we again performed testing of the Department's statewide access and security controls over the mainframe and COFRS and found 76 former employees with access to COFRS, as shown below.

User Access Controls

Employees seeking access to COFRS must fill out the Access Request form and include the required approval signatures. Employees are also required to sign and adhere to the Statement of Compliance for Computer Usage and Data Security. Access to COFRS may be revoked if the user violates this Statement. As of October 13, 2007, 2,930 employees from a total of 22 state agencies and institutions had access to COFRS. Our audit included a review of all COFRS IDs in place as of October 13, 2007.

We found that agencies are not revoking COFRS access in a timely manner, and the Department is not providing sufficient monitoring to ensure effective security. The statewide COFRS security policy specifies that a user's account will remain active until the user's employment relationship changes. That is, upon termination of employment or a change in job responsibilities that no longer necessitates COFRS access, individual user IDs are to be deactivated. Out of the 2,930 active COFRS Ids, we identified 76 IDs that were assigned to individuals who were no longer employed by the State as of October 2007. The length of time that these IDs had been active between the date of the employees' termination and the date of our review ranged from 1 day to 2,752 days. Three of the 76 IDs had also been identified in August 2006, during our Fiscal Year 2006 audit testwork, as belonging to individuals who were no longer employed by the State.

The control weaknesses we identified were not isolated to a few State departments. As the table below indicates, we found a lack of compliance at 14 out of a total of 22 different State departments, agencies, and institutions of higher education.

Colorado Financial Reporting System Access Controls as of October 13, 2007

Agency/Institution	Number of IDs	Former Employees With User Access
Corrections	255	1
Education	51	1
Higher Education	231	6
Human Services	440	9
Judicial	180	6
Labor and Employment	103	6
Law	19	2
Natural Resources	393	10
Personnel & Administration	122	4
Public Health and Environment	192	9
Public Safety	178	11
Regulatory Agencies	50	2
Revenue	120	2
Transportation	391	7
TOTAL	**2,725**	**76**

Source: COFRS Access Control Tables.

The OSC requires each delegated agency to complete an annual Security Review and Certification Form stating that they have reviewed the COFRS access reports provided by the OSC for their respective agency, and that they have made changes to COFRS access as necessary. Each agency also attests on the form that, after reviewing the report to verify the appropriateness of their COFRS access, they are maintaining the report in their agency's files for future reference. Annually, OSC staff review forms submitted by the delegated agencies to verify compliance.

Our findings indicate a need for the OSC to improve its controls over COFRS access to ensure that agencies are monitoring access for appropriateness and removing access for terminated employees. The OSC should also consider withdrawing COFRS security delegations for agencies with ongoing compliance issues.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 25:

The Department of Personnel & Administration should ensure that the Office of the State Controller strengthens its controls over COFRS to ensure COFRS access is monitored for appropriateness and access is removed upon employee termination or job changes.

Department of Personnel & Administration Response:

Agree. Implementation date: December 31, 2008.

The Office of the State Controller (OSC) agrees that untimely deactivation of COFRS access is a serious issue that increases the risk to the State of unauthorized activity. Many factors that vary from agency to agency such as the degree of automation in human resource processes, volume of activity, degree of centralization, and staff turnover can contribute to untimely account maintenance. The OSC will work with agency security administrators, as well as centrally with the Division of Information Technologies, to develop and implement a plan to improve timely suspension of COFRS access when an employee leaves a position.

Benefitsolver System Access Controls

Of the more than 60,000 employees of the State of Colorado, approximately 36,000 are eligible for employee benefits, including medical, dental, and life insurance; flexible spending and health savings accounts; and disability and retirement plans. Statewide employee benefits are managed centrally by the Department of Personnel & Administration (DPA). That is, the Department acts on behalf of state employees in negotiating group benefit plans, selecting providers, and entering into and monitoring plan contracts. Responsibility for the daily administration of individual employee benefits, however, is decentralized to the individual state departments, agencies, and higher education institutions.

Benefit administrators and other designated staff within the departments, agencies, and institutions are responsible for entering and maintaining the data needed for state employees to become enrolled in and continue receiving benefits. For example, benefit administrators enter the initial data for new hires, verify benefit eligibility, obtain documentation to support benefit changes, and monitor for compliance with State Personnel Rules. At the time of our Fiscal Year 2007 audit, about 327

individuals statewide functioned as the primary or backup benefit administrators for their respective agencies.

In addition to agency benefit administrators, benefit-eligible state employees may also access information related to their individual benefits. Both benefit administrators and state employees use the State's electronic benefits system, Benefitsolver, to enter, review, and make changes. Benefitsolver is a service that the State of Colorado contracts for at an annual cost of $300,000. It is Internet-accessible, which makes it possible for users to access it from anywhere in the world with the correct user ID and password. Security management for Benefitsolver, including adding and removing benefit administrator user IDs and granting access rights to data and files, is performed by the DPA Employee Benefits Unit (EBU).

State cyber security policies issued by the Chief Information Security Officer within the Office of the Governor require that (1) access to information systems be established based on a user's job responsibilities; (2) agencies develop procedures designed to ensure that staff supervisors immediately notify the agency's group responsible for granting and revoking access upon receipt of an employee's resignation; (3) agencies develop procedures designed to govern access privileges upon an employee's resignation: such as whether access privileges are to be continued for the notice period, adjusted temporarily, or immediately terminated upon an employee's resignation; and (4) agencies develop procedures that will ensure that lists of terminated staff are reconciled with user accounts on agency IT systems so that all access credentials are revoked, retrieved, changed, or otherwise become inaccessible to the terminated staff member on a regular and timely basis.

During our Fiscal Year 2006 audit, we identified weaknesses in the access and security controls over Benefitsolver and recommended that the Department improve its internal controls to properly safeguard and monitor access to benefit-related data. As part of our current audit, we reviewed the Department's implementation of the prior year's audit recommendation and found that the control weaknesses identified in Fiscal Year 2006 still exist and continue to represent a significant deficiency in the Department's internal controls.

As of November 2007, we found the following weaknesses:

Revocation of Access. Twenty-one of the 327 (6 percent) user IDs with active administrative access to Benefitsolver at the time of our audit represented inappropriate access. Specifically, we noted that nine of the IDs belonged to users who were no longer employed by the State. The length of time that IDs were active from the date of the employees' termination to the date of our review ranged from 54 to 632 days. The EBU could not identify the owners of, or the need for, the remaining 12 IDs. The users all 21 IDs had the ability to view, add, delete, modify,

and approve State employee information contained within Benefitsolver. In addition, through the use of these IDs, the owners of these IDs continued to have the ability to download files containing private confidential information and personally identifiable data.

Insufficient Access Restrictions. Data contained on Benefitsolver is of a confidential nature and includes employee names, dependent names, birth dates, home addresses, and social security numbers. Benefit administrators should have access only to information related to the employees within their respective agencies. We found, however, during our Fiscal Year 2006 audit, that the EBU had stored some employee data and employee-dependent data on Benefitsolver for which access was not appropriately limited. As a result, any of the more than 320 Benefitsolver administrators and back-up administrators could read and download this information. We found that, as of our Fiscal Year 2007 audit, the same identified files remained accessible to Benefitsolver administrators and back-up administrators.

As the official owner and custodian of state employee benefit information, the EBU has responsibility for ensuring the overall integrity, security, and proper use of benefit-related data. While the EBU has required agencies to keep it informed of changes in employees' status, it is ultimately responsible for implementing the necessary internal controls with which to properly safeguard and effectively monitor access to the data. Therefore, EBU's access controls should be designed to provide reasonable assurance that electronic information is protected against unauthorized modification, disclosure, and loss.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 26:

The Department of Personnel & Administration should ensure the security of employee benefit information contained in Benefitsolver by establishing user administration procedural controls including:

a. Disabling or deleting user accounts in a timely manner.

b. Performing periodic reviews of existing user access. The objective of this review should be to ensure that users' access rights continue to be aligned with their responsibilities and to identify any unauthorized users.

c. Ensuring that agencies have access only to the information related to the employees within their respective agencies.

Department of Personnel & Administration Response:

a. Agree. Implementation date: December 2008.

The Department's Division of Human Resources Employee Benefits Unit will work with agency benefit administrators, as well as centrally with the Division of Information Technologies, to develop and implement a plan to improve timely deletion of Benefitsolver (Benefit Administration System - BAS) access when an employee leaves a position.

b. Agree. Implementation date: April 2008.

The Employee Benefits Unit will perform periodic reviews of existing user access beginning in April of 2008. This will be a bi-annual process occurring each April and September. This process will be augmented with monthly e-mail requests for information from benefit administrators regarding their staffs currently acting as benefit administrators.

Ideally, benefit administration would be centralized; however, in the current state environment that is not feasible at this point in time. In identifying systems issues, the Division of Human Resources Employee Benefits Unit centralized some of the authority and approval functions of the system in order to ensure the consistent application of rules and plan documents. Several functions were reviewed and it was determined to be in the best interest of the State to remove administrator access in some cases. For example, approval of the pending Health Savings Account now has centralized authority. Additionally, to reduce the reliance on manual entry, employee terminations were automated and file transfers between CPPS and the BAS were increased from weekly to daily. Automation of transactions also increases accuracy and reduces the need for manual intervention. As such, the Employee Benefits Unit will continue to examine the possibility of automating additional functions and centralizing approval and authority within the system.

c. Agree. Implementation date: March 2008.

The identified documents with employee and employee-dependent data that were accessible by all benefit administrators have been removed. These documents had been mistakenly made available to all administrators due to an error in assigning access. The process of assigning access to reports has since been clarified. Additionally, the Employee Benefits Unit has changed its protocol in the creation of

reports and does not provide to the departments any reports with statewide employee or employee-dependent data.

As a further control, the Employee Benefits Unit will conduct a review of all documents and reports stored in the secure document center of the BAS. The first review will be conducted in March 2008 and subsequent reviews will occur on a quarterly basis. Such a review will ensure that the information is up-to-date and that access has been granted and restricted appropriately. The BAS' secure document center serves as repository for important reports and, if access is carefully managed, offers a means of sharing data with benefit administrators in a secure environment, avoiding unsafe means of sharing information, such as email.

Department of Public Health and Environment

Introduction

The Department of Public Health and Environment is responsible for improving and protecting the health of the people of Colorado, maintaining and protecting the quality of Colorado's environment, and ensuring the availability of health and medical care services to individuals and families. The Department is composed of the following major organizational units:

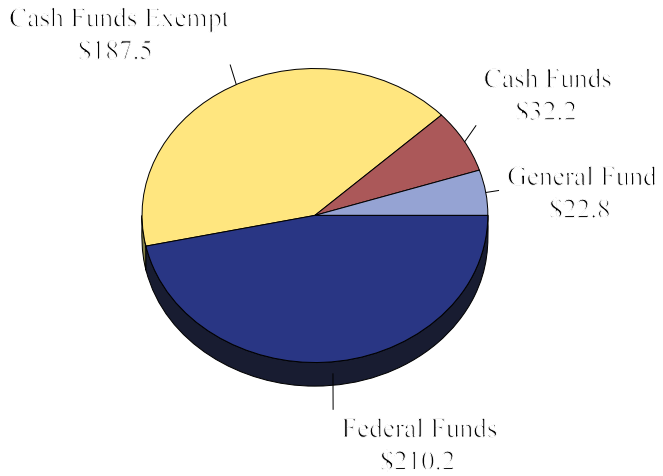
- **Administrative Divisions**
  - Administration and Support
  - Center for Health and Environmental Information
  - Laboratory Services
  - Local Health Services

- **Environmental Divisions**
  - Air Quality Control
  - Water Quality Control
  - Hazardous Materials and Waste Management
  - Consumer Protection

- **Health Services Division**
  - Disease Control and Environmental Epidemiology
  - Health Facilities and Emergency Medical Services
  - Prevention Services

The Department was appropriated $452.7 million and 1,150.2 full-time equivalents (FTE) staff for Fiscal Year 2007. The following chart shows the operating budget by funding source for the Fiscal Year 2007:

Department of Public Health and Environment
Fiscal Year 2007 Appropriations by Funding Source
(In Millions)



Source: Joint Budget Committee Fiscal Year 2006-2007 Appropriations Report.

The following comments were prepared by the public accounting firm of BKD, LLP, which performed Fiscal Year 2007 audit work at the Department of Public Health and Environment.

Segregation of Duties

The Department is responsible for establishing and maintaining effective internal controls over financial reporting. The following process within the Department has been identified to have incompatible duties in financial statement reporting transaction cycles. While the Department has implemented compensating controls in an effort to mitigate the risks created by the lack of segregation of duties, the following conflict is considered a control deficiency.

Cash Receipts

Cash receipts and accounts receivable technicians have the authority to receive payments. This authority is in conflict with their abilities to prepare the cash receipts

journal/list of receipts and make a computer entry to credit customer accounts for the payments received. Compensating controls in place include the following:

- Cash receipts and accounts receivable technicians do not have the ability to generate billing documents.

- Tapes of all cash receipts are created. The totals on these tapes should agree to the amounts credited to customer accounts. The Deputy Controller or Accountant II generates a cash receipts report daily and verifies that such totals agree to the tapes that have been created and the total deposit.

- Past due notices sent to customers.

While the Department has instituted the above compensating controls to reduce the risk of misstatement, these controls do not occur simultaneously with the conflicting duties and a certain period of time does lapse between when the duties are performed and when the controls are performed. As such, the above situation is still considered a control deficiency based on the definitions in the standard.

Cash receipt transactions relating to the above control deficiency consist of receipts for fees, permits and licenses, lab tests and services, federal purchase orders for inspections and tests, and penalties and fines. Such receipts for the year were approximately $31.8 million. Of the $31.8 million, approximately 85 to 90 percent represents payments received in the form of checks and the remaining 10 to 15 percent represents receipts from intergovernmental transactions, credit cards, electronic fund transfers and cash. Due to the lack of segregation of duties, opportunity exists for the potential misappropriation of receipts handled through the above positions by posting inappropriate credits to customer accounts.

(Classification of Finding: Control Deficiency.)

Recommendation No. 27:

The Department of Public Health and Environment should segregate cash receipt responsibilities from the ability to credit customer accounts.

Department of Public Health and Environment Response:

Partially agree. Implementation date: Implemented with regard to the compensating controls noted by the auditors and the other compensating controls discussed below.

The Department agrees that the lack of separation of duties is a control deficiency. However, the Department disagrees with the recommendation because this control deficiency represents only a remote likelihood and inconsequential magnitude of misstatement of the financial statements. Further, in addition to the compensating controls noted above by the auditors, other compensating controls include, but are not limited to, multiple past due notices sent to customers; multiple staff access to the accounts receivable system that electronically tracks all changes made by logged-in staff; and all checks received are made payable to the Department. Finally, of the almost 40,000 checks received in Fiscal Year 2007, 52 percent were less than $125 and accounted for less than 4.4 percent of the total $26.6 million in checks received. To establish accounting control of the checks received separate from the posting of them to "customer" accounts would result in each check being handled twice as opposed to the single time under current procedures. We estimate the additional effort would require one additional FTE.

Department of Public Safety

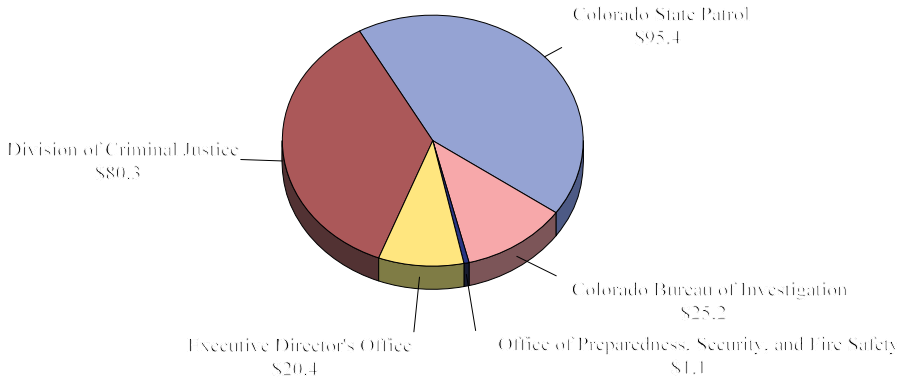
Introduction

The Department of Public Safety is responsible for providing a safe environment for the citizens of Colorado. The Department operates under the authority of Section 24-1-128.6, C.R.S., and is composed of an Executive Director's Office and the following four divisions:

- Colorado State Patrol
- Colorado Bureau of Investigation
- Division of Criminal Justice
- Office of Preparedness, Security, and Fire Safety

The Department was appropriated about $222.4 million and 1,285.8 full-time equivalent staff for Fiscal Year 2007. The following graph shows the Department's operating budget by division for Fiscal Year 2007:

Department of Public Safety
Fiscal Year 2007 Operating Budget by Division
(In Millions)



Source: Joint Budget Committee Fiscal Year 2007-08 Appropriations Report.

Travel Expenditures

During Fiscal Year 2007 the Department of Public Safety expended more than $784,000 for employees' in-state and out-of-state business travel. State Fiscal Rules issued by the Office of the State Controller provide policies concerning business travel for state agencies to follow.

As part of our Fiscal Year 2007 audit, we selected a sample of 25 travel expenditures for review. We identified one or more problems with 5 of the 25 (20 percent) expenditures selected for review.

We noted the following:

- One travel reimbursement, totaling $9,320, was recorded in the wrong fiscal year.

- One travel reimbursement, totaling $438, for out-of-state travel was incorrectly coded as in-state travel.

In addition, we found that three travel reimbursements included tip amounts that exceeded the 20 percent limit set by the Fiscal Rules by a total of about $7. The Fiscal Rules in place through September 30, 2007, required receipts for meals when the total reimbursement amount requested for the day exceeded $25; the Fiscal Rules also limited per-meal tip amounts to 20 percent of the cost of the meal. After the end of Fiscal Year 2007, as of October 1, 2007, the Fiscal Rules no longer require receipts for meals or limit tip amounts but place a cap on daily meal reimbursements.

The Department needs to strengthen its controls over travel expenditures. Although Department policies establish a process for the review and approval of travel reimbursements, our review indicates that employees and supervisors are not consistently adhering to the policies and the review process is not adequate. The Department should ensure that employees and supervisors are adequately trained on travel expenditure policies and that the review process is improved.

(Classification of Finding: Control Deficiency.)

Recommendation No. 28:

The Department of Public Safety should strengthen controls over travel expenditures by:

a. Ensuring that travel reimbursements are recorded in the proper period using the correct coding and that all other state policies regarding travel are followed.

b. Training staff and supervisors on state travel rules and policies. For supervisors, emphasis should be placed on the importance of conducting a thorough review of all travel reimbursement requests for compliance with State Fiscal Rules and resolving any problems prior to approval for payment.

Department of Public Safety Response:

Agree. Implementation date: March 31, 2008.

a. The Colorado Department of Public Safety will continue to ensure that all expenditures (including travel) are charged to the correct fiscal year. In the above cited case, the travel occurred very late in the fiscal year and the payment voucher was inadvertently processed against the wrong fiscal year by a new staff member. Appropriate staff training will be conducted along with written communication on travel rules by March 31, 2008. In addition, this training will include correct object code usage for out of state travel and a review of travel fiscal rules.

b. Recently, the Governor rescinded the previous executive order that required actual receipts for meals reimbursements that cost over $25 per day. Therefore, effective October 1, 2007, the travel fiscal rules moved back to the historical process of paying an employee a meal per diem while in travel status. The new rule significantly reduces the administrative burden of reimbursing employees for travel costs and eliminates the requirement to account for meal tips.

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Department of Revenue

Introduction

The Department of Revenue is responsible for managing the State's tax system. Tax collections totaled about $10.9 billion in Fiscal Year 2007. Of this amount, about $8.9 billion represents collections for the General Fund; the remainder represents collections made on behalf of other government entities, such as local governments and the Highway Users Tax Fund (HUTF). In addition, the Department is responsible for performing various other functions as follows:

- Administer the State Lottery, which grossed more than $456 million in ticket sales in Fiscal Year 2007. Of this amount, about $119 million was available for conservation as well as for wildlife, parks, open space, and outdoor recreation projects.

- Act as a collection agent for city, county, Regional Transportation District (RTD), and special district taxes. The Department collected more than $1.2 billion in taxes and fees on behalf of other entities such as these.

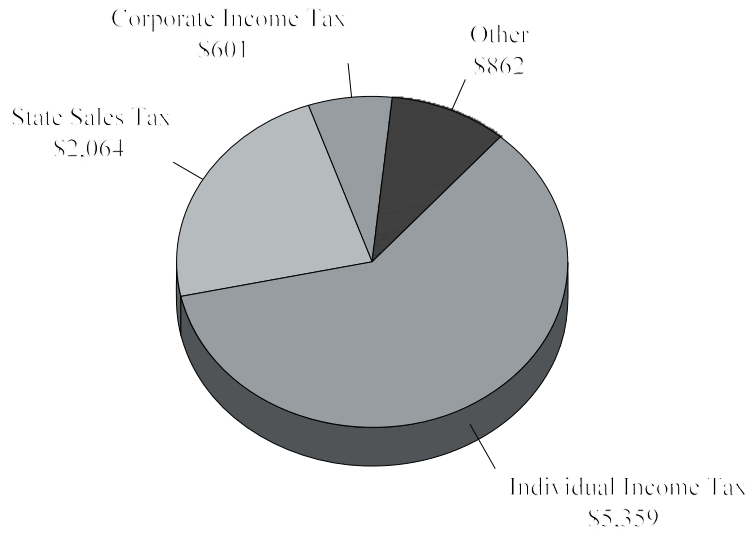
- Collect taxes and fees for the HUTF, which is primarily for the benefit of highway maintenance projects in the State. In Fiscal Year 2007, amounts collected for the HUTF totaled approximately $859 million.

- Regulate the limited stakes gaming activities in Cripple Creek, Black Hawk, and Central City. Adjusted gross proceeds totaled about $799 million during Fiscal Year 2007, on which the Limited Gaming division collected about $112 million in gaming taxes.

- Enforce tax, alcoholic beverage, motor vehicle, and emissions inspection laws.

- Operate the State's 20 Ports of Entry, including 11 mobile ports and 9 fixed ports.

Department of Revenue
General Fund Revenue Collections for Year Ended June 30, 2007
(In Millions)



Source: Department of Revenue, Fiscal Year 2007 Collections Report.

In Fiscal Year 2007, the Department was appropriated total funds of $583.5 million and 1,422 full-time equivalent (FTE) staff. Approximately 16.1 percent of the funding is from general funds, 83.7 percent is from cash funds, and 0.2 percent is from federal funds.

Controls Over Tax Refunds and Taxpayer Accounts

The Department of Revenue issued approximately $665 million in income tax refunds and $21 million in business tax refunds in Fiscal Year 2007. The Department issues income tax refunds to individual taxpayers for excess income taxes paid. The Department issues business tax refunds of sales, use, and other business taxes to business taxpayers for excess business taxes paid.

State statutes require all state departments to have adequate authorization and record-keeping procedures to provide effective accounting controls over state assets, liabilities, expenditures, and revenues. During our audit, we reviewed the Department's controls over the issuance of business and income tax refund warrants. We identified three areas in which the Department should make improvements in

internal controls over tax refund issuances. These areas are discussed in more detail below.

Duplicate Income Tax Refunds

During our audit, we tested the internal controls that the Department has in place to prevent duplicate tax refund warrants from being issued to taxpayers. While we did not identify any duplicate business tax refunds through our review, we found that the Department's controls failed to prevent duplicate individual income tax refunds from being issued during Fiscal Year 2007. Specifically, we identified 22 instances, totaling about $9,400, in which the same taxpayer received duplicate payments for the same refund under different account/social security numbers. In addition, we found that one taxpayer had received duplicate refunds, totaling $99, under the same account/social security number.

The Department currently has assigned to one employee responsibility for reviewing a report containing potential duplicate income tax refunds. That employee is responsible for reviewing the report and stopping any potential duplicate refunds from being issued within 24 hours of when the report is printed. We found that the potential duplicate income tax refund report shows only refunds issued to the same account/social security number. If a taxpayer receives multiple refunds under different account/social security numbers, such as all but one of the duplicate payments we identified through our testing, the duplicate refunds will not appear on the report and will not be found by the Department's current review process. Further, the Department does not have a secondary process in place to perform an independent review of the report.

We reviewed potential duplicate individual income tax refund reports issued by the Department's Income Tax System during the period of our review. We found that the Department's system reports did identify the one duplicate refund issued under the same account/social security number that we identified; however, Department staff failed to identify the payment as inappropriate and did not stop its issuance.

The Department indicates that it is not feasible to implement a system edit to disallow the assignment of multiple accounts/social security numbers to the same first name and last name because there are too many common surnames with common first names to identify potential duplicates. Therefore, it is even more critical for the Department to ensure that it has strong controls in place to detect potential duplicate payments. Further, the Department's lack of a secondary review and limited report information increases the risk that the Department will fail to prevent duplicate income tax refunds from being issued. The Department should update the criteria for its potential duplicate individual income tax report to include duplicate payments issued to the same individuals under different account/social

security numbers and strengthen its review process over refund payments to lessen the risk that duplicate refund payments will be issued.

(Classification of Finding: Control Deficiency.)

Recommendation No. 29:

The Department of Revenue should improve controls over the issuance of income tax refunds by:

a. Strengthening its review process by instituting a secondary review over potential duplicate refunds.

b. Updating the criteria for the potential duplicate report to include duplicate payments made to the same taxpayer under different account and/or social security numbers.

Department of Revenue Response:

a. Agree. Implementation date: January 1, 2008.

   Taxpayer Service will conduct a secondary review over potential duplicate refunds.

b. Agree. Implementation date: January 1, 2008.

   A project request will be submitted to the Department's Information Technology division for programming for an edit to identify duplicate payment amounts made to the same taxpayer under different account and/or social security numbers.

Transfers of Interest and Collection Costs

The Department collects, on behalf of local governments, including counties, cities, towns, and special districts in Colorado, sales and use taxes submitted by business taxpayers. The Department's Business Tax Accounting section distributes sales and use taxes to Colorado local governments on a monthly basis. The Department deducts the cost of collection, which is set by agreements between the Department and the local governments, from the distributions to the special districts and counties.

During our audit, we identified 11 business tax refunds, totaling more than $1.6 million, that were issued internally to the Department's Revenue Administrative division under the payee name "Program Cost." On further review, we found that, instead of making a transfer within the State's accounting system, COFRS, Department staff within the Revenue Collection division send a warrant to the Revenue Administration division for the costs associated with sales and use tax collection. The Department does have procedures in place to track the physical transfer of the warrants between the two divisions, but by creating a warrant with no specific payee, the Department increases the risk of fraud and misappropriation of assets. For example, a warrant could be misplaced or intercepted by unauthorized personnel.

Department staff report that the Revenue Accounting System has the capability to distribute funds only by issuing a payment via a warrant or an Electronic Funds Transfer. The Department is planning to implement a new tax information system that may have the capability to transfer funds through an accounting entry rather than by issuance of a payment. In order to ensure that funds are safely transferred within the Department's divisions, the Department should ensure that its new tax information system allows for the adjustment and transfer of interest and collection costs within the Department.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 30:

The Department of Revenue should strengthen controls over the security of tax warrants by ensuring that its new tax information system is designed to allow the internal transfer of funds for the collection of costs associated with county and special district taxes. The Department should implement controls over internal transfers during the interim.

Department of Revenue Response:

Agree. Implementation date: November 2010.

The Department of Revenue will request the new tax information system allow for adjustments and transfer of collection costs between Collections/Revenue Accounting and Expenditure Accounting. Currently, due to system constraints, the creation of accounting journal entries are not possible for a transfer or adjustment between Collections/Revenue Accounting and Expenditure Accounting for Special District Program Costs.

Therefore, one warrant per month is issued from Collections/Revenue Accounting to Expenditure Accounting for the monthly Special District program costs. Effective January 2008, the Revenue Accounting staff member distributing the Program Cost warrant will require written verification of warrant receipt from the Expenditure Accounting staff member and file in monthly distribution packet.

Modification of Taxpayer Account Information

During our review of the Department's controls over tax refunds, we found that the Department's business and individual income tax systems allow taxpayer identification data to be modified. Specifically, staff can change the name and address assigned to a taxpayer's account number within both its Business Tax Refund (BTR) and Income Tax Accounting System (ITAS) without an approval or review by a supervisor.

Department staff report that, in some cases, they will change the name and address associated with a taxpayer account because a refund needs to be paid to an individual or organization for taxes paid on their behalf by a different entity. For example, Public Service Company collects utility taxes paid by its customers and remits them to the Department. Some taxpayers, such as charitable organizations, are tax-exempt and are, therefore, entitled to a refund of utility taxes paid. The tax-exempt taxpayer must file a tax return accompanied with supporting documentation in order to obtain a refund from the Department of the utility taxes paid on his or her behalf by Public Service Company.

BTR and ITAS both maintain a history of changes made to an account, including the name of the Department staff who made the change. However, the Department should have a secondary review and approval process in place over changes made to taxpayer accounts to ensure that changes made to taxpayer accounts are accurate and necessary and mitigate the risk of fraud and errors.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 31:

The Department of Revenue should improve controls over taxpayer accounts by instituting a secondary review and approval process over modifications of taxpayer information within the individual income and business tax systems.

Department of Revenue Response:

Partially agree. Implementation date: November 2010.

The Department agrees that there should be controls in managing activity in taxpayers' accounts; however, the Department does not believe that having a secondary review over the modifications is the preferred control. The Colorado Integrated Tax Architecture (CITA) Project, which will result in the replacement of our aging tax systems, will introduce new internal controls to identify refunds and adjustments processed within certain timeframes of name and address modifications.

Physical Access to Refund Warrants

The Department of Revenue issues tax refunds using two methods: warrants and direct deposits to taxpayers' bank accounts. Refund warrants are mailed through the Department's outgoing mailroom section. The Department mailed over 844,000 warrants totaling more than $1.1 billion out of its mailroom section in Fiscal Year 2007.

Section 24-17-102, C.R.S. states:

> Each principal department . . . of the state . . . shall institute and maintain systems of internal accounting and administrative control . . . which shall provide for:
>
> (a) A plan of organization that specifies such segregation of duties as may be necessary to assure the proper safeguarding of state assets.
>
> (b) Restrictions permitting access to state assets only by authorized persons in the performance of their assigned duties.

During our Fiscal Year 2007 audit, we noted that there is no physical restriction on access to the outgoing mailroom where refund warrants are held until they are mailed. This creates an environment in which unauthorized persons could obtain access to warrants before they are mailed. Physical restrictions are an important protective measure for safeguarding the State's assets.

The Department should ensure that access to the outgoing mailroom is appropriately limited.

(Classification of Finding: Control Deficiency.)

Recommendation No. 32:

The Department of Revenue should improve internal controls over warrants by restricting access to the outgoing mailroom.

Department of Revenue Response:

Agree. Implementation date: September 30, 2009.

Although we believe that restricting access to the outgoing mailroom, which processes and stages mailing of income tax warrants, by installing security card readers on all doors into this area is a good idea, we lack the funding. In order to do this we would need to install security card readers on three doors. We would then limit which employees would have authorization into this area. We will ask for estimates on the cost of securing these access points into the outgoing mailroom, and evaluate alternatives for funding the expenditure. Funding will be sought during the next budget cycle as a decision item. Therefore, if approved, funds would not be available until July 1, 2009. We anticipate that the access readers could be installed by September 30, 2009.

Other compensating controls are already in place. The warrants are highly controlled with count sheets that are matched at each step up to the delivery to the United States Postal Service. When warrants are not being processed but have been received in the outgoing mailroom, they are stored in a safe within the mailroom. Updated colored signs replaced white signs at both entrances to the outgoing mailroom stating, "Restricted Area - Authorized Employees Only." In addition, the Annex Building is a restricted facility with card reader access only into the building before 8:00 a.m. and after 5:00 p.m. During the core business hours, public access is only through the front

door and all must sign in at the front lobby desk, manned by a person during these core hours. Only employees or escorted non-employees would have access to the floors in the building.

Statements of Understanding

Because of the highly confidential nature of the data that Department of Revenue employees process and the importance of the duties that Department employees perform, the Department has a policy in place to address employee's independence and potential conflicts of interest. The policy requires employees to "display the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the State of Colorado and the public being served."

To ensure that all employees are in compliance with the Department's independence policy and all other Department policies related to standards of performance and conduct, the Department requires all employees to sign a "Statement of Understanding" (Statement) when hired and annually thereafter. By signing the Statement, the employee acknowledges that he or she is aware of and has an understanding of Department policies regarding performance and conduct. Employees are to return their signed Statements of Understanding to their immediate supervisors. Supervisors are to forward a copy of each signed Statement to the Department's Office of Human Resources.

We performed audit testwork to determine the Department's compliance with its internal policy requiring that each employee annually sign a Statement of Understanding. We tested a sample of 25 employee files and found that none of the employee files tested contained a current signed Statement. Through further discussions with the Department's Office of Human Resources staff, we found that only 404 of the Department's 1,423 employees had signed and submitted a Statement during Fiscal Year 2007. While Office of Human Resources staff do have a process for tracking the submission of signed Statements, they do not have a procedure in place to follow up on missing Statements.

By not enforcing its policy requiring that all employees sign the Statement annually, the Department fails to emphasize the standards of conduct expected of employees and creates a risk that employees will be unaware of Department policies. In order to gain assurance that employees understand and comply with independence policies, the Department should improve controls to ensure that all employees sign and submit Statements annually.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 33:

The Department of Revenue should develop procedures to enforce its policy requiring employees to sign and submit annual Statements of Understanding to the Office of Human Resources.

Department of Revenue Response:

Agree. Implementation date: March 31, 2007.

The Office of Human Resources (OHR) will establish a database to track the submission of Statements of Understanding (SOUs) on an annual basis tied to the performance evaluation cycle. We will implement a systematic process to identify those employees who do not have a current SOU on file and notify the immediate supervisor. We will continue to notify higher-level supervisors if necessary until the SOU has been forwarded to OHR and logged in.

Controls Over Loose Checks

The Department processes most of its income, business, severance, and sales tax receipts through its Central Department Operations (CDO) division. The Department refers to the series of steps that take place from the time a taxpayer's tax return is received until it is ready to be archived on microfilm as the "pipeline." Several areas within the CDO division are involved in the pipeline process; one of these areas is Registration Control.

Registration Control staff are responsible for establishing and maintaining registration information for business tax accounts in the Tax Registration System. They are also responsible for processing "loose" checks that were received by the incoming mailroom and have been passed on for processing. "Loose" checks are taxpayer checks that were not accompanied by adequate supporting documentation to indicate the purpose of the payment. Registration Control staff attempt to match the loose check to a taxpayer account in the Tax Registration System. If the taxpayer wrote his or her social security number or employer identification number on the check, staff can easily credit the payment to the taxpayer's account. If the taxpayer failed to provide a social security or employer identification number, his or her name and address must match a taxpayer's name and address in the Tax Registration System. Occasionally, there is no name, address, or identifying number on the check; in such cases, staff may not be able to match the check to an account. During

the three-month period of March through May 2007, staff within the Registration Control section processed approximately 24,000 loose checks.

As part of our Fiscal Year 2007 audit, we reviewed the Department's controls over the processing of loose checks. We identified three problems.

First, we found that the Department has not adequately segregated employee duties in relation to loose checks for business taxes. Specifically, we found that employees within the Registration Control section have responsibilities to both process loose checks for business taxpayers, as discussed above, and set up new business tax accounts in the Tax Registration System.

Second, we found that loose checks are not secured. Specifically, loose checks are transferred from the incoming mailroom to the Registration Control section but are then maintained in an open basket and are not locked up in a vault, either during the day or overnight. In addition, there are only limited controls on the physical access to the Registration Control section. While access to the Department's building is controlled overall, the Department separately controls the keyed access to the Registration Control section by issuing keys to Registration Control section employees only.

Finally, the Department does not have procedures in place to track loose checks received and processed by the Registration Control section. Specifically, the Department does not create and track a listing of checks received by and subsequently processed by section staff. As a result, the Department cannot determine the number of loose checks that have been received by the section but not yet processed at any given time, nor can it identify loose checks that may have been inappropriately taken.

Statutes require State departments to maintain adequate internal controls to safeguard State assets, liabilities, revenues, and expenditures. Specifically, Section 24-17-102, C.R.S. states:

> Each principal department . . . of the state . . . shall institute and maintain systems of internal accounting and administrative control . . . which shall provide for: (a) A plan of organization that specifies such segregation of duties as may be necessary to assure the proper safeguarding of state assets; (b) Restrictions permitting access to state assets only by authorized persons in the performance of their assigned duties; (c) Adequate authorization and record-keeping procedures to provide effective accounting control over state assets, liabilities, revenues, and expenditures; (d) Personnel of quality and integrity commensurate with their assigned responsibilities; and (e)

An effective process of internal review and adjustment for changes in conditions."

The Department's lack of segregation of duties, limited access, and inadequate record-keeping procedures over loose checks increases the risk of loss or theft of business tax receipts. The Department should implement adequate policies and procedures to safeguard loose checks in compliance with statutes. This should include considering the implementation of a front-end imaging system with electronic deposit to automate the tracking process for loose checks.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 34:

The Department of Revenue should improve controls over taxpayer payments by:

a. Implementing proper segregation of duties over the creation of new business accounts and the processing of loose checks from business taxpayers.

b. Restricting physical access to the Registration Control area to authorized personnel and locking up loose checks in a vault.

c. Implementing adequate record-keeping procedures over loose checks. This should include considering the implementation of a front-end imaging system with electronic deposit for received checks.

Department of Revenue Response:

a. Disagree. Implementation date: Not applicable.

Check handling by employees with the ability to set-up accounts is not unique to just loose check processing. The Registration Control section and Taxpayer Services Centers throughout the State receive checks with the processing document(s) required to create business accounts. Based on low risk and downstream controls, segregating these duties would create an unnecessary burden for the Department.

The mitigating downstream controls would detect misappropriation or a posting error within 30 to 45 days. The taxpayer would inquire on a bill received in the mail. The resulting research and analysis would disclose fraudulent behavior or a posting error including the person responsible for the transaction(s).

b. Partially agree. Implementation date: September 30, 2009.

The Department agrees that the Registration Control section should be a secured area with restricted access. The Department is seeking cost estimates to install proximity based access controls for this section. Once access controls are installed, the Department does not see the need for a vault. Funding for the proximity based access controls will be sought during the next budget cycle as a decision item. Therefore, if approved, funds would not be available until July 1, 2009. We anticipate that the access readers could be installed by September 30, 2009.

c. Partially agree. Implementation date: No implementation date provided.

Due to the low risk, volume of loose checks, and cycle time it is not practical to manually track each loose check in the process. The time necessary to track each loose check would equal the time it takes to process a loose check, thus requiring an additional 1 to 1.5 FTE. Loose checks that cannot be matched to an account by the Registration Control section are tracked by the supervisor.

Front end imaging with electronic deposit is the long term solution to this recommendation since it would automate the tracking process. In this scenario loose checks would most likely be worked from images and not the physical checks.

Auditor's Addendum:

The fundamental issue addressed in this comment is that the Department lacks sufficient controls over loose checks. The high volume of loose checks the Department processes, combined with inadequate controls creates a risk that taxpayer payments could be lost or misappropriated. While the Department indicates that mitigating downstream controls are in place to detect misappropriation or posting errors, we do not believe that relying on taxpayers to identify potential fraudulent activity is a sufficient internal control.

Tax Conferee Estimates

The Tax Conferee Section is part of the Department of Revenue's Tax division. The Tax Conferee Section is responsible for handling disputes when there is a disagreement between the Department and a taxpayer regarding the interpretation of tax laws. As of June 30, 2007, the Tax Conferee Section was working on

outstanding disputed cases representing approximately $84.9 million in taxes owed to the Department and $30.6 million in tax refunds due back to taxpayers.

At fiscal year-end, the Tax Conferee Section evaluates its unresolved tax cases and estimates the amounts that will be paid and received by the Department in future periods, as well as those that will become uncollectable. Department accounting staff use the estimate data to record deferred revenue and bad debt on the State's financial accounting system, COFRS, at year-end. In many cases, the Department is unable to resolve tax disputes for months or years, depending on the complexity of the tax laws and the timing of the resolution of similar disputes in tax courts, among other items.

The Tax Conferee Section forms an estimation on a case-by-case basis, of the collectable and bad debt amounts for individual cases that have estimated outstanding taxes payable or receivable greater than $2 million, including penalties and interest. For all cases with outstanding tax amounts of less than $2 million, Tax Conferee staff estimate collections and payments on an overall basis by applying five-year historical collections and payment averages to the cases.

During our Fiscal Year 2007 audit, we tested the Department's methodology for estimating future collections, payments, and bad debts for disputed tax returns. We determined that the Department's estimation methodology for cases under $2 million should be improved. For example, we identified the following two problems:

First, the Department did not include uncollected or unpaid amounts in its five-year historical collections and payment data. Rather, the Department included only amounts paid and received for Tax Conferee cases processed during the previous five-year period in its averages. As a result, the Department may have overestimated bad debts and collections for Tax Conferee cases outstanding at June 30, 2007.

Second, the Department included open cases in its five-year historical data rather than limiting the data to closed cases with actual settlement amounts. Open cases may skew the estimation because they do not represent actual taxes collected or payments made to taxpayers.

The Department implemented its current estimation methodology for disputed Tax Conferee cases in Fiscal Year 2004. The Department has not reviewed the methodology and actual collection experience to determine the accuracy of the estimation methods for predicting tax receivables and payables. The Department should review its estimation methodology in order to determine its appropriateness and to identify areas in which the estimation can be refined.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 35:

The Department of Revenue should review its current estimation process for Tax Conferee collections and bad debts for accuracy and appropriateness. This should include a determination of whether to include uncollected and unpaid amounts in historical data used for estimates and whether to limit historical data used in the estimation to only settled cases.

Department of Revenue Response:

Agree. Implementation date: June 30, 2008.

The Department of Revenue reviews its current estimation process on an annual basis. The Department of Revenue is making methodology adjustments designed to simplify the logic and the mathematical calculations for Fiscal Year 2008. The Department of Revenue will be using the updated methodology for Fiscal Year 2008 reporting. The actual collection experience over a 5-year period is a cornerstone of the current estimation method and is directly taken into account in the current estimation method.

Information System Controls

The Department of Revenue relies on various computer systems to process tax returns and payments and to issue tax refunds. Some of the major systems used by the Department are:

- The **Income Tax System**, originally implemented in 1964, processes income taxes for individuals, corporations, and other business entities, estates, and trusts.

- The **Automated Accounts Receivable and Audit Processing (AARAP)** system assesses penalties and interest on the delinquent taxpayer accounts and supports the billing and collection of delinquent taxes.

- The **Revenue Accounting System (RAS)** records, posts, and reports on business taxes (e.g., sales and use taxes), licenses, and fees collected for the State, counties, cities, and special jurisdictions. It includes alternative fuels taxes, cigarette taxes, and liquor taxes.

The National Institute of Standards and Technology (NIST), which provides guidelines and best practices regarding information security, has outlined

recommended security controls for information systems. These recommended controls include those that will ensure that access to information systems is granted based on:

- A valid need-to-know that is determined according to official assigned duties and satisfies all personnel security criteria.
- Intended system usage.
- Proper identification and approval.
- Limiting access to only that which is necessary for the employee to perform his or her job duties.
- Periodic review of user access needs.

Additionally, good information system security controls include processes for removing, disabling, or otherwise securing unnecessary accounts.

Access to the Department's internal network and various information systems is managed and administered by the Department's IT Security Administrator. The IT Security Administrator grants and revokes access to the Department's network and computer systems based on requests from Department supervisors. Supervisors are required to submit a Data Security Access (DSA) form to the IT Security Administrator, indicating the specific functions for which the employee will need access. As of December 2007, the Department had 1,241 employees with access to various Department systems.

The Department has issued an Information Technology Security Standards and Policies document which requires all Department employees at all locations to protect the Department's data from unauthorized access, distribution, modification or disclosure "under all circumstances." When hired, each employee is required to submit a signed Statement of Compliance attesting that he or she has read and understands the Department's Information Technology Security Standards and Policies document and understands his or her responsibility to "safeguard the security and integrity of the Department's information and information systems."

As part of our audit, we performed testwork to ensure that employee files contained signed Statements of Compliance and that the user accounts of terminated employees had been removed from the system appropriately. We found problems in both of these areas, as discussed below.

First, we reviewed a sample of 20 employee files to determine whether they contained signed Statements of Compliance. We found that the Statement of

Compliance was missing in 15 of the 20 files (75 percent). By not enforcing its policy to require staff to sign Statements of Compliance, the Department increases the risk that employees are not aware of the Department's Information Technology Security Standards and Policies and their responsibilities to adhere to them.

Second, we reviewed a sample of 25 terminated employees to determine whether the employees' access had been appropriately terminated. We identified active user IDs on the network for 2 of the 25 (8 percent) terminated employees. The two employees had been terminated from 39 to 138 days prior to our review. One of the two had a user ID that was still active on the mainframe, as well as on the network. This creates the risk that an employee in a position of trust and/or leadership may in certain circumstances be able to bypass other internal and physical controls to access the Department's network and IT systems to perpetrate fraud using the former employee's user ID and password.

The Department's current process for removing a terminated employee's access requires the employee's manager or supervisor to notify the IT Security Administrator of the termination and to request the deactivation of the employee's user ID. The Department's Human Resources Section also distributes a terminated employee list every two weeks to the IT Security Administrator. IT staff, however, indicate that the report is not useful because it is lengthy, contains all Department terminations for the past two years, sorted by social security number rather than termination date. Because the report is only distributed in hardcopy format, the IT security team cannot sort the list. The Department should improve the reporting function and ensure that terminated employees' access to Department systems is removed timely.

Because of the volume and the highly confidential nature of the information processed by the Department, it is essential that the Department ensure that employees understand their information security responsibilities and establish appropriate controls over user access and termination.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 36:

The Department of Revenue should improve controls over information system security and access by:

a. Enforcing the policy that requires all employees to read the Department's Information Technology Security Standards and Policies document and sign

a Statement of Compliance and ensuring that current Statements of Compliance are maintained in employee files.

b. Ensuring that system access for terminated employees is revoked timely by improving communication between the Human Resources Section and the IT Security Administrator.

Department of Revenue Response:

a. Agree. Implementation date: June 2008.

The Department will add review of Department security standards and policies to the Statement of Compliance form and will require new forms to be signed annually and placed in employee personnel files.

b. Agree. Implementation date: February 2008.

The Department is in the process of putting new procedures in place to notify both IT Security Administrators and Human Resources personnel monthly of employee terminations and other departures.

Data Security

Because of the nature of the business performed by the Department of Revenue, staff at the Department routinely work with sensitive, protected data. For example, most staff have access to systems containing taxpayers' income and business tax returns and personal financial data. In addition, most employees also have access to e-mail and can send this sensitive data to other employees via e-mail to expedite their work.

The Department has established internal controls over data to help ensure it is safeguarded. For example, as discussed previously, the Department's Information Technology Security Standards and Policies document requires all Department employees at all locations to protect the Department's data from unauthorized access, distribution, modification or disclosure "under all circumstances." All Department employees, when hired, are required to sign a Statement of Compliance acknowledging that they have read the Security Standards and Policies document and that they are aware of their responsibilities regarding the safeguarding of data.

During the audit, we reviewed the Department's controls over the protection of data. We identified one instance in which a Department employee sent sensitive taxpayer information via e-mail to a state employee outside of the Department's network. This employee had signed a Statement of Compliance acknowledging compliance

with the Department's Information Security Standards and Policies. However, the Security Standards and Policies document does not specifically address the use of e-mail correspondence containing sensitive taxpayer data. Further, although the Department does have an e-mail policy in place, the policy does not specifically address the sharing of taxpayer information via e-mail.

Department information system staff indicated that e-mails sent outside the Department's network and firewall are currently unencrypted. Encryption is a method of protecting data so that it is unreadable without a specific "key." Because e-mails sent outside the Department are unencrypted, these could be at risk of interception through the Internet by unauthorized persons with the use of certain tools and skills.

The Department should mitigate the risk of inappropriate disclosure of sensitive taxpayer data by revising its e-mail policy to address the specific conditions under which sensitive taxpayer data can be sent via e-mail, considering the encryption of sensitive external e-mail correspondence, and training employees on the risks of and appropriate related procedures for using e-mail for sharing of taxpayer data.

(Classification of Finding: Control Deficiency.)

Recommendation No. 37:

The Department of Revenue should improve controls to adequately secure sensitive data sent via e-mail by:

a. Revising its existing e-mail policy to address the appropriateness of sharing sensitive taxpayer data via e-mail.

b. Considering the implementation of an e-mail encryption program and training employees on its proper use.

c. Training employees on the risks of and appropriate related procedures for using e-mail for data sharing.

Department of Revenue Response:

a. Agree. Implementation date: March 2008.

The Department will add to the current email policy clear rules and definitions for which data types are appropriate for transmission by e-mail.

b. Agree. Implementation date: June 2008.

The Department will conduct a cost benefit assessment of developing an encrypted email program for certain external e-mail.

c. Agree. Implementation date: June 2008.

The Department will set up additional training for employees on the risks and appropriate related procedures for using e-mail for data sharing.

Controls Over Refund Report

As discussed, the Department is the State agency with primary responsibility for collecting State taxes. The Department relies on various computer systems both to process taxes and to issue tax refunds. One of the primary systems used by the Department is the Income Tax System, which is used to process income taxes for individuals, corporations, and other business entities, estates, and trusts.

The Revenue Accounting section within the Department is responsible for ensuring that information, including tax refund information, contained in the Income Tax System is correctly reflected in the State's accounting system, COFRS. Department staff indicated that they review a daily report entitled "Summary of Income Tax Refunds Issued" (Refunds Report), which is generated by the Income Tax System, to compare refund data contained in the Income Tax System with the refund data reported on COFRS. The Refunds Report shows the daily and year-to-date total number and dollar amounts of income tax refund payments issued. The report also shows refunds issued for corporate, fiduciary, and partnership income taxes and property tax credits claimed. The Department performs a monthly reconciliation of refund, voided, and cancelled warrants data contained in the Income Tax System and COFRS.

During our Fiscal Year 2007 audit, we noted that the Department failed to make timely efforts to correct errors it had identified in the Refunds Report. Specifically, we found the following:

- The Department failed to correct in a timely fashion report coding errors, identified in August 2006, that related to property tax credit data from the Refunds Report. Although the Department corrected at that time report coding errors relating to *daily* property tax credit data contained on the report, it failed to correct coding errors relating to *year-to-date* property tax credit data until April 2007, or eight months later.

- The Department failed to correct report coding errors, identified in December 2006, that caused data to be duplicated on the Refunds Report. Another error in the report's programming resulted in data being duplicated on the report after the Department was closed for three days during a blizzard in December 2006. Although the Department corrected report coding errors relating to daily totals on the report in a timely manner, it failed to correct coding errors relating to year-to-date totals. The Department reconciled the total dollar amount of refunds issued to COFRS through June 30, 2007, but the Department did not reconcile the total number of warrants issued through June 30, 2007, because of time constraints and because of Department staff's determination that it was a lower-risk area.

These problems indicate that the Department's Income Tax System is unable to respond to disruptions in schedules and that the Department does not resolve reporting issues in a timely manner. The Department should be able to identify the number and total dollar amount of refund warrants that have been issued to date and report this information in a timely manner. The Department should improve controls over financial reporting by ensuring that the reporting system is able to handle interruptions in business and resolving report programming issues in a timely manner.

(Classification of Finding: Control Deficiency.)

Recommendation No. 38:

The Department of Revenue should improve controls over financial reporting related to income tax refunds by:

a. Resolving reporting issues on the "Summary of Income Tax Refunds Issued" report in a timely manner.

b. Ensuring that the Income Tax System is able to correctly process information during interruptions in business.

Department of Revenue Response:

a. Agree. Implementation date: Implemented.

Department of Revenue Information Technology (IT) section is committed to the timely correction of problems considering competing priorities. Through the reconciliation process the Revenue Accounting staff can identify reporting problems and issue problem reports; the IT section prioritizes problem reports and will resolve the problems as soon as possible within existing resources.

b. Agree. Implementation date: Implemented.

The Department of Revenue will ensure accounting reporting files are able to be recovered to correctly report Income Tax Refunds Issued. The reconciliation process will continue to be performed to detect reporting discrepancies.

Financial Reporting

At the end of each fiscal year, the Office of the State Controller (OSC) requires that each department submit financial and financial-related information that aids in the preparation of the State's financial statements and footnote disclosures. The OSC requires that all departments submit this information on uniform reports, or "exhibits."

During Fiscal Year 2007, we reviewed exhibits that had been prepared and submitted to the OSC by the Department. During the audit, we identified problems with the Department's "Reporting on Major Accounting Estimates in Excess of $1,000,000" exhibit (Exhibit P). This exhibit provides information to the OSC regarding major accounting estimates made by the Department at fiscal year-end. The Department's Exhibit P for Fiscal Year 2007 included estimates of amounts due to and due from the Department for various taxes. The estimates were based on both historical data and detailed reviews of selected cases.

We found the following problems: First, we found that the accounting entries for one of the major estimates included on the Department's exhibit did not balance, as required. Specifically, we found that the Department failed to include a portion of an entry representing accruals for Delinquent Individual Income Tax Withholding liabilities. As a result, the liabilities that were reported on the Exhibit P were understated by about $273,000. After we notified Department staff of the error, they

resubmitted a corrected Exhibit P to the Office of the State Controller prior to issuance of the State's financial statements.

Second, we noted that the information used to calculate a portion of the estimates that were included on the Exhibit P did not include data for Fiscal Year 2007. Rather, the Department used only information from Fiscal Years 1998 through 2006. As a result of Fiscal Year 2007 data having been omitted, the estimate reporting on the Exhibit P was not based on the most current data available and was, therefore, inaccurate. We found that inadequate communication between Department Division staff had an impact on the accuracy of the estimate. Specifically, Information Technology division staff, prior to year-end, archived Fiscal Year 2007 information that was necessary for the Research and Analysis division staff's estimation of individual and corporate income tax liabilities. As a result, the Department's Division of Research and Analysis did not use the Fiscal Year 2007 information to accurately calculate the accrual.

These errors indicate that the Department does not have an adequate supervisory review process over the Exhibit P and does not have procedures in place to ensure that the overall compilation of accounting information is accurate and complete. The Department should strengthen its internal controls over financial reporting to ensure that the amounts reported to the Office of the State Controller and included in the State financial statements are materially correct and that the information used for year-end accruals is based on complete and current data.

(Classification of Finding: Control Deficiency.)

Recommendation No. 39:

The Department of Revenue should improve its internal controls over financial reporting by:

a. Ensuring that exhibits are adequately reviewed by a supervisor prior to submission to the Office of the State Controller or other parties. Evidence of the review should be documented.

b. Implementing procedures to ensure that all necessary and historical information is available to estimate year-end accruals.

Department of Revenue Response:

a. Agree. Implementation date: September 1, 2007.

The Revenue Accounting group implemented procedures to ensure reconciliations, reports, and exhibits are reviewed by a supervisor or lead worker prior to release. The exhibits will be reviewed and initialed by a supervisor prior to release.

b. Agree. Implementation date: June 2008.

Office of Research & Analysis submitted an IT project request on August 9, 2007, to access the archive files along with current files to facilitate proper estimation of long term year-end accruals.

Purchasing Cards

During Fiscal Year 2007, the Department of Revenue expended approximately $1.1 million through the use of purchasing cards. The Department reported average total monthly purchasing card purchases during Fiscal Year 2007 of approximately $92,000. As of June 2007, 190 Department employees, or 13.4 percent of its 1,423 employees, had been issued purchasing cards.

An employee must submit a Purchasing Card Cardholder Account Form in order to request a purchasing card. The Purchasing Card Cardholder Account Form provides information such as the cardholder name and the spending limit associated with the card. The Purchasing Card Cardholder Account Form must be signed by the potential cardholder, approving official, division liaison, and the agency contact/program administrator in order for the card's issuance to be approved. The Department has designated three staff members as agency contacts/program administrators of the purchasing card program. These three individuals are the only employees who can set up or make changes to a purchasing card account. The Cardholder Agreement Form must be signed by each employee prior to the issuance of his or her purchasing card to ensure that all are aware of their cardholder responsibilities, which are listed in the Agreement Form.

All charges made on the purchasing card are the liability of the Department. However, the Cardholder Agreement Form states that, ". . . the employee assumes all responsibility for the card and will be held accountable for all charges incurred." Department policy requires cardholders to forward their cardholder statement, with supporting documentation attached, to the Accounting and Financial Services (AFS) division on a monthly basis. The cardholder statement and/or the supporting

documentation must be signed by the cardholder and an approving authority. The Department has assigned selected staff responsibility for reviewing purchase documentation and checking the account codes for purchases made with purchasing cards.

During our Fiscal Year 2007 audit, we reviewed a sample of monthly purchasing card statements and related supporting documentation, along with the documentation required for the issuance of the purchasing cards of 25 cardholders. While we did not identify problems with card charges, we found that the Department's controls over card issuance need to be improved to ensure that cardholders understand their responsibilities. Specifically, we identified one or more problems with ten, or 40 percent, of the files we reviewed. We found the following problems:

- Seven cardholder files did not contain a Purchasing Card Cardholder Account Form that had been signed by all of the required individuals.

- Four cardholder files did not contain a signed Cardholder Agreement Form.

Adequate controls over purchasing cards are important because the cards are a high risk area for fraud and abuse. For example, without adequate internal controls in place over purchasing card issuance, the Department faces increased risk that purchasing cards will be issued to unauthorized users and that fraudulent purchases will be made. The Department should improve controls over the issuance of purchasing cards and ensure that all the required forms are completed and signatures are obtained prior to an employee's receiving his or her purchasing card.

(Classification of Finding: Control Deficiency.)

Recommendation No. 40:

The Department of Revenue should improve its internal controls over the issuance of purchasing cards by ensuring that required forms are obtained and signed prior to card issuance.

Department of Revenue Response:

Agree. Implementation date: November 2007.

The Department of Revenue has reviewed all of the cardholder's files and we now have the required forms for all active cardholders. We have reviewed with staff the internal controls already in place that require these forms and signatures prior to the issuance of the cards.

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Office of the State Treasurer

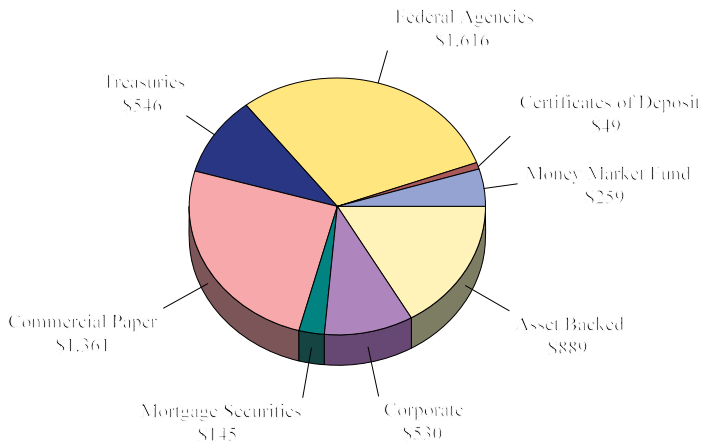
Introduction

The Office of the State Treasurer (Treasury) is established by the State Constitution. The Treasurer is an elected official who serves a four-year term. The Office manages the State's investments and implements and monitors the State's cash management procedures. Other duties and responsibilities include:

- Receiving, managing, and disbursing the State's cash.
- Safekeeping the State's securities and certificates of deposit.
- Managing the State's Unclaimed Property Program, the School District Loan Program, and the Elderly Property-Tax Deferral Program.

The State's pooled investments are made up of a variety of securities as shown in the following chart:

Colorado Treasury Pool Portfolio Mix
As of June 30, 2007
(In Millions)



Source: Office of Treasurer records.

In Fiscal Year 2007 the Department was appropriated approximately $368 million, of which $364.6 million relates to special purpose programs and $3.4 million relates to Department operations, and 26 full-time equivalent staff. The Department receives approximately 27 percent of its funding from general funds, 72 percent from cash funds exempt, and 1 percent from cash funds.

The following was prepared by the public accounting firm of BKD, LLP, which performed the Fiscal Year 2007 audit work at the Treasury.

Distributions from Highway Users Tax Fund

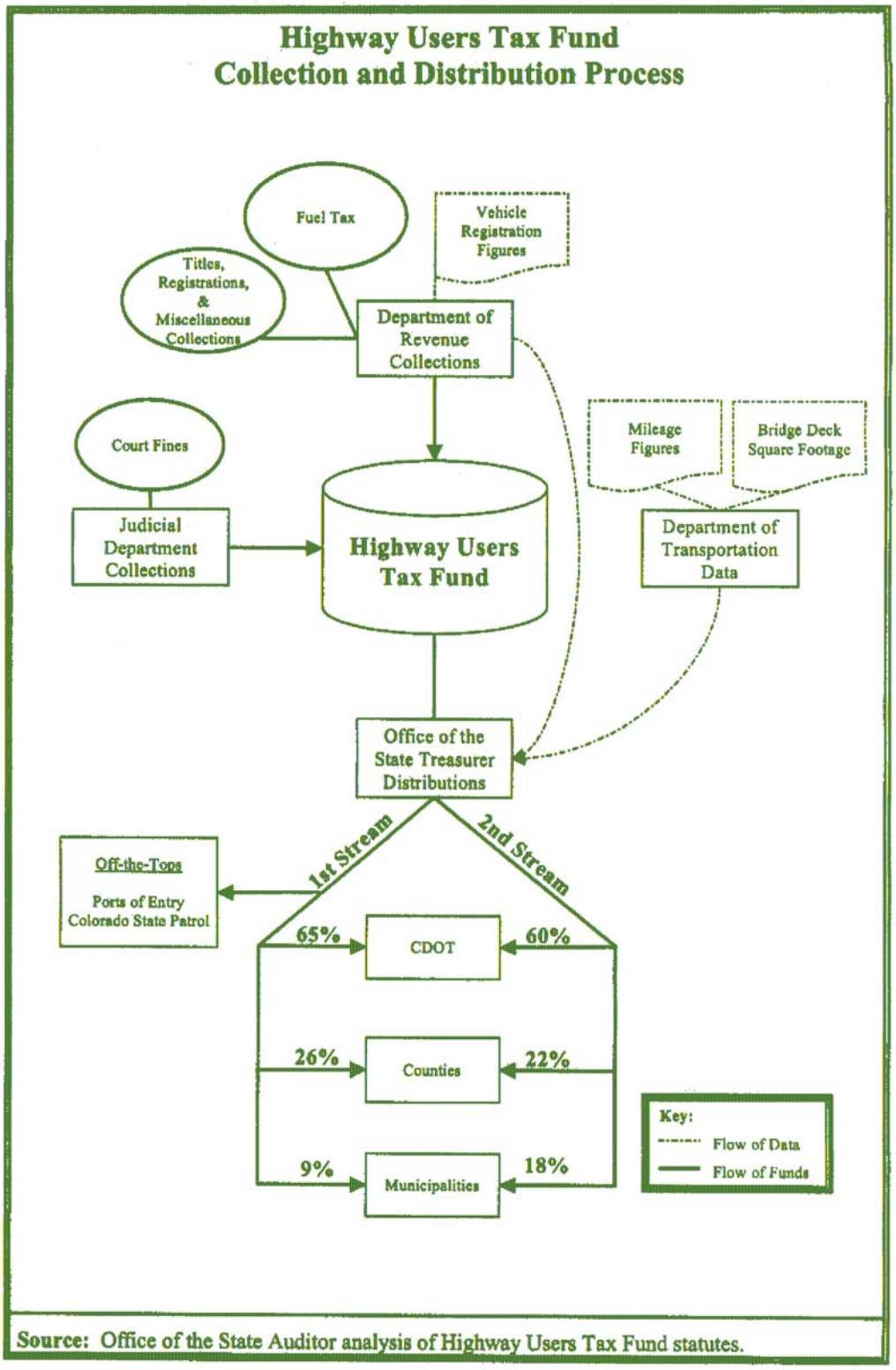
Under Title 43, Part 2 of the Colorado Revised Statutes, the Department of Revenue (Department) and the Judicial Branch are responsible for collecting specific highway-related taxes, fees and fines that are to be transferred to the Treasury for deposit into the Highway Users Tax Fund (HUTF). The majority of revenue deposited into the fund are derived from motor fuel excise taxes and various fees collected by the Department. The Treasury is responsible for making monthly distributions from the Fund in accordance with a statutorily defined formula, as described below. These distributions are primarily used for highway construction, repair, and other highway-related expenditures at both the state and local level. In Fiscal Year 2007, Treasury made distributions of $1,292 million from the Fund or an average of about $108 million monthly.

Section 43-4-205(1), C.R.S., requires that the Department shall provide revenue estimates related to the Fund to the Treasurer by the seventh working day of each month and that the Treasury shall make distributions from the Fund within five working days of receiving estimates from the Department.

As the chart on the next page illustrates, after certain "off the top" allocations, there are two distinct revenue distribution streams within HUTF:

First Stream. The source of revenue for the first distribution stream is the first 7 cents of the excise tax on motor fuel and also includes miscellaneous collections from motor vehicles, drivers' licenses and court fines. The first distribution is currently apportioned at 65 percent to the Colorado Department of Transportation (CDOT), 26 percent to counties, and 9 percent to municipalities throughout the State.

Second Stream. The second distribution stream is comprised of revenue from fuel taxes in excess of 7 cents per gallon, drivers' license fees, and motor vehicle registrations. The second distribution stream is apportioned at 60 percent to CDOT, 22 percent to counties, and 18 percent to municipalities.



Source: Office of the State Auditor analysis of Highway Users Tax Fund statutes.

During our audit, we found that for two out of six months selected for testing, Treasury did not make distributions from the Fund within the five working days required after receiving the estimates from the Department. For October 2006, Treasury made the distribution in seven working days, and for April 2007 Treasury made the distribution in six working days. The Treasury should ensure distributions from the Fund are made within the time frames established in statute.

(Classification of Finding: Not classified—not an internal control issue.)

Recommendation No. 41:

The Office of the State Treasurer should ensure distributions from the Highway Users Tax Fund are made within the statutorily required five days after receiving revenue estimates from the Department of Revenue.

Office of the State Treasurer Response:

Agree. Implementation date: November 2007.

The Treasury will continue to make every possible effort to ensure distributions from the Highway Users Tax Fund are made within the statutorily required five days after receiving revenue estimates from the Department of Revenue.

Unclaimed Property

Colorado businesses with unclaimed property from customers are required under the Unclaimed Property Act (Section 38-13-116.5, C.R.S.) to turn over those assets to the Unclaimed Property Division (the Division) of the Office of the State Treasurer. Treasury is responsible for ensuring the assets are properly safeguarded until they are distributed to their rightful owner. Currently, the Unclaimed Property Division of Treasury maintains a list of over 500,000 names of individuals as well as businesses for whom property is available. As of June 30, 2007, the Division has taken into custody approximately $503 million in cash and 165 million shares in unclaimed assets since the inception of the program in 1987. The current amount to be claimed at June 30, 2007, is approximately $370 million. During the fiscal year, the Division paid out $17 million in cash and 2 million in shares.

The Department utilizes a computer program to process all the assets and claims received. We noted the following problems relating to segregation of duties and lack of documentation:

- The Division relied on a former employee's knowledge of the computer system to carry out the operations of the Division instead of documenting policies and procedures relating to the information system.

- Review of reports summarizing revisions made to unclaimed property records is not documented to indicate that this formal review has been performed by someone other than the individual initiating the change.

Without internal controls in place in these areas, the Division cannot adequately mitigate the risk of fraud or errors.

(Classification of Finding: Control Deficiency.)

Recommendation No. 42:

The Office of the State Treasurer should improve internal controls over Unclaimed Property by:

a. Documenting policies and procedures that apply to the computer system operations.

b. Cross-training staff, including management, on the functionality of the computer system and the documented policies and procedures above to allow efficient operations in the event of turnover or employee absences.

c. Ensuring that proper monitoring is performed by requiring that review of change reports be documented and performed timely by an individual not involved in making changes to the Unclaimed Property system.

Office of the State Treasurer Response:

Agree. Implementation date: November 2007.

a. The Unclaimed Property Division is in the process of updating its documentation of policies and procedures applying to the computer operating system.

b. During the fieldwork, and prior to the hiring of the new system administrator, the Division commenced cross-training of several staff members in the functionality of the computer system. Cross-training will continue to allow for efficient operations in the event of turnover or employee absences.

c. Strategic changes to computer records are reflected by flags in the system that prevent further processing until an individual not involved in making the change releases the data in a timely manner. The software vendor is developing easily accessible reports that will reflect all changes to owner, property information, and amounts.

Compliance with Colorado Funds Management Act

The Colorado Funds Management Act (the Act) under Section 24-75-901, C.R.S., was enacted to allow the State to finance temporary cash flow deficits caused by fluctuations in revenue and expenditures. Under the Act, the State Treasurer is authorized to sell Tax and Revenue Anticipation Notes (TRANS). TRANS are short-term notes payable from the future anticipated pledged revenue.

The Office of the State Auditor reviews information relating to tax and revenue anticipation notes and reports this information to the General Assembly as directed by Section 24-75-914, C.R.S. The following discussion provides information about the Treasurers July 6, 2006, issuance of $650 million in General Fund Tax and Revenue Anticipation Notes (hereafter referred to as the General Fund Notes) and the July 11, 2006, issuance of $145 million (2006A) and December 19, 2006, issuance of $200 million (2006B) in Education Loan Program Tax and Revenue Anticipation Notes (hereafter referred to as the Education Loan Program Notes).

Terms and Price

The General Fund Notes had a maturity date of June 27, 2007, and the Education Loan Program Notes had a maturity date of August 3, 2007. Neither is subject to redemption prior to maturity. The maturity of the General Fund Notes comply with the Act, which requires the maturity date to be at least three days prior to the end of the fiscal year. The maturity date of the Education Loan Program Notes complies with House Bill 03-1274, which allows the TRANS to mature any date on or before August 31 of the fiscal year immediately following the fiscal year in which the Notes were issued. In addition, according to HB 03-1274, on or before the final day of the fiscal year in which the Education Loan Program Notes are issued, there shall be

deposited, in one or more special segregated and restricted accounts and pledged irrevocably to the payment of the Education Loan Program Notes, an amount sufficient to pay the principal and interest related to the Education Loan Program Notes on their stated maturity date.

State of Colorado
Details of General Fund and
Education Loan Program Note Issuances
For the Fiscal Year Ended June 30, 2007

	General Funds Notes	Education Loan Program Notes Series A	Education Loan Program Notes Series B
Date of Issuance	July 6, 2006	July 11, 2006	December 19, 2006
Issue Amount	$650,000,000	$145,000,000	$200,000,000
Denominations	$5,000,000	$5,000,000	$5,000,000
Face Interest Rate	4.50% - 4.75%	4.50%	3.75%
Premium on Sale	$4,556,350	$1,068,500	$304,000
Interest Cost to the State, net of premium	3.80%	3.84%	3.56%

Source: Office of the State Treasurer records.

Notes in each series are issued at different face interest rates. These are the rates at which interest will be paid on the Notes. The average net interest cost to the State differs from the face interest rates because the Notes are sold at a premium, which reduced the net interest cost incurred.

Security and Source of Payment

In accordance with the Act, principal and interest on the General Fund Notes are payable solely from any cash income or other cash receipts recorded in the General Fund for Fiscal Year 2007. General Fund cash receipts include those that are subject to appropriation in Fiscal Year 2007 and any pledged revenue, including the following:

- Revenue not yet recorded in the General Fund at the date the Notes were issued.

- Any unexpended Note proceeds.

- Proceeds of internal borrowing from other state funds recorded in the General Fund.

The State Treasurer records monies reserved to pay the principal and interest of the Notes in the 2006 Note Payment Account on the State's accounting system. The Notes were secured by an exclusive first lien on assets in the Account. The State Treasurer held in custody the assets in the 2006 Note Payment Account.

If the balance in the Account on June 15, 2007, was less than the principal and interest of the General Fund Notes due at maturity, the Treasurer must deposit into the Account all general fund revenue then available and borrow from other state funds until the balance meets the required level. On June 15, 2007 and at maturity, on June 27, 2007, the Account balance was sufficient to pay the principal and interest without borrowing from other state funds.

According to HB 03-1274, interest on the Education Loan Program (ELP) Notes was payable from the General Fund. Principal on the ELP Notes was payable solely from the receipt of property taxes received by the participating school districts on and after March 1, 2007 that are required to be deposited to the general fund of each school district. Statutes require the school districts to transfer funds for the entire principal on the ELP Notes into the State Treasury by June 25, 2007. The State Treasurer used these funds to repay the principal on the ELP Notes. The school districts completed these transfers by June 25, 2007, and the State Treasurer used these funds to repay the principal on the ELP Notes.

If, on June 25, 2007, the balance in the Education Loan Program Notes Repayment Account is less than the principal of the ELP Notes at maturity, the Treasurer must deposit from any funds on hand that are eligible for investment an amount sufficient to fully fund the ELP Account. On June 25, 2007, the balance in the Education Loan Program Notes Repayment Account was sufficient to fund both the Series A and Series B ELP Notes at maturity and no additional deposits from other funds were necessary.

The amount due at maturity for the General Fund Notes was $678,543,125 consisting of principal of $650,000,000 and interest of $28,543,125. The amount due at maturity for the 2006A ELP Notes was $151,307,500, consisting of principal of $145,000,000 and interest of $6,307,500. The amount due at maturity for the 2006B ELP Notes was $204,666,667 consisting of principal of $200,000,000 and interest of $4,666,667. To ensure the payment of the General Fund and ELP Notes, the Treasurer agreed to deposit pledged revenue into both the General Fund Notes and ELP Notes Repayment Accounts so that the balance on June 15, 2007, and June 25, 2007, respectively, will be no less than the amounts to be repaid. The Note agreements also provide remedies for holders of the Notes in the event of default.

Legal Opinion

Sherman & Howard LLC and Kutak Rock LLP, bond counsels, have stated that, in their opinion:

- The State has the power to issue the Notes and carry out the provisions of the Note agreements.
- The General Fund and Education Loan Program Notes are legal, binding, secured obligations of the State.
- Interest on the Notes is exempt from taxation by the United States government and by the State of Colorado.

Investments

Both the Colorado Funds Management Act and the General Fund and Education Loan Program Note agreements allow the Treasurer to invest the funds in the General Fund and Education Loan Program Notes Repayment Accounts in eligible investments until they are needed for Note repayment. Interest amounts earned on the investments are credited back to the Accounts. The State Treasurer is authorized to invest the funds in a variety of long-term and short-term securities according to Article 36 of Title 24, C.R.S. Further, Section 24-75-910, C.R.S., of the Funds Management Act states that the Treasurer may:

- Invest the proceeds of the Notes in any securities that are legal investments for the fund from which the Notes are payable.
- Deposit the proceeds in any eligible public depository.

Purpose of the Issue and Use of Proceeds

The General Fund Notes were issued to fund the State's anticipated general fund cash flow shortfalls during the fiscal year ending June 30, 2007. The proceeds of the sale of the General Fund Notes were deposited in the State's General Fund. Note proceeds were used to alleviate temporary cash flow shortfalls and to finance the State's daily operations in anticipation of taxes and other revenue to be received later in Fiscal Year 2007.

The Education Loan Program Notes were issued to fund a portion of the anticipated cash flow shortfalls of the school districts during the State's fiscal year ending June 30, 2007. The net proceeds of the sale of the Notes were used to make interest-free

loans to the school districts in anticipation of the receipt of property tax revenue by the individual districts on and after March 1, 2007, to and including June 25, 2007.

Additional Information

The General Fund Notes and the Education Loan Program Notes were issued through competitive sales. A competitive sale involves a bid process in which notes are sold to bidders offering the lowest interest rate.

The Notes issuance is subject to the Internal Revenue Service's (IRS) arbitrage requirements. In general, arbitrage is defined as the difference between the interest earned by investing the Note proceeds and the interest paid on the borrowing. In addition, if the State meets the IRS safe harbor rules, the State is allowed to earn and keep this arbitrage amount. The Office of the State Treasurer is responsible for monitoring compliance with the arbitrage requirements to ensure that the State will not be liable for an arbitrage rebate.

State Expenses

The State incurred expenses as a result of the issuance and redemption of the TRANS. These expenses were approximately $261,626 in total for the General Fund and Education Loan Program Notes. The expenses include:

- Bond legal counsel fees and reimbursement of related expenses incurred by the bond counsel.
- Disclosure counsel fees and expenses.
- Fees paid to rating agencies for services.
- Costs of printing and distributing preliminary and final offering statements and the actual Notes.
- Travel costs of state employees associated with Note issuance and selection of a financial advisor.
- Redemption costs, consisting of fees and costs paid to agents to destroy the redeemed securities.

No recommendation is made in this area.

Subsequent Events

On July 5, 2007, the State issued $500 million in General Fund Tax and Revenue Anticipation Notes with a maturity date of June 27, 2008. The notes carry a coupon rate of 4.25 percent and were issued with a premium of $2.7 million. The total due at maturity includes $500 million in principal and $20.8 million in interest.

On July 16, 2007, the State issued $150 million in Education Loan Program Tax and Revenue Anticipation Notes with a maturity date of August 5, 2008. The Treasury made an interim payment of $515,556 on August 15, 2007. This payment was made from the General Fund in accordance with statute. The Notes carry a coupon rate of 4.0 percent to 4.5 percent and were issued with a premium of $797,800 The total due at maturity includes $150 million in principal and $6.2 million in interest.

On December 19, 2007, the State issued $310 million in Education Loan Program Tax and Revenue Anticipation Notes with a maturity date of August 5, 2008. By statute, interest on the notes is payable from the General Fund. The Notes carry a coupon rate ranging from 2.95 percent to 3.50 percent and were issued with a premium of $619,900. The total due at maturity includes $310 million in principal and $6.3 million in interest.

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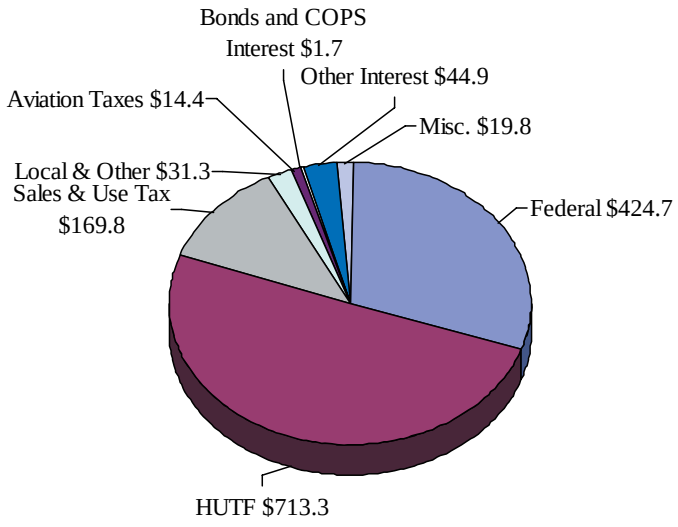
Department of Transportation

Introduction

The Colorado Department of Transportation (CDOT) is responsible for programs that impact all modes of transportation. The State Transportation Commission, composed of eleven members appointed by the Governor and confirmed by the Senate, governs its operations.

In Fiscal Year 2007, about 69 percent of the Department's expenditures were related to construction. Financing for construction and other expenditures comes from the Federal Highway Administration (FHWA), the Department's portion of the State Highway Users Tax Fund (i.e., the State Highway Fund), local entities and aviation-related taxes. The Department also receives other federal monies that are passed through to local governments and other entities for highway safety and transportation improvement programs. In addition, the Department recorded interest earnings of $1.7 million on Transportation Revenue Anticipation Notes (TRANS) proceeds during Fiscal Year 2007. The Department was appropriated 3,316 full-time equivalents for Fiscal Year 2007. The Department's Fiscal Year 2007 revenue, according to Department records, totaled $1,419.9 million as shown in the following chart:

Department of Transportation
Fiscal Year 2007 Revenue by Source
(In Millions)



Source: Department records.

The following comments were prepared by the public accounting firm of BKD, LLP, which performed Fiscal Year 2007 audit work at the Department of Transportation.

Calculation of Depreciation Expense

Except for infrastructure assets being accounted for using the modified approach, generally accepted accounting principles require that the cost of nearly all capital assets be spread over the expected useful life of the asset as depreciation expense in such a way as to allocate the cost as equitably as possible to the periods during which services are obtained from the use of the asset. Depreciation expense must be recorded in the proper accounting period and at the correct amount based on the estimated useful life of the asset, the asset's value, the date the asset was placed into service and the method of depreciation used. For Fiscal Year 2007, the Department's final depreciation expense was about $17.2 million.

In recording depreciation expense into the new Systems, Applications and Products in Data Processing (SAP) software, some classes of capital assets were not populating in the system in the correct manner. This resulted in depreciation expense

and the related accumulated depreciation account being understated by almost $2.9 million.

All depreciable and non-depreciable assets were converted from the Department's legacy system to SAP in November of 2006. As part of the conversion, there were two areas within the SAP fixed asset module that were populated with the asset life, expired useful life, and depreciation start date. One of the fields resides within the capital asset master record; the other field resides within the asset explorer record. The capital asset master record holds data such as description of the asset, asset class, capitalization date, fund, responsible cost center, etc. The asset explorer record holds data such as cost, accumulated depreciation, posted depreciation, and depreciation parameters.

Because the Department converted assets mid-year, SAP needed to be updated with the current year depreciation expense already calculated and posted in the legacy system prior to conversion. For all assets, except asset classes 400 (non-road equipment) and 850 (ITS equipment), posting of annual depreciation expense to SAP appears to have been done correctly for Fiscal Year 2007.

For asset classes 400 and 850, the SAP program used to convert the legacy system depreciation information into the SAP system did not populate the capital asset master record for these two asset classes. Depreciation information fields were only populated in the asset explorer record, and, because depreciation expense is calculated from the capital asset master record in SAP, it did not post depreciation expense correctly in SAP for these two asset classes.

Failure to maintain proper records for depreciation expense resulted in an understatement of expenses for the year and an overstatement of net assets. The recognition of this error created a need for an adjustment by Department staff in the SAP system. This adjustment corrected the amounts in accumulated depreciation and depreciation expense at year end. The errors affected the capital asset classes of vehicles and equipment. After the adjustments, the accumulated depreciation amount increased by $2.9 million or 1.5 percent in total for the classes affected and depreciation expense increased by $2.9 million or 20 percent in total for the classes affected.

(Classification of Finding: Control Deficiency.)

Recommendation No. 43:

The Department of Transportation should ensure the accounting system is calculating depreciation expense correctly by manually calculating depreciation expense, on a monthly basis, on a sample of capital assets in classes 400 and 850 and comparing the manual calculation results to the system's calculation of depreciation expense for those same line items until the Department has reached a high level of confidence that the system is calculating depreciation correctly.

Department of Transportation Response:

Agree. Implementation date: Ongoing, through June 2008.

As stated in the audit comment, the depreciation calculation for asset classes 400 and 850 was corrected during the audit. Depreciation is calculated and posted by the SAP system on a monthly basis. To ensure that the system is calculating the amounts correctly, CDOT (on a sample basis) is manually calculating and reconciling to the system calculated amount. To date, no errors have been found.

SAP Conversion and Calculation of Overtime Payroll

The Department of Transportation records overtime earned in its payroll system. The amount recorded by employees as overtime is then approved by supervisors and paid to employees in the following month's paycheck.

While performing tests in the payroll transaction cycle, through inquires of management, we determined that an error occurred subsequent to the conversion to SAP that resulted in approximately 530 employees having earned overtime totaling approximately $148,000 that was omitted from their paychecks in the correct pay period. The period of time that this error occurred was from November 2006 to January 2007. When the error was identified, the problems were addressed by the Department and were deemed to be resolved by April 2007. We tested overtime payroll from April to June 2007 and determined that overtime worked appeared to be paid to the respective employees in the appropriate pay period.

These problems were encountered because the SAP conversion process was not implemented correctly to accurately pull amounts into specific areas of the payroll system that allotted overtime amounts to employees.

By not paying the total amount owed to employees, liabilities and expenses, or assets, can be understated. Additionally, employee satisfaction can be affected adversely when incorrect amounts are paid or are not paid timely.

(Classification of Finding: Control Deficiency.)

Recommendation No. 44:

The Department of Transportation should continue to monitor all aspects of the processing and payment of payroll, including overtime earned. Periodic internal audit testing on the payroll system should also be conducted to help ensure that personnel have adequate training on the functionality of the software and that amounts paid are accurate and timely.

Department of Transportation Response:

Agree. Implementation date: Completed, with payment made to all employees in spring 2007.

As stated in the audit comment, one element of the SAP timekeeping system (user exits) was not implemented at the time of SAP conversion on November 1, 2006. Because the State pays "special pay items" (i.e., overtime, shift pay) a month after they are earned, CDOT did not become aware of this issue until the payroll which paid December 31, 2006. At that time, CDOT staff traveled throughout the State of Colorado, meeting with regional meeting employees one-on-one to determine what was owed them. As each group of supporting documentation was received, employees were paid immediately, through the most feasible method. As the audit states, the audit tests determined all employees since that time appear to be paid correctly.

Recording of Accounts Payable at Year End

Under generally accepted accounting principles, accounts payable must be recorded in the period in which the related expenditures or costs are incurred.

While performing cutoff testing procedures, such as reviewing disbursements made subsequent to year end to determine if they relate to the previous fiscal year, we discovered that two of the items we selected in the total amount of $571,480 had not been recorded properly prior to year-end. The invoices were originally received by the project manager who did not forward them to the business office in time to meet the year end cut-off for entering them into SAP prior to year end and were therefore entered into the system after the year had been closed.

The Department's year-end closing procedures were not sufficient to capture all significant unrecorded liabilities.

By not making entries in a timely manner, there is a possibility that a material misstatement of the financial statements could occur and not be detected.

(Classification of Finding: Control Deficiency.)

Recommendation No. 45:

The Department of Transportation should improve year-end procedures to ensure all expenses and costs incurred prior to year-end are recorded.

Department of Transportation Response:

Agree. Implementation date: June 2008.

CDOT will ensure additional controls are established and training on this issue is provided to regional and headquarters business managers at fiscal year end 2008.

Safeguarding of Information System

Disaster Recovery

In November 2006, the Department of Transportation implemented an enterprise resource planning (ERP) software package, written by the software company SAP, to replace the accounting and project management functions that were being performed by a number of separate computerized and manual processes. The SAP system also replaced the detailed accounting functions that had been performed by the State's accounting system, COFRS, so only summary accounting data from the Department is now loaded into COFRS. During the time period from its initial

implementation in November 2006 through the end of Fiscal Year 2007, the SAP system accounted for $965 million in Department expenditures and processed 952 Department contracts.

In 1990 the Colorado Commission on Information Management (IMC) issued a statewide Contingency Planning/Disaster Recovery Policy requiring "all state branches, agencies, departments, and institutions to prepare and test disaster recovery plans that will be maintained and used in the event of a disaster." Inherent in the Policy is the necessity for disaster recovery plans to address all information systems, particularly those identified as critical to agency operations. According to the Policy, agency disaster recovery plans are to follow specific guidelines, which focus on the following six areas:

1. **Designation of a disaster recovery team,** including a coordinator and key user personnel.

2. **Recovery requirements for each system application.** These requirements address physical space, hardware, software, communications, and other resources for recovery.

3. **Recovery time frames** outlining both recovery requirements and user procedures.

4. **Recovery procedures** detailing how the applications will be restored, the locations to be used during recovery, and the procedures for returning to the permanent site.

5. **Annual recovery-plan testing,** including testing of the recovery requirements, time frames, and detailed procedures.

6. **Recovery-plan maintenance** to ensure that the plan is updated or modified to reflect changes in recovery requirements, time frames, personnel, or other factors.

The IMC further required in 2006 that departments complete planning by June 30, 2007, for "providing robust disaster recovery functionality to all of their critical systems." Implementation of those plans is to be completed by June 30, 2008, the end of Fiscal Year 2008.

The IMC was dissolved in early 2007. At that time, the Governor's Office of Information Technology (OIT) replaced the IMC's Disaster Recovery Policy with an updated policy that incorporated the original policy's requirements and expanded

it to include additional requirements and definitions. This new policy became effective on August 1, 2007.

Because the IMC Policy was in place during Fiscal Year 2007 but the OIT policy was instituted during our audit, we performed testwork to determine the Department's compliance with both the IMC policy and the OIT policy. We also performed testwork to assess the Department's disaster recovery efforts.

We found that the Department's current disaster recovery efforts are lacking. Specifically, we found that the Department's primary disaster recovery plan was last updated in April 2005 prior to implementation of the SAP system. The existing plan, therefore, does not address disaster recovery requirements for the SAP system. Although the Department created a separate document during SAP implementation to address the backup and recovery requirements of the SAP system, that document does not address all of the items needed to restore the SAP system in the event of a disaster.

We found the following specific problems with the Department's disaster recovery plan:

1. The Department's 2005 Plan does identify the coordinator and key personnel for a disaster recovery team, but the contact list and identified key personnel have not been updated since 2005. Further, the plan contains no contact information for 5 of the 31 people identified as responders.

2. The plan documents do not address hardware and communication needs, which is a requirement of both the IMC and OIT policies.

3. The plan documents do not address recovery time frames, which would detail how long the SAP system could be inoperative before implementing the disaster recovery restoration process and how long the restoration process should take. In addition, the plan documents do not include detailed user procedures for restoring the SAP system or identified recovery sites.

Because the Department has not ensured that its disaster recovery plan has been updated to reflect changes in recovery requirements, time frames, personnel, or other factors, it is out of compliance with the IMC and OIT policies. Further, the Department has no assurance that its systems would be recovered in the event of a disaster.

Physical Safeguarding of Information System

During our audit, we also identified disaster recovery issues related to the Department's physical safeguarding of the SAP system hardware. The majority of the Department's computer hardware, including servers and network devices, is located at the Department's data center. We performed a physical inspection of the Department's data center to determine whether there were any disaster recovery issues to be addressed pertaining to the Department's physical facilities housing its data center. We found several environmental conditions that need to be improved to prevent damage to hardware used by the SAP system.

First, we found that the data center has two separate and incompatible fire-suppression systems: a halon system and a building-wide sprinkler system. The halon system is designed around the use of halon, an inert gas that, when released, inhibits the combustion of oxygen and, thus, extinguishes the fire. Halon has toxic properties, so all personnel must be evacuated before a halon system is used. The Department has the appropriate processes in place to allow this evacuation, including the activation of two separate fire sensors with a 90-second delay before the halon is discharged and a manual prevention button located by the data center doorway which when held down, will prevent the discharge of the system. Because the halon system is gas based, when it is discharged it will extinguish the fire without causing any additional damage to the hardware in the data center. The building-wide sprinkler system consists of a water reservoir connected to a series of pipes running throughout the building. The water reservoir is air-pressurized, which allows the pipes to remain dry until activated. Each sprinkler head contains a fuse that will melt in high temperature and cause the system to depressurize, thereby allowing water to flow from the sprinklers to extinguish the fire. Although the halon system may activate before the water-based system and extinguish the fire, there is a possibility that the heat from the fire will still activate the sprinkler system. This risk is significant due to the magnitude of the damage and loss of use that would occur to the Department's computer systems from an activated sprinkler system.

Second, we found a recurring water-related issue caused by the data center's air conditioning system pipes located in the data center's ceiling. The water pipes leading into the air conditioning system periodically freeze while operating. After the air conditioning system has been shut down, the frozen pipes thaw, and the water leaks down into the equipment in the data center. We observed water dripping through the ceiling directly over the computer racks holding the servers running the SAP system. The Department has placed a plastic sheet over those servers with a hose leading to a five-gallon bucket to catch the leaking water. Because of the size and location of the plastic sheet over the server, in the event of a fire in the server, the sprinkler system would not be able to extinguish a fire until the plastic sheet had

been removed by either burning or melting resulting in additional damage to the servers running the SAP system.

Finally, we found that the data center was extremely cluttered. As a result, Department employees may be at risk of inhaling halon gases at the time of a fire emergency due to the increased amount of time required to exit the building.

These three environmental conditions in the Department's data center result in an increased risk of water, electrical, or high-temperature damage to the SAP system hardware, as well as a risk of potential injury to personnel.

The Department's current lack of an updated, detailed disaster recovery plan and the existing environmental conditions at its data center as described above, create the potential for water- or fire- related damage to the Department's SAP system hardware and the resulting loss of the SAP system data and services for an extended period of time. This could result in significant additional expense resulting from downtime and loss of productivity. Because the SAP system is critical to the Department, it is imperative that the Department have a comprehensive disaster recovery plan to follow, in the event of a disruption to its SAP system. Further, the Department must immediately address the environmental issues identified to ensure that the SAP system is safeguarded and that the risk of injury to personnel is minimized.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 46:

The Department of Transportation should ensure that its information systems are safeguarded by:

a. Updating its existing disaster recovery plan to address the SAP system. This should include ensuring that the contact information for key personnel is accurate and complete and that all new disaster recovery requirements as identified by State policies are addressed. Future updates should be made to the plan as appropriate and in accordance with State policies governing disaster recovery.

b. Addressing current environmental hazards to the Department's information systems.

Department of Transportation Response:

a. Agree. Implementation date: July 2008.

The disaster recovery plan to address the SAP system is in progress. We are currently working on building out CDOT's disaster recovery facility in Pueblo, as has been previously reported. We are anticipating the remaining tasks to be completed on this in late January. By early to mid-February, we will be able to implement backups of SAP data (at a minimum) at the Pueblo facility.

The plan itself including the coordinator, key personnel, contact lists, recovery time frames and detailed user procedures for restoring the SAP system will be incorporated into the OIT's Continuity of Operations/Government (COOP/COG) plan. This is a required plan by OIT and must be completed by June of 2008. The Department requests the ability to not have to duplicate efforts and incorporate the SAP disaster recovery plans into the COOP/COG.

b. Partially agree. Implementation date: June 2008 for the air conditioning system replacement.

The data center has two fire suppression methods: a halon system and a dry pipe sprinkler system. The halon system will most likely activate first in the event of a fire, not the sprinkler system. The sprinkler system pipes are pressurized with air so there is no water in the pipes. The sprinkler system pipes have sensors that must physically melt before the pressure is released and water is allowed into the pipes. The halon system would activate first in the event of a fire and would likely extinguish the fire well before it could become hot enough to melt the sensor in the sprinklers (and thus allow water into the pipes).

The air conditioning system will be replaced before the end of the fiscal year. CDOT is working on the Request for Proposal now to replace this system.

The data center has been recently cleaned and cleared of excess clutter including the decommissioning of several old servers.

Segregation of Duties

As discussed previously, in November 2006 the Department of Transportation implemented an enterprise resource planning (ERP) software package written by the software company SAP to replace its existing accounting and project management systems.

State information technology policies outline best practices and requirements related to information security. These policies state that information systems must enforce the most restrictive set of rights or access needed by users for the performance of specified tasks. That is, users should have only enough access to an information system to perform their job duties. State policies also require that system access requests be approved by the data owner and that roles be clearly listed on a System Access Request form. Security best practices dictate that organizations identify what kinds of system events are considered "important" and need to be logged and audited. Selecting the right level of abstraction for audit-record generation is a critical aspect of an audit capability and can facilitate the identification of a problem's root causes.

One of the fundamental building blocks of an effective internal control system is segregation of duties. Segregation of duties is the process in which conflicting duties are assigned to separate individuals. Conflicting duties are those duties that, when performed by one person, potentially allow the person to perpetrate fraud. An example of conflicting duties would be when the same individual has both access to writing checks from bank accounts and the responsibility for reconciling the bank accounts with no secondary review. Incompatible duties can also exist within a computer system, such as the Department's SAP system, for example when an individual can both create vendors and issue vendor payments.

The Department's SAP system, which can process over 1,900 types of transactions and has about 3,200 users, uses a complex yet flexible approach to controlling access rights. This approach is based on restricting the ability to read, create, edit, or approve each individual transaction type in the SAP system. Access for the various transaction types is grouped together into profiles that can be assigned to an individual user. These profiles can be designed to provide only the access that the user requires to perform his or her job function. Multiple profiles can be assigned to a single user.

We reviewed the Department's processes related to the assignment of SAP transactions and profiles to users in order to verify that access privileges granted to users are consistent with job roles that have been assigned to users in their daily work. We found that the Department does not have an adequate control framework for ensuring that duties are properly segregated. Specifically, we found that a formal

risk assessment pertaining to the segregation of duties within SAP has not been performed. A risk assessment would ensure that high-risk and potentially incompatible transactions and profiles are identified, documented, and managed appropriately. A risk assessment would also assist management in identifying user security access events that should be logged and monitored for the purposes of detecting unauthorized system activity. Without this assessment, it is difficult for management to ensure the development and implementation of effective access control processes, policies, and procedures necessary to prevent the corruption of SAP production data through unauthorized, inadvertent, or malicious actions.

Because the Department uses the SAP application for all of its detailed accounting functions, the implementation of a well-planned SAP security-control structure is essential. Therefore, the Department must perform a security risk assessment and develop policies and procedures that address identified risks and govern the granting of access rights. Additionally, security administrators should be provided comprehensive training on the new policies and procedures. The Department should also perform a detailed review of existing access rights in the SAP system to identify all conflicting transaction access rights and modify rights as appropriate.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 47:

The Department of Transportation should perform a comprehensive security risk assessment and a detailed review of current transaction access rights as implemented in the Department's SAP system to identify all conflicting transaction access rights and modify existing access rights as appropriate. This list of conflicting transaction access rights should then be loaded into the SAP system's access monitoring system to allow the security administrators to perform monthly reviews. Security administrators should document evidence of their monthly reviews and follow up on problems identified.

Department of Transportation Response:

Partially agree. Implementation date: June 2009.

CDOT agrees that a comprehensive security risk assessment is necessary. However, CDOT cannot perform these tasks as Recommendation No. 47 states. Instead, CDOT has mitigating controls in place which adequately meet current needs of the organization. As resources become available,

CDOT will develop a more comprehensive report-driven tool to enable a complete periodic review in addition to the current controls.

Department of Education

Introduction

Article IX of the Colorado Constitution places responsibility for the general supervision of the State's public schools with the Colorado State Board of Education (the Board). The Board appoints the Commissioner of Education to oversee the Department of Education which serves as the administrative arm of the Board by providing assistance to 178 local school districts and implementing administrative rules. Please refer to the introduction in the Department of Education chapter within the Financial Statement Findings section for additional background information.

The following comments were prepared by the public accounting firm of BKD, LLP, which performed the audit at the Department of Education for Fiscal Year 2007.

Period of Availability

During Fiscal Year 2007 the Department expended over $143.5 million for the Title I program. Title I, Part A funds are available to eligible schools, in combination with other federal, state, and local funds, in order to upgrade the entire educational program of the school and to raise academic achievement for all students. Our audit tested the Department's procedures for complying with federal requirements for period of availability. The Title I program requires that the Department must obligate funds during the 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability plus a 12-month period for carryover. The July 1, 2004, through September 30, 2006, award period was under review for period of availability compliance during the Fiscal Year 2007 audit.

The audit found that the Department recorded federal expenditures outside of the period of availability specified by the federal grant award period. The grant end date was manually changed in the State's accounting system, COFRS in order to allow specific allowable journal vouchers to be recorded to the grant. The Department found that the grant end date was not changed back to its original date after the adjustments were made, thus allowing payment vouchers to be recorded to the grant program outside of the period of availability. The total amount of federal awards that had to be transferred to other Title I award periods as a result of this error was $4,852.

Failure to properly control grant end dates in the accounting system could result in the expenditure of funds outside the approved period of availability which could result in federal reimbursements being required to be refunded by the Department to the federal awarding agency.

(CFDA No. 84.010, Title I Grants to Local Educational Agencies, Period of Availability of Federal Funds. Classification of Finding: Control Deficiency.)

Recommendation No. 48:

The Department of Education should assign someone the responsibility to review transactions near or subsequent to the end of an award period to ensure all transactions are properly recorded within the period of available funding. In addition, someone should periodically review grant award availability end dates in COFRS to ensure they are proper.

Department of Education Response:

Agree. Implementation date: Implemented.

The Department has assigned an employee to review grant transactions to determine that all transactions are recorded within the period of availability. However, it is important to note that 100 percent of all expenditures charged to federal grants were incurred within the period of availability required by the grant. The transactions identified by the auditor were previously detected by the Department and corrected prior to the fiscal year end close.

Department of Health Care Policy and Financing

Introduction

The Department of Health Care Policy and Financing (HCPF) is the state agency responsible for developing financing plans and policy for publicly funded health care programs. The principal programs administered by HCPF include the Medicaid program, which provides health services to eligible needy persons, and the State Children's Health Insurance Program (SCHIP), which furnishes subsidized health insurance for children aged 18 years or younger in low-income families not eligible for Medicaid. In Colorado, SCHIP is referred to as the Children's Basic Health Plan or Children's Health Plan Plus (CHP+). Please refer to the introduction in the Department of Health Care Policy and Financing chapter within the Financial Statement Findings section for additional background information.

Eligibility Determinations for Federal Programs

In Colorado, the responsibility for determining recipient eligibility for medical benefits is shared between the State and local eligibility sites. For the Medicaid program, individuals and families apply for benefits at their local county departments of human/social services or at designated Medical Assistance (MA) sites. The eligibility sites are responsible for administering the benefit application process, entering the required data for eligibility determination into the Colorado Benefits Management System (CBMS), and approving the eligibility determinations. The Department is responsible for supervising the eligibility sites' administration of the Medicaid program. Prior to February 2007, the Governor's Office of the Colorado Benefits Management System provided common oversight and coordination of the state management of CBMS. However, the Office of CBMS was dissolved by Executive Order No. D005 07 in February 2007.

The Department is also responsible for ensuring that only eligible providers receive reimbursement for allowable services on behalf of eligible individuals.

Colorado Benefits Management System (CBMS)

On September 1, 2004, the Department of Health Care Policy and Financing and the Department of Human Services (DHS) jointly implemented the Colorado Benefits

Management System. CBMS was designed to improve the accuracy and timeliness of eligibility determinations for programs including Temporary Assistance for Needy Families (TANF)/Colorado Works, Food Stamps, and Medicaid.

During our Fiscal Year 2007 audit of HCPF, we again performed testing to determine the Department's compliance with grant requirements for the Medicaid program. We also performed follow-up testing to determine the Department's progress in implementing numerous recommendations from our Fiscal Year 2006 audit, including problems noted during that audit with remaining Medicaid cases requiring additional data entry into CBMS and outstanding unprocessed cases that exceeded federal and state processing timeframe guidelines.

As a result of the number and significance of our findings during the Fiscal Year 2007 audit, we determined that the Department has a material weakness in internal controls over compliance with eligibility determination requirements for the Medicaid program. Under the federal Single Audit Act and federal Office of Management and Budget (OMB) *Circular A-133*, a material weakness is defined as a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable laws, regulation, contracts, and grants that would be material in relation to a major program, such as Medicaid, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. This is the third consecutive year that we have concluded that the Department has a material weakness in internal controls over eligibility for the Medicaid program. In Fiscal Year 2007, we tested 60 Medicaid claim payments (payments) made on behalf of Medicaid recipients and reviewed the case files associated with those Medicaid recipients. We found that of the 60 Medicaid payments in our sample, 22 payments (37 percent of payments sampled) contained at least one error. For the 22 payments containing errors, out of the total sampled costs of $80,763 we identified questioned costs of about $12,170 (15 percent of costs). These error rates indicate a substantial risk of the State making improper payments under the Medicaid program. From a state perspective, the risk is significant because of the high level of expenditures for the Medicaid program, which means that federal recoveries of disallowed costs could be substantial.

The error rates identified during the Fiscal Year 2007 audit are an improvement from Fiscal Year 2006, when we identified errors in 45 percent of payments sampled and questioned costs of 36 percent of sampled costs. In Fiscal Year 2005, we found errors in 37 percent of payments sampled and questioned costs of 15 percent of sampled costs.

The results of our Fiscal Year 2007 testing of the Medicaid and SCHIP are discussed below. The results of our testing over the TANF/Colorado Works and Food Stamp

program are contained in the Department of Human Services chapter in the Federal Award Findings section of this report.

Case Cleansing Issues

Upon implementation of CBMS, county department of human/social services staff had to enter additional data into CBMS that had not been required under the previous systems. Although the data in the former systems had been migrated to CBMS, additional eligibility information that previously had been maintained only in case files had to be manually entered in order for CBMS to function properly. As a result, existing information for each case that was active as of September 1, 2004, had to be reviewed, and county staff had to enter the additional information into the new system. This review and data-augmentation process has been commonly referred to as "case cleansing."

In August 2004, prior to the implementation of CBMS, the Department of Human Services (DHS) issued an administrative order stating that after the conversion to CBMS, benefits were to continue to be paid to recipients who were eligible for Medicaid, State Children's Health Insurance Program (SCHIP), Food Stamps, and TANF/Colorado Works as of September 1, 2004, until their cases were "cleansed" by county staff. A court order issued by the Denver District Court in December 2004 reinforced the order, requiring the State to continue to issue benefits to recipients whose cases required cleansing "until further Order of the Court." The number of cases requiring cleansing was reported by the State as totaling 380,312 cases in September 2004. The court order included a larger total in December 2004, stating, "Plaintiffs presented evidence that this number is over 600,000." HCPF and DHS reported that as of March 2006, the number of cases requiring cleansing had been reduced to 2,700.

During our Fiscal Year 2006 audit of HCPF, we found that, although HCPF had reduced the number of cases requiring cleansing, over 1,000 cases still required cleansing almost two years after CBMS implementation. Specifically, HCPF and DHS reported that, as of August 2006, 1,327 cases still required case cleansing. Medicaid and SCHIP cases accounted for 1,065 of the 1,327 cases (797 for Medicaid and 268 for SCHIP). Therefore, these cases remained under the court-ordered benefit freeze, and these recipients were eligible to continue to receive benefits based on their eligibility status as of September 1, 2004.

During our Fiscal Year 2007 audit, we found that, although HCPF has made further progress, there are still 382 Medicaid and SCHIP cases that need to be cleansed. An overview of the cases requiring cleansing are shown in the table below:

Department of Health Care Policy and Financing Medicaid and State Children's Health Insurance Program Cases Requiring Cleansing August 2006 and September 2007		
Program	**2006**	**2007**
Medicaid	797	169
State Children's Health Insurance Program	268	213
Total Cases Requiring Cleansing	**1,065**	**382**
Source: OSA analysis of CBMS data.		

The federal government could disallow reimbursements that the State has received for the federal share of benefit payments made to ineligible individuals. Therefore, HCPF should work with the county departments of human/social services to ensure that all remaining cases are cleansed as soon as possible.

(CFDA Nos. 93.767, 93.777, 93.778; State Children's Insurance Program, Medicaid Cluster; Eligibility. Classification of Finding: Significant Deficiency.)

Recommendation No. 49:

The Department of Health Care Policy and Financing should set a deadline for the case cleansing of all remaining backlogs of Medicaid and State Children's Health Insurance Program cases on the Colorado Benefits Management System, requiring that all remaining cases be cleansed as soon as possible.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Cases to be cleansed by July 1, 2008.

The Department will work with the county departments of human/social services and medical assistance sites to set a deadline for cleaning all remaining backlogs of Medicaid and the Children's Basic Health Plan Plus cases. The county departments of human/social services and medical assistance sites are responsible for reviewing those individuals covered under their respective caseload.

Timely Processing of Applications

Federal and state regulations require that benefit applications for the Medicaid, SCHIP, Food Stamps, and TANF/Colorado Works programs be processed in a timely manner. These processing requirements vary by program. Specifically, TANF/Colorado Works, SCHIP, and a majority of Medicaid applications are to be processed within 45 days of receipt. Medicaid applications for beneficiaries with disabilities should be processed within 90 days. Food Stamps applications must be finalized within no more than 30 days after the initial application; expedited Food Stamps applications must be processed within seven calendar days. DHS and HCPF are able to track processing timeliness through CBMS.

During our Fiscal Year 2005 and 2006 financial audits, we reviewed data relating to the county departments of human/social services' processing of cases within federally prescribed processing time frames. Case-processing data subsequent to CBMS implementation indicated that counties were facing difficulties with processing cases within required deadlines. The Denver District Court Order issued in December 2004 required the Departments to reduce the number of out-of-compliance cases from November 30, 2004 (then totaling over 29,000), by 40 percent (i.e., to about 17,600) before February 28, 2005, and thereafter to reduce each program area's out-of-compliance cases by 40 percent ". . . until substantial compliance with federal and state law is achieved." During our Fiscal Year 2006 audit, we noted that the total number of unprocessed cases in CBMS exceeding processing guidelines for Medicaid and SCHIP was 4,399 as of October 23, 2006. Acting upon our findings we recommended that the Department ensure that Medicaid and SCHIP cases be processed within federal and state guidelines. While the Department agreed with the recommendation, we found during our Fiscal Year 2007 audit that HCPF continues to face difficulties with processing new cases within federal and state program processing deadlines for Medicaid and SCHIP. Specifically, cases exceeding processing guidelines for these two programs as of October 1, 2007 continued to total over 4,000 cases as shown in the following table:

Department of Health Care Policy and Financing
Medicaid and State Children's Health Insurance Program
Cases Exceeding Processing Guidelines
October 23, 2006 and October 1, 2007

Program	**2006**	**2007**
State Children's Health Insurance Program	2,684	2,170
Medicaid[1]	1,715	1,880
Total Cases Exceeding Processing Guidelines	**4,399**	**4,050**

Source: OSA analysis of the CBMS Exceeding Processing Guidelines Report.
[1] Medicaid long-term care cases were not required to be reported to the District Court and are not represented in the breakdown above.

Overall, 63 percent of the 4,050 total Medicaid and SCHIP cases that exceeded processing deadlines as of October 1, 2007, were more than 60 days past the applicable deadline. In addition, we reviewed 60 individual Medicaid cases to determine compliance with federal requirements. We identified one case where the application was processed after the 45-day deadline had passed.

As noted in the above table, Medicaid long-term care cases were not included in the Department's required reporting to the District Court. Under federal Medicaid regulations, applications for individuals applying for Medicaid on the basis of disability must be processed within 90 days. CBMS reporting currently provides the Department with data on the number of long-term care cases that were not processed within 90 days. As of October 1, 2007, there were 394 Medicaid long-term care cases that had not been processed within 90 days. The Department should generate reports from CBMS that show cases exceeding 90 days and should monitor these cases to ensure that processing guidelines are not exceeded.

In its response to the Fiscal Year 2006 recommendation to process cases within federal guidelines, Department staff indicated that some of the cases on the Exceeding Processing Guidelines (EPG) report were not truly in excess of guidelines, for a number of reasons. For example, the applicant may not have provided all of the documentation necessary to process the application. The Department reports that a CBMS change request was submitted so that the EPG report would accurately reflect cases exceeding federal processing guidelines. As of the end of our audit for Fiscal Year 2007, this change request had not been implemented. Additionally, the Department reports that it has designated a unit to research the EPG report on a weekly basis, and the EPG report is sent to the affected eligibility site so that appropriate action can be taken to resolve the issues that are causing the case to remain unprocessed.

Timely Processing of Eligibility Redeterminations

In addition to the lack of timely application processing, we also identified concerns related to the timeliness of Medicaid redeterminations. Federal and state regulations require that county departments of human/social services redetermine Medicaid eligibility at least every 12 months. When recipients approach the end of a certification period, they are required to complete the Department's Redetermination, Reassessment, or Recertification (Redetermination) packet. County departments utilize the information reported on the Redetermination forms to redetermine a recipient's Medicaid eligibility. Federal regulations require that the county departments of human/social services promptly redetermine eligibility upon receipt of the Redetermination packet from the Medicaid recipient. Department staff report that redeterminations should be processed before the recipient's prior eligibility period expires because CBMS was designed to automatically terminate Medicaid coverage when a recertification has not been entered into the system. Thus, if a Redetermination packet is not processed in a timely fashion, the recipient is at risk of having his or her Medicaid coverage terminated.

During the audit we reviewed 60 Medicaid payments to determine compliance with federal regulations. Of the 60 payments tested, we found that 29 payments were made on behalf of recipients who had been certified using a Redetermination packet. We identified three redetermination cases in which the recipients had filed their Redetermination packets in a timely fashion, but the county department processed the Redetermination after each recipient's prior eligibility period had expired. In one of the three instances, the recipient had submitted the Redetermination and all requested verifications by September 2006, but the county did not process the redetermination until March 2007. As a result the recipient's case was discontinued and the individual did not have access to Medicaid assistance. In the other two instances, a notice of discontinuation was sent to the recipients.

Applications and redeterminations that are not processed in a timely manner can cause a financial impact on Medicaid providers because, although the services may have been rendered, the providers cannot receive payment for Medicaid services, and it is likely that the potential recipient cannot afford to pay for the services. Processing delays also prevent program applicants from receiving needed Medicaid assistance for which they are eligible. Further, the Department risks fiscal sanctions from the federal government for noncompliance with federal regulations. The Department should continue to improve the reporting function in CBMS and work with county departments of human/social services and MA sites to ensure that processing guidelines for all federal programs are met.

(CFDA Nos. 93.767, 93.777, 93.778; State Children's Insurance Program, Medicaid Cluster; Eligibility. Classification of Finding: Material Weakness.)

Recommendation No. 50:

The Department of Health Care Policy and Financing should continue to improve the reporting from Colorado Benefits Management System and work with county departments of human/social services and Medical Assistance sites to ensure that new Medicaid cases and redeterminations, as well as State Children's Health Insurance Program applications, are processed within federal guidelines.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: April 1, 2008, and ongoing.

The Department continues to examine the Exceeding Processing Guidelines (EPG) report. The Department implemented Colorado Benefits Management System Change Request 1663 to allow eligibility sites to send a notice to clients that not all documentation was provided with the application and as such, those cases will no longer be part of the EPG report. Change Request 1663 is already functional for the Adult Medical program, however, for Family Medicaid and Children's Basic Health Plan Plus cases, system Change Request 1663 will be functional by April 1, 2008. In addition, the Department will continue to provide training and assistance to the county departments of human/social services and MA sites to reduce the number of cases that are truly exceeding processing guidelines.

Eligibility Oversight

During Fiscal Year 2007 the Department of Health Care Policy and Financing (HCPF) expended about $3 billion in state and federal funds for the Medicaid program. Information input into more than one state information system is utilized for Medicaid eligibility and claims payments. Specifically, as stated earlier, the Department began using the Colorado Benefits Management System (CBMS) in early Fiscal Year 2005. CBMS is jointly managed by the Department of Human Services (DHS) and HCPF. The eligibility determinations for individual beneficiaries are transferred via interface from CBMS to the Medicaid Management Information System (MMIS), which is responsible for processing specific claims from Medicaid providers related to services furnished to beneficiaries and for generating information used to pay those claims. Colorado Trails tracks Medicaid eligibility for children within DHS Child Welfare programs, including those children

within foster care homes, therapeutic residential child care facilities, and psychiatric residential treatment facilities. HCPF tracks Medicaid eligibility through CBMS for all other individuals.

During the 2007 audit, we performed testwork to assess the Department's compliance with federal requirements for determining the eligibility of individuals receiving benefits under the Medicaid program. We sampled 60 Medicaid payments issued between July 1, 2006, and June 30, 2007. We requested and reviewed the case files related to these payments to determine whether (1) payments were made on behalf of eligible beneficiaries and in accordance with state and federal program guidelines, (2) eligibility information was entered into CBMS correctly, (3) information entered in CBMS was supported by information in the recipient's file, and (4) Medicaid cases were properly discontinued if the recipient became ineligible. Overall, we found that 22 out of 60 payments in our sample (37 percent) contained at least one error; within those 22 payments we identified questioned costs of $12,170 out of the total sampled costs of $80,763 (15 percent). While reviewing the payments in our sample, we identified an additional eight errors in the reviewed cases resulting in $41,041 in questioned costs; these were questioned costs that were paid to recipients whose files were reviewed as part of our sample. The total amount of questioned costs for all errors found was $53,211. These noncompliance issues are addressed throughout this section of the report.

Timeliness of Eligibility Terminations

CBMS was implemented on September 1, 2004. CBMS was designed to compare the eligibility data entered by caseworkers against program rules embedded within the system to determine applicants' eligibility for medical assistance. The system was designed to improve the accuracy and timeliness of eligibility determinations as well as eligibility terminations. During the audit we reviewed 60 case files in order to determine whether Medicaid eligibility was discontinued in a timely manner if the individual became ineligible. Of the 60 files reviewed, we found three instances (one case had two errors identified) where the recipient subsequently became ineligible; however, the case remained open because the caseworker failed to take appropriate action or because system problems allowed the case to continue as eligible. Specifically, we identified two areas that affecting Department's ability to timely discontinue eligibility for Medicaid. These areas are discussed below.

System problems affecting timely discontinuation of Medicaid eligibility. We identified two system problems within CBMS that affect the timely termination of Medicaid eligibility. The first problem concerns eligibility under Transitional Medicaid. Some families with children are eligible to receive Medicaid services under Section 1931 of the Social Security Act which is referred to as 1931 Medicaid. Under this program, medical assistance is provided to families with children who

qualify under the Aid to Families with Dependent Children income guidelines. If a family becomes ineligible for 1931 Medicaid as a result of increased earned income, the family is eligible to receive continuing Medicaid coverage through Transitional Medicaid for up to 12 months. To remain eligible for Transitional Medicaid, recipients are required to periodically report earnings on the Transitional Benefit Report (TBR) within the 12-month eligibility period. State rules guarantee a six-month certification period for individuals placed in Transitional Medicaid. Therefore, failure to submit the TBR within the required timeframes would result in a discontinuation of the recipient's case beginning as early as in the seventh month of the certification period.

During the audit, we identified one case in which eligibility for Transitional Medicaid continued although the recipient had not submitted the TBR as required. Specifically, the recipient's eligibility period for Transitional Medicaid began on April 1, 2006. The recipient failed to submit the TBR that was due in the fourth month of the certification period. Therefore, the recipient's case should have been discontinued beginning October 1, 2006; however, the recipient continued to receive Medicaid benefits through March 31, 2007. According to Department staff, this error resulted from a decision table problem in CBMS that is causing Transitional Medicaid cases to remain open even without the receipt of a TBR. In the instance identified during the audit, the recipient had over $20,453 in medical services paid for on his behalf between October 1, 2006 and March 31, 2007. These payments are considered questioned costs, and are included in our overall summary of questioned costs noted in this report.

The second system problem within CBMS that affects the timely termination of Medicaid eligibility concerns the lack of system-generated alerts for some program areas within Medicaid. We found evidence of this problem during our testing, in cases where recipients were allowed to stay in programs beyond allowable time limits, and benefits continued to be paid on their behalf. Specifically, the Department reports CBMS is not programmed to send an alert notifying caseworkers that the end of a certification period for the Transitional Medicaid and Four-Month Extended programs is approaching. Alerts should notify caseworkers of expiring eligibility for individuals receiving benefits under these period-specific types of Medicaid programs. After the time period has expired, the recipient must be deemed eligible under another area of Medicaid or be terminated from Medicaid.

During our audit we identified two cases where the recipient's case remained open beyond the allowable certification period.

- **Transitional Medicaid program.** As discussed above, certain families are eligible to receive transitional medical assistance for up to 12 months. When a recipient has received 11 months of transitional Medicaid, caseworkers are

required to rerun eligibility criteria to determine whether the recipient remains eligible for other Medicaid programs. If the recipient is found to be ineligible, the recipient's case should be discontinued. During the audit, we identified one case where the system did not generate an alert, and the caseworker did not redetermine eligibility when the recipient's 12 months on Transitional Medicaid was ending. As a result, a total of $8,149 in Medicaid payments were made on behalf of this recipient after the 12-month period of Transitional Medicaid ended and without a redetermination of eligibility.

- **Four-Month Extended program.** This program provides continuing medical coverage for individuals who become ineligible for 1931 Medicaid as the result of the receipt of child support or alimony income. Coverage under this program is limited to four months. When a recipient has reached the fourth month of eligibility for this program, the caseworker must manually rerun eligibility criteria to determine whether the recipient is eligible for other Medicaid programs. During the audit, we identified one case where the system did not generate an alert, and the caseworker did not redetermine eligibility during the fourth month. According to CBMS, the recipient became eligible for the Four-Month Extended program beginning May 1, 2006, and eligibility should have ended on August 31, 2006. However, as of June 30, 2007, the recipient's Four-Month Extended case remained open without a redetermination of eligibility, about ten months beyond the allowable amount of time for the four-month extension. The recipient remained eligible because the county did not provide timely notice that eligibility had ended; a total of $4,637 in payments were made on behalf of the recipient after August 31, 2006 without a redetermination of eligibility.

Lack of follow-up on CBMS alerts. In those instances where CBMS is programmed to send alerts, these alerts can enable caseworkers to effectively and proactively manage their assigned caseload to ensure that participants remain eligible to receive Medicaid services. However, in order for alerts to be an effective management tool, caseworkers must take appropriate action when they receive these notices.

During the audit, we identified one case in which the caseworker failed to address a CBMS alert resulting in the Medicaid recipient's Needy Newborn case remaining open two months beyond the child's first birthday. Infants born to mothers who are on Medicaid are eligible to receive medical assistance under the Eligible Needy Newborn program until their first birthday. CBMS is programmed to send an alert when the child reaches ten months of age, notifying the caseworker that eligibility for another Medicaid program needs to be determined for the child. Because the caseworker did not determine whether the child was eligible for another Medicaid program and did not notify the family regarding the expiration of the child's

eligibility for Eligible Needy Newborn program benefits, the Department reports, the child remained eligible under the ten-day noticing rule. Federal regulations require county departments of human/social services to provide timely and adequate notice of proposed action to terminate or discontinue eligibility under Medicaid. During this two-month period after eligibility had expired under the Needy Newborn program, the child remained on Medicaid and a total of $3,805 in payments were made on behalf of the child without a redetermination of eligibility.

The Department should address the system problems within CBMS that are related to the Transitional Benefits Reports under Transitional Medicaid program and the lack of CBMS alerts for the Transitional Medicaid program and the Four-Month Extended program. In addition, the Department should work with the counties to help ensure that CBMS alerts are addressed in a timely fashion. Further, the Department should utilize its established monitoring procedures to identify any additional inappropriate Medicaid claims that may have been paid as a result of these issues, in order to minimize the risk of federal disallowances due to Medicaid claims being paid on behalf of ineligible individuals.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Eligibility. Classification of Finding: Material Weakness.)

Recommendation No. 51:

The Department of Health Care Policy and Financing should ensure that Medicaid eligibility is terminated in a timely manner when individuals are no longer eligible for the program by:

a. Correcting the Transitional Benefits Report problem within the Colorado Benefits Management System (CBMS) related to the Transitional Medicaid program to ensure that eligibility is terminated if no Transitional Benefits Report is submitted. The Department should conduct analysis to identify additional payment errors that have occurred as a result of this problem and evaluate the capability to seek recoveries in accordance with state and federal regulations.

b. Establishing programmed alerts within CBMS for all Medicaid programs that have specified limitations for Medicaid eligibility, such as the Transitional Medicaid program and the Four-Month Extended program, to ensure that eligibility is redetermined for all cases when a period of eligibility expires. Until all CBMS alerts can be automated, the Department should work with the counties to establish a temporary process to ensure that timely recertification is performed by the county staff.

c. Ensuring that county departments of human/social services address all CBMS alerts in a timely manner.

d. Using existing eligibility determination monitoring procedures to identify additional inappropriate Medicaid payments related to the problems noted related to timeliness of eligibility determination and following up on problems identified, as appropriate.

Department of Health Care Policy and Financing Response:

a. Agree. Implementation date: September 30, 2008, and ongoing.

Through continued training, the Department will reinforce the procedure that eligibility in the Transitional Medicaid program is terminated if no Transitional Benefits Report is submitted. Further, the Department will develop a CBMS change request which will automate the process to terminate benefits at the end of the Transitional Medicaid period if the Transitional Benefits Report has not been submitted. The Department expects to implement the CBMS change request by September 30, 2008. The Department will evaluate the capability to seek recoveries pursuant to 10 C.C.R. 8.065.1 and applicable federal regulations.

b. Agree. Implementation date: September 30, 2008, and ongoing.

On November 3, 2007, the Department implemented an alert feature in CBMS that sends an alert when a client's Transitional Medicaid end date is approaching. With the exception of the Four-Month Extended program, all other Medicaid time-limited programs generate such an alert. The Department will implement an alert for the Four-Month Extended program in CBMS. The Department has developed a CBMS change request which will automate this process if the worker takes no action after receiving an alert that an appropriate period of eligibility has expired. The Department expects to implement the CBMS change request by September 30, 2008. Until the change request is implemented, the Department will continue to include the manual process in the training of county departments of human/social services.

c. Agree. Implementation date: September 30, 2008, and ongoing.

The Department will continue to train county departments of human/social services to review and resolve all alerts on a regular basis.

d. Agree. Implementation date: September 30, 2008, and ongoing.

The Department will continue to use the monitoring procedures currently in place to identify inappropriate Medicaid payments and will follow up on problems identified, as appropriate.

Case File Documentation

State and federal regulations require that the State establish adequate internal controls over the Medicaid program to ensure that sufficient documentation is obtained and maintained to support all eligibility determinations. During the 2006 Session the Legislature passed Senate Bill 06-219, which assigned the HCPF direct administrative authority over the counties for the Medicaid program, including full responsibility for supervising the Medicaid eligibility determination process effective July 1, 2006. Prior to Fiscal Year 2007, the Department of Human Services had the administrative authority over the counties for Medicaid eligibility determinations. As the state agency responsible for overseeing the Medicaid program, HCPF must ensure that medical assistance payments are made only on behalf of eligible individuals. This responsibility includes ensuring that county departments of human/social services and Medical Assistance (MA) sites are maintaining sufficient supporting documentation to prove that Medicaid eligibility determinations are appropriate and in compliance with state and federal program requirements.

During our Fiscal Year 2006 audit, we identified instances in which case files could not be provided and in which the files that were provided lacked sufficient documentation to support eligibility determinations. During our Fiscal Year 2007 audit, we tested a sample of 60 case files associated with the 60 payments selected to test compliance with federal requirements. We continued to find problems with counties' documentation of Medicaid eligibility determinations. Our testing of the sample found that 10 of the 60 cases (17 percent) had at least one error in case file documentation. The errors represented a total of about $12,170 in questioned costs. Further, while reviewing the payments included in our sample, we found additional documentation errors resulting in questioned costs of about $2,129; these were questioned costs that were not included in our original sample of 60 payments. It should be noted that some cases had multiple errors. Overall, we identified seven types of documentation errors, as follows:

Missing case files. During the audit, one county was unable to provide one recipient case file. As a result, we were unable to determine whether the $64.86 claim related to that case from our sample was paid on behalf of an eligible individual.

Lack of identity and citizenship documentation. We identified five cases in which where one or more household members did not provide sufficient evidence to support citizenship or identity under federal rules. The federal Deficit Reduction Act of 2005 (DRA) requires that for any determinations of initial eligibility or redeterminations of eligibility for medical assistance on or after July 1, 2006, an individual who declares that he or she is a citizen of the United States must provide evidence of his or her U.S. citizenship and identity. DRA rules provide a variety of documents that a county or MA site can accept as verification of citizenship or identity. If a Medicaid applicant fails to provide any of these documents, his or her Medicaid case must be denied. In one instance where the case file lacked the proper documentation, three household members had not provided a DRA-prescribed document, such as a birth certificate or identification card to verify citizenship or identity. The application for these individuals was processed in September 2006. While the county was able to provide evidence that the required documentation was received in June 2007, payments made on behalf of the three household members totaled about $2,129 between October 2006 and May 2007. While we found no errors with the original case selected because the documentation was confirmed, these errors that were related to missing documentation resulted in questioned costs that had not been included as part of our original sample of 60 payments. Another case included one household member who did not provide satisfactory evidence to support identity. Although the required DRA documentation was not provided, the Department paid $28 in Medicaid claims on behalf of this individual. The questioned costs associated with this case was from our original sample of 60 payments.

In the other three cases with documentation errors, we found that the caseworker entered in CBMS that a birth certificate had been received; however, a copy was not maintained in the case file. In all three instances, eligibility was determined prior to July 2006; therefore, these were not subject to the Deficit Reduction Act. However, the caseworker should have maintained in the case files the birth certificates that were received. These errors resulted in questioned costs of about $7,465 from our sample.

Lack of a required level-of-care determination. Long-term care includes nursing-facility care or Home- and Community-Based services for individuals who have a functional ability that requires a nursing-facility level of care. According to state rules, a person's need for basic Medicaid services is not adequate consideration in determining eligibility for long-term care. Therefore, prior to an applicant being approved for long-term care services, a level-of-care determination must be completed by the Utilization Review Contractor/Single Entry Point (URC/SEP) in order to determine whether the client's needs meet the level-of-care requirements dictated by state rules. The Department utilizes the ULTC 100.2 form to document that a level-of-care determination was made by the URC/SEP and that the client was

determined to be eligible for long-term care services. During the audit, as part of our 60 samples, we reviewed 29 case files for clients who had been approved by counties for long-term care services. We found two cases (7 percent) where a total of $1,243 in Medicaid claims were paid without a level-of-care determination, evidenced by a ULTC 100.2 form.

Lack of signed Redetermination packet. As discussed, federal and state regulations require that county departments of human/social services redetermine Medicaid eligibility at least every 12 months. When a client approaches the end of a certification period, county departments must have the recipient complete the Redetermination, Reassessment, or Recertification packet to redetermine the recipient's Medicaid eligibility. We identified two payments totaling $245 from our sample where a completed Redetermination packet was not documented in the case file. As a result, we were unable to verify whether the recipient was still eligible for Medicaid.

Additional areas of noncompliance were identified as follows:

- In one case the social security number entered in CBMS could not be verified by documentation in the case file. In this instance, the caseworker entered in CBMS that a social security card was received as verification; however, the Department was not able to provide this documentation. A total of $5,430 in claims was paid on behalf of the client.

- In two cases, the income entered in CBMS was not supported by documentation in the case file. A total of $883 in claims from our sample was paid on behalf of the client.

- In one case the client's pregnancy was not verified as required under program rules. State rules require that a pregnancy be medically verified in writing by a medical professional if the pregnancy is not observable. The document provided by the client was from an organization that stated that it "is not a medical facility and that only a licensed medical practitioner can diagnose a pregnancy." Thus, the $2,486 claim paid on behalf of the recipient is considered a questioned cost.

In order to comply with program requirements and ensure that Medicaid benefits are provided only to eligible individuals, the Department should conduct ongoing monitoring to ensure that county caseworkers obtain and verify applicant-provided information and that case files contain adequate documentation to support all eligibility determinations.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 52:

The Department of Health Care Policy and Financing should ensure that case file documentation for the Medicaid program is adequate to support all eligibility determinations by utilizing established monitoring procedures to ensure required eligibility information is contained in county case files.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: January 1, 2009.

The Department will work with the county departments of human/social services to implement a quality improvement plan to ensure that case file documentation for the Medicaid program is adequate to support all eligibility determinations. The Office of the State Auditor should be aware that county departments of human/social services may not have the resources to implement such a quality improvement plan uniformly. It is expected that the Department will implement this procedure by September 1, 2008, and for the counties to operationalize their quality improvement plans by January 1, 2009.

The Department's Medicaid Eligibility Quality Control Unit will continue to utilize established monitoring procedures to ensure required eligibility information is contained in the county case file.

Controls Over Data Input

For the Medicaid program, individuals and families apply for benefits at their local county department of human/social services or a Medical Assistance (MA) site. At the location where applicant interviews are conducted, county or MA site workers enter into CBMS applicant-provided data for eligibility determination. Controls over data input are critical to ensure that eligibility determinations are accurate and that Medicaid claims are paid on behalf of eligible individuals.

During our sample testing, we reviewed 60 case files to determine whether the data supporting eligibility had been accurately entered into CBMS. Our review identified six areas where there was a lack of adequate controls over the input of data related to eligibility. Of the 60 files reviewed, we identified 13 cases that contained at least one data-entry error (it should be noted that some of the cases had multiple data-entry errors). We also identified two instances outside of our sample with at least one error. In the first two bullets, we identified a total of $1,851 in questioned costs. These questioned costs were not included in our original sample of 60 payments. The remaining data-entry errors discussed below did not result in questioned costs because the errors did not change the recipients' eligibility for the payments in our sample. As already mentioned, we identified a total of six types of errors overall, as discussed below.

- In one case the caseworker failed to enter the date of death in a timely manner. The caseworker became aware of the client's death on September 26, 2006; however, this was not entered in CBMS until October 19, 2006, resulting in a $15 claim being paid on behalf of the client.

- In one case the caseworker entered citizenship status incorrectly in CBMS. Specifically, the client was an undocumented immigrant; however, the caseworker failed to enter this information in CBMS which caused the system to incorrectly identify the client as a U.S. citizen. As a result $1,836 in capitation payments were issued on behalf of the undocumented individual. Under Department rules, undocumented individuals are only eligible for emergency medical services. Thus, an undocumented immigrant is not eligible for payment under the Department's capitation program.

- In eight cases, we found that the caseworker either failed to enter the applicant's reported financial resources or entered the incorrect resource amount in CBMS. In one of the instances the caseworker incorrectly classified a client's life insurance policy as term life insurance, which is exempt under program rules and therefore not counted as a source of income. However, case documentation indicated that the policy was a whole life

insurance policy, which is considered a source of income under program rules. As a result of the caseworker's error, this particular source of income was not included in the client's eligibility determination.

- In four cases, we found that the caseworker either failed to enter earned income or entered income incorrectly in CBMS. In one of the cases, the caseworker failed to enter overtime income resulting in about $370 of earned income not counting towards the eligibility determination.

- In one case, the beneficiary reported third-party insurance, which was documented in the case file; however, this was not recorded within CBMS and, therefore not reflected in the Medicaid Management Information System (MMIS). When a claim is submitted, the third-party insurance is billed and, if the claim is rejected for payment, Medicaid pays the claim.

- In one case, the beneficiary's social security number recorded in CBMS did not agree with the social security card documented in the case file. The county was not aware of this until the matter was brought to its attention, and the county subsequently corrected the social security number.

Although not all data-entry errors resulted in costs that were considered to be questioned costs, all of the errors identified compromised the integrity of the data in the system. In general, these problems indicate a lack of adequate control over data input, such as supervisory review and training at the county level related to eligibility requirements and CBMS data entry. To address the risk of errors and irregularities that could result in improper payments, HCPF should ensure that effective supervisory review processes are in place at the county level and that all caseworkers are adequately trained on appropriate data-entry and eligibility criteria.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 53:

The Department of Health Care Policy and Financing should improve controls over Medicaid eligibility determinations and data entry into the Colorado Benefits Management System (CBMS) by:

a. Requiring county departments of human/social services and Medical Assistance sites to institute effective supervisory review processes over data entry into CBMS and eligibility determinations. In addition, the Department

should require that counties and Medical Assistance sites establish reviews that compare case file data with data in CBMS on an ongoing basis as part of the eligibility determination process.

b. Using eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS at counties and Medical Assistance sites. The Department should include procedures to assess the county supervisory review function as part of the Department's review. Follow up procedures should be performed as appropriate.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: January 1, 2009.

a. The Department will work with county departments of human/social services to implement a quality improvement plan related to data entry accuracy. The Office of the State Auditor should be aware that county departments of human/social services may not have the resources to implement such a quality improvement plan uniformly. It is expected that the Department will implement this procedure by September 1, 2008, and that the counties to operationalize their quality improvement plans by January 1, 2009. The Department will continue to require Medical Assistance sites to have quality improvement plans to monitor data entry accuracy.

b. The Department will continue to use the monitoring procedures currently in place to perform reviews of data input into CBMS. In addition, the Department will review the quality improvement plans described in part "a" above and follow up as necessary.

Income, Eligibility, and Verification System Compliance

Federal regulations require that HCPF utilize data comparisons with other information systems, or "interfaces," to verify the validity of recipient-provided data. Data comparisons are an important control over ensuring the accuracy of recipient-provided data used in determining eligibility for medical assistance, as well as the overall integrity of the data in the Colorado Benefits Management System. CBMS interfaces with the federal Income, Eligibility, and Verification System (IEVS) to

verify the earned and unearned income information used for determinations of eligibility for Colorado's public assistance programs, including Medicaid. IEVS provides states with applicant income information from the Colorado Department of Labor and Employment (DOLE), the Social Security Administration (SSA), and the Internal Revenue Service (IRS). Through IEVS, applicants' social security numbers are matched with these agencies' records to identify instances in which applicants have potentially misstated their earned and unearned income and resources. CBMS is programmed to collect the social security number for all individuals approved for public assistance and compare the information with the IEVS file. If any of the income-related items reported by the individual do not match the data in these other systems, a "hit" will be produced via a system alert and returned to the county caseworker for follow-up and resolution. If there are no "hits" it is assumed that the social security number and other information are valid.

Federal regulations require that Medicaid caseworkers verify information received through IEVS within 45 days of receipt of such information. In addition, the Department's State Plan filed with the federal government states that it will follow up on any IEVS "hits" that relate to unemployment insurance benefits, and on all others that exceed $750 for that case in any reporting quarter. We found that the Department is not requiring county caseworkers to address IEVS "hits" that are related to earned income reported by DOLE. We identified one instance in the sample tested for Medicaid where IEVS "hits" showed that the recipient earned income from the same employer between October 2005 and March 2007. The IEVS system reported that this recipient earned income ranging from a minimum of $1,663 per quarter to a maximum of $5,191 per quarter. This income discrepancy was first available to the caseworker on April 30, 2006; however, the county did not provide evidence that the "hits" were investigated to determine the impact on the recipient's eligibility. Based on the amounts reported on IEVS, the monthly income for this recipient would have been below the program limits, so in this case, the "hit" did not impact the recipient's eligibility. Nonetheless, investigation of IEVS "hits" is important to ensuring that only eligible recipients are receiving benefits.

The Department reports that it does not require caseworkers to address "hits" from DOLE because the information provided is a quarter behind, and the Department believes this data would not be an adequate verification of earned income. However, monitoring IEVS activity is required under federal regulations and is a critical internal control for ensuring that Medicaid eligibility determinations are appropriate under federal and state regulations. IEVS is designed to detect instances in which a participant misreports earnings information and is receiving medical assistance on the basis of incorrect or incomplete information. If timely action is not taken on IEVS data matches, the Department increases its risk of providing benefits to individuals who are not eligible. The State is at risk of the federal government disallowing payments made to the ineligible individual. The Department should

ensure that caseworkers at the county level are addressing IEVS "hits" within 45 days to avoid issuing medical assistance payments to ineligible individuals.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 54:

The Department of Health Care Policy and Financing should ensure that county departments of human/social services are addressing Income, Eligibility, and Verification System data discrepancies within 45 days of receiving notification as required by federal regulations and in accordance with the State Plan it filed with the federal government.

Department of Health Care Policy and Financing Response:

Partially agree. Implementation date: June 2008.

The Department will review the current IEVS process, and may need to update the State Plan to describe the current process under the State Plan. There may be no need for the Department to change the current process as the Department's eligibility determination process requires that the most current information has already been verified prior to the eligibility determination, while the information provided through IEVS is not current. Further, other programs that are administered through CBMS already require researching IEVS discrepancies so there may be no need to change the process currently in place at the county department of human/social services.

Eligibility Quality Control

Federal regulations require that the Department operate a Medicaid Eligibility Quality Control (MEQC) system. The purpose of an MEQC system is to redetermine eligibility for a sample of individual cases that have been determined by county departments of human/social services or medical assistance (MA) sites to be eligible and ineligible for Medicaid benefits. Federal regulations allow the Department to operate a pilot or waiver program that differs from the traditional MEQC program described in federal regulations. Under a traditional MEQC program, a grant recipient, such as the Department, is required to conduct a review using statistical

sampling methods to select claims for review from across the population of Medicaid claims and test the claims for the accuracy of the eligibility determination process. Under a pilot or waiver program, the grant recipient must submit a detailed proposal to the Center for Medicare and Medicaid Services (CMS) outlining the purpose, methodology, and objectives of the special study, targeted review, or other activity intended to ensure program integrity or improve program administration. The grant recipient must obtain approval from CMS to operate a pilot or waiver program. Under both the traditional or waiver/pilot approach, the grant recipient must have a process for following up and resolving any problems or findings identified during the program review.

During Fiscal Year 2006, the Department submitted a proposal to CMS to conduct an MEQC pilot program that targeted emergency medical services provided to non-qualified aliens. CMS approved the proposal in May 2006. The Department completed its final monitoring reports, including the findings identified during the pilot program in Fiscal Year 2007. The pilot program review consisted of an active case file review of 289 cases and a negative case file review of 110 cases. An active case review evaluates the accuracy of cases in which the individuals were determined to be eligible for Medicaid benefits, while a negative case review evaluates the accuracy of cases in which Medicaid benefits were terminated. Both types of reviews are intended to identify any improper Medicaid expenditures.

We reviewed the Department's final monitoring reports and follow-up process for both the active and negative case file reviews. While the Department's review process and methodology appear to be adequate, we identified concerns related to the Department's follow-up on review findings when a response was required from an eligibility site (i.e., a county department of human/social services or MA site). According to the Department's final monitoring reports, a total of 22 eligibility sites were required to respond to 210 errors found during the active case review and 17 eligibility sites were required to respond to 75 findings found during the negative case review.

Out of the 22 eligibility sites contacted for the active review, the Department failed to receive responses to all errors from 13 sites. Seven of the sites failed to provide any responses, and six sites responded to some errors identified (38 to 96 percent response rate for errors identified). These 13 eligibility sites failed to respond to 105 errors, which was half of all errors identified during the active case review. In addition, with respect to the negative review, the Department failed to receive responses to all errors from 9 of the 17 eligibility sites contacted. Specifically, five eligibility sites provided no responses to any of the errors identified, and four sites provided a response to only some errors identified (8 to 86 percent response rate for errors identified). These 9 eligibility sites failed to respond to 47 errors, which was over 60 percent of all errors identified during the negative case review. The

Department's MEQC rebuttal process guide indicates that, if an eligibility site fails to respond, the findings will stand as noted; however, the site must provide proof that the requested corrective action was taken.

In cases where the site did not respond to the findings, the Department could not provide evidence showing that the eligibility sites had submitted documentation indicating that they had taken corrective action had been taken. The Department reports that it performs a spot check on all cases containing errors to determine whether errors have been corrected. If the errors have not been corrected, the Department will follow up with the eligibility site. However, in the cases where the site did not respond to the errors, the Department could not provide evidence showing that corrective action had been taken.

Because the Department has not received responses from all of the eligibility sites where problems were noted, the Department lacks assurance that the eligibility-related issues that were identified during its review have been addressed. This is of particular concern because of the number and nature of the problems identified through the Department's reviews. For example, the most common error identified by the Department during the negative case review was that services for undocumented pregnant women on Emergency Medical Services were not terminated after labor and delivery had occurred. Under Medicaid program rules, undocumented pregnant women are eligible only for Emergency Medical Services, which includes labor and delivery. By not discontinuing eligibility in a timely manner, the Department is at risk for paying claims for services that are outside the scope of the emergency and, therefore, not covered by Medicaid. With respect to the active case review, the most common error concerned timeliness of eligibility determinations. Federal regulations require that eligibility determinations be made within 90 days of the date the eligibility site receives the application for applicants with a disability, and within 45 days for all other applicants. The Department identified 98 cases in which the eligibility site did not meet these requirements. One of the counties with the highest number of errors in this area did not provide any responses to the Department's findings. The Department reported that it has identified approximately $11,250 in improper payments in both active and negative cases combined, and it is in the process of reviewing the recovery of all improper payments associated with cases containing errors.

In addition, as discussed earlier, our audits have also identified concerns with timely case processing. During the Fiscal Year 2006 audit, we recommended that the Department continue to work with eligibility sites to ensure that cases are processed within federal guidelines. Although the Department agreed with that recommendation, in Fiscal Year 2007 we continued to identify cases that were processed beyond federal timeframes.

Finally, as part of our review of the MEQC process, we reviewed a sample of responses from four counties that did respond to the Department's findings to determine whether the responses included the required corrective action plan. We found that two of the counties submitted responses that did not contain adequate corrective action plans. For example, in one response the county agreed to the findings but did not specify a plan for correcting the deficiency in the future, and in another response the county did not address the specific errors identified by the Department.

The Department should conduct adequate follow-up on all MEQC findings to ensure that eligibility sites are submitting corrective action plans when required and that the corrective action plans adequately address the deficiencies identified during the MEQC reviews. Without this follow-up, the value of the MEQC process is diminished because identified problems may go unaddressed, thus contributing to future errors.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 55:

The Department of Health Care Policy and Financing should improve the Medicaid Eligibility Quality Control (MEQC) system by ensuring that county departments of human/social services and Medical Assistance sites respond to findings that identify eligibility errors and that corrective action plans are adequate to address deficiencies identified. In addition, the Department should continue to follow up on recovering any improper payments identified as a result of the MEQC process.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Implemented and ongoing.

Although not all of the county departments of human/social services (counties) and Medical Assistance (MA) sites developed corrective action plans, the Department's Medicaid Eligibility Quality Control (MEQC) staff took action to correct all errors identified in the sample cases. Some case errors cannot be reversed or corrected such as timely processing requirements. The Department took administrative action to prevent or reduce the incidence of these errors by implementing systemic changes. For

instance, a conclusion from the study was that adhering to federal processing timeframes of applications needed to be improved. The Department took corrective action and established an Exceeding Processing Guidelines Unit. This Unit oversees the timeliness of pending applications and monitors the processing timeframes of applications. The Department agrees that improvement is needed in obtaining responses from the counties and MA sites and is working with these entities. In conjunction with these entities, the Department implemented an escalation list of contacts when responses are not obtained. In addition, the Department has a new database that tracks receipt of responses and generates a consolidated report for the eligibility sites to develop a corrective action plan. The Department continues to review recovery of any improper claims paid.

Certifications for Laboratory Providers

Federal Medicaid regulations require that providers furnishing laboratory services must be certified under the federal Clinical Laboratory Improvement Amendment (CLIA) program. The certification is intended to establish quality standards for all laboratory testing to ensure accurate, reliable, and timely patient-test results across all facilities. The federal Centers for Medicare and Medicaid Services (CMS) oversees the CLIA program. In Colorado, the Department of Public Health and Environment (DPHE) conducts the CLIA-certification process for laboratories on behalf of CMS. Each certified provider is issued a CLIA number. Certifications also indicate the level of laboratory services the provider is permitted to perform. All providers of laboratory services, including physician' offices that perform less-complex laboratory work, are required to have some type of CLIA certification in order to receive reimbursement under the Medicaid program. Therefore, it is the Department of Health Care Policy and Financing's responsibility to ensure that the providers have a certification before they are paid through the Medicaid Management Information System (MMIS).

The Department of Health Care Policy and Financing reports that there are about 224 CLIA-certified sites in the State that are paid through the MMIS, however there are about 8,900 CLIA providers. In Fiscal Year 2007, the State paid about $20.5 million to providers for laboratory services for the Medicaid program.

During our Fiscal Year 2001 audit we determined that edits were not implemented in MMIS to verify that laboratories submitting Medicaid claims were CLIA certified. At that time the Department reported that the edits had not worked properly since the implementation of the new MMIS in December 1998 and, as a result, the Department was not enforcing the certification CLIA requirement.

During our 2007 audit the Department reported that edits in MMIS related to CLIA certifications have been put into place but have not been activated. The Department states that MMIS requires system changes in order to accept complete certification information and activate the edits. In addition, the Department is automatically loading certification data into MMIS from the federal government system which is incomplete and plans to obtain additional certification information directly from providers to complete certification information and enter it into MMIS. Because the MMIS edits have not been activated, laboratory claims may be paid regardless of whether the provider has the necessary CLIA certification.

The Department should ensure that safeguards are implemented in MMIS to verify CLIA certifications and obtain complete certification information from providers and the federal government.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility. Classification of Finding: Material Weakness.)

Recommendation No. 56:

The Department of Health Care Policy and Financing should improve controls over payments to laboratory providers for the Medicaid program by:

a. Ensuring edits to identify laboratory certification numbers are implemented and operating as intended in the Medicaid Management Information System (MMIS).

b. Establishing a method to verify federally issued certification numbers for laboratories.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: June 2009.

As mentioned in the audit report, the CLIA edits in the MMIS have been implemented. The MMIS will also have to be enhanced to allow for manual update of CLIA information in the provider windows. This supplements the automated interface with the federal Online Survey Certification and Reporting system. The providers will need to supply the official notification of their CLIA certification number and certification type in order to properly

update the information in the MMIS. Once the information is entered for providers, edits can be set to deny claims without the proper CLIA certifications.

The system enhancements are scheduled for completion by October 2008. The providers will be requested to update their CLIA information, which will be completed in the MMIS by June 2009 at which time the edits to deny claims without the proper CLIA certification will be activated.

Subrecipient Monitoring of Single Entry Points

The Department oversees a statewide system to assist Medicaid-eligible individuals in accessing long-term care. The system consists of designated Single Entry Point agencies (SEPs) that serve various geographic districts throughout Colorado. The Department contracts with these SEPs, which are often county human/social services departments, to provide a single access point within a local area where a current or potential long-term care client can obtain care information, screening, assessment of need, and referral to appropriate care programs and case management services. In Fiscal Year 2007, the Department contracted with 23 SEP agencies and paid approximately $19 million (of which approximately $9.5 million were federal funds) to these agencies for helping Medicaid-eligible individuals with long-term care options.

Under the federal Single Audit Act of 1996, as amended, and Office of Management and Budget (OMB) *Circular A-133*, the Department is the primary recipient of federal Medicaid funds and, in turn, provides the Medicaid funds to the SEPs, as subrecipients, for qualifying expenditures incurred to carry out the program. Federal regulations require that the Department, as the primary recipient, monitor subrecipients' activities to ensure that they are complying with federal requirements. This monitoring includes ensuring that Medicaid funds passed on to the SEPs are spent appropriately and that audit requirements are met. Example of monitoring include site visits, ensuring that audits are performed and ensuring that follow-up on deficiencies is conducted.

During our testwork for Fiscal Year 2007, we found problems with the Department's fulfillment of its required monitoring duties over SEPs. Federal regulations require that any subrecipient expending $500,000 or more in federal awards during its fiscal year undergo an audit conducted under OMB *Circular A-133* (A-133) audit requirements. These audits require testing related to compliance with federal laws and regulations and must be completed within nine months of the entity's fiscal year-end and submitted to the federal government. In the case of the SEPs, the audits

should be submitted to the Department as well. We found that the Department is not ensuring that the audits submitted by the SEPs are reviewed in a timely manner and that follow-up is performed for deficiencies identified within the SEP audit reports.

In Fiscal Year 2007, the Department hired an outside contractor for the review of SEP A-133 audit reports that were due by September 30, 2006, and March 31, 2007, depending on the SEP's fiscal year. The Department's contract with the contractor provided for review of the SEPs' A-133 reports and required that all reviews and follow-up on deficiencies identified were to be performed by June 1, 2007; however, the contractor did not complete the full scope of his responsibilities. Specifically, we found that the 16 SEPs that were required to undergo an audit did submit those audits, and the contractor reviewed them. The contractor also performed onsite reviews of all 23 SEPs and during those reviews he identified 93 areas of deficiency. Those deficiencies ranged from two to six findings for each SEP. Because deficiencies were found, the Department required that corrective-action plans be submitted. The contractor received and reviewed corrective action plans from only 17 SEPs; the other 6 SEPs did not submit a corrective action plan. The Department stated that the contractor did not follow up with a request for those outstanding corrective action plans. In addition, the contractor did not follow up with the SEPs where findings had been identified to determine whether the plan submitted for corrective action had been implemented. By September 2007, the review process had not been completed from 6 to 12 months after the required submission of SEP audit reports, and the comprehensive final report regarding the SEPs activities had not been submitted to the Department. The SEP contract states that the SEPs must retain records for a period of three years subsequent to the expiration of the SEPs' individual contracts; therefore, timely review and follow-up of the audit reports is necessary if resolution of previous deficiencies is needed.

In September 2007, the contractor notified the Department that it would not be completing the full scope of work, and at that time the Department terminated the contract. The Department reports it will complete remaining work such as following up with each of the six SEPs that did not submit a corrective action plan, and performing follow-up with each SEP regarding implementation of its corrective action plan. The Department should implement a process to ensure that required audits of SEPs are completed and reviewed and that problems that have been identified are resolved in a timely manner.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 57:

The Department of Health Care Policy and Financing should improve controls over Single Entry Points and for the Medicaid program to ensure that subrecipient monitoring responsibilities related to OMB *Circular A-133* audits are met and that appropriate follow-up is conducted.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: January 1, 2008 through June 30, 2008.

The 93 areas of deficiencies identified by the Single Entry Point (SEP) Audit were the result of the initial onsite audits prior to the SEP agency's opportunity to provide additional information. In the Department's follow up actions with the SEPs, these 93 areas have been removed as issues, remediated or are in the process of being addressed as part of a plan of correction.

In addition, the Department has revised its documented quote solicitation for the SEP auditor to explicitly include requirements and timeframes that will ensure monitoring responsibilities are met. These requirements and timeframes lay out the Department's expectations about review and approval of audit methodology and schedule; timeframe requirements for performance of the onsite audit, identification of needed plans of correction, and follow up site visits to ensure implementation of corrective actions; timeframes for completion of all financial compliance reviews and the final comprehensive audit report to the Department; and explicit expectations about timely response to SEP agency and Department requests.

State Children's Health Insurance Program

During Fiscal Year 2007, the Department of Health Care Policy and Financing (HCPF) spent approximately $103 million ($66.1 million of which were federal funds) for the State Children's Health Insurance Program (SCHIP), referred to as the Children's Basic Health Plan or Children's Health Plan Plus in Colorado (CFDA No. 93.767). The purpose of SCHIP is to help states initiate and expand health assistance to uninsured children aged 18 and younger from low-income families who do not qualify for Medicaid. Allowable activities include funds paid for other child health

assistance, payment of health service initiatives for improving the health of children under the program, and outreach activities.

As the administrator and primary recipient of the SCHIP funds, the Department is responsible for ensuring that federal funds are used in compliance with laws, regulations, and provisions of grant agreements. This responsibility includes determining children's eligibility, monitoring the activities of subrecipients, and accuracy of reporting on how federal funds are used.

During our testing of this program, we found that controls need to be strengthened to ensure that the State is complying with grant requirements in the areas of eligibility, allowable activities, program income, subrecipient monitoring, and federal reporting. Additional information and recommendations will be provided in the Office of the State Auditor's performance audit of the Children's Basic Health Plan, which will be released subsequent to this report in 2008.

We recommend that the Department of Health Care Policy and Financing improve controls over the administration of the State Children's Health Insurance Program in order to ensure that the State is in full compliance with all of the grant's federal requirements.

(CFDA No. 93.767; State Children's Insurance Program; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Matching, Level of Effort, Earmarking, Reporting, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 58:

The Department of Health Care Policy and Financing should improve controls over the administration of the State Children's Health Insurance Program in order to ensure that the State is in compliance with federal requirements for the grant such as allowable activities, eligibility determination, program income, subrecipient monitoring, and federal reporting.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Ongoing.

The Department agrees that there is always room for improvement in the administration of its program. The Department will implement changes as

a result of the performance audit in areas that the Department agrees have shortfalls.

Cash Management

The Department is responsible for administering the federal State Children's Health Insurance Program (SCHIP) (CFDA No. 93.767). The purpose of this program is to furnish subsidized health insurance to children who are 18 years old or younger and are from low-income families that are not eligible for Medicaid. Fiscal Year 2007 expenditures for the SCHIP totaled approximately $103 million ($66.1 million of which were federal funds).

Federal regulations require the Department to ensure that the SCHIP expenditures adhere with requirements under the federal Cash Management Improvement Act (CMIA). The purpose of CMIA is to minimize the time period from when the State makes an expenditure for a federal program to when the federal reimbursement is received, so that neither the State nor the federal government incurs a loss of interest on the funds. In other words, the intent is for the payment issued by the Department to clear the State's bank on the same day the federal reimbursement is received for the related expenditure. This time frame for requesting reimbursement is referred to as the "draw pattern." Under CMIA, the State must enter into a formal agreement with the federal Department of the Treasury to establish reimbursement schedules for selected federal programs that have been awarded to the State. The goal of CMIA is to regulate the process of making federal grant payments to state governments and to minimize the time that funds are held by either entity. In Colorado, the State Treasury Department, on behalf of all the departments in the State, enters into the Agreement with the federal Department of the Treasury.

During our Fiscal Year 2007 audit, we noted that the Department had not complied with the draw patterns in the CMIA Agreement for the SCHIP. We tested a total of 25 transactions, which were a combination of Medicaid and SCHIP expenditures, to determine whether or not they had been in compliance with the CMIA Agreement. While we found that the Medicaid reimbursement requests that we tested were in compliance with the CMIA Agreement, we found that all three of the SCHIP reimbursement requests, totaling $704,558, were not in compliance with the CMIA Agreement filed at the Treasury. Specifically, the Department was drawing SCHIP reimbursements four days after the expenditures occurred, instead of the five days stipulated in the CMIA Agreement filed at the State Treasury Department. Further, Department staff indicated that the four-day draw pattern for the SCHIP was in place for the full fiscal year; therefore, all reimbursement requests for the SCHIP—totaling more than $65 million—were not in compliance with the Treasury CMIA Agreement. Although the four-day draw pattern identified during testing is not

consistent with the draw pattern specified for SCHIP in the CMIA Agreement, our testing indicated that the four-day draw pattern results in federal funds being received on the same day that state funds are disbursed. Therefore, although the SCHIP draws indicated above are not in accordance with the CMIA Agreement, the draws do meet the CMIA requirements of interest neutrality for the State.

The Department believes that the correct draw pattern for SCHIP is four days. The Department stated that it had not reviewed the Treasury CMIA Agreement for Fiscal Year 2007, and therefore it was not aware that the Agreement called for a five-day draw pattern for SCHIP. It is the Department's responsibility to ensure that the correct draw pattern is reflected in the State Treasury CMIA Agreement and to ensure that any necessary changes are communicated in a timely manner to the State Treasury Department. According to the Department, for Fiscal Year 2008, the Treasury CMIA Agreement is being revised to reflect four days for SCHIP expenditure reimbursement requests.

By not complying with the terms of the CMIA Agreement, the State could be in jeopardy of having to pay the federal government interest on the SCHIP reimbursement requests. The Department should ensure compliance with federal requirements over CMIA by conducting an annual review of the Treasury CMIA Agreement and ensuring that draw patterns for all affected grant programs are accurate and by communicating any necessary changes to the State Treasury Department in a timely manner.

(CFDA No. 93.767, State Children's Insurance Program, Cash Management. Classification of Finding: Material Weakness.)

Recommendation No. 59:

The Department of Health Care Policy and Financing should annually review and comply with the State Treasury Cash Management Improvement Act Agreement for all affected federal programs in the Department and communicate any changes needed to the State Treasury Department.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Implemented.

The Department will review the State Treasury Cash Management Improvement Act (CMIA) Agreement on an annual basis and will communicate any changes needed to the State Treasury. The Fiscal Year 2008 Treasury CMIA Agreement has been revised and now reflects four days for State Children's Health Insurance Program expenditure reimbursement request as recommended.

Federal Reporting

Under federal regulations the Department is required to submit the Quarterly Federal Cash Transactions Report [PSC-272 (OMB No. 0990-078)] to the federal government. The PSC-272 report is intended to provide an accounting of all federal cash received by grant recipients, such as the Department. Like many recipients, the Department utilizes the Payment Management System (PMS), which is operated by the Division of Payment Management (DPM) within the federal Department of Health and Human Services to obtain reimbursements from the federal government for grant expenditures. Once each quarter, using the authorization amounts provided by the federal granting agency, as well as payments requested, cash collection activity, and disbursement information provided by recipients, DPM generates PSC-272 reports which are to be completed, reviewed and certified by the grant recipient. This report, the PSC-272, serves as a reconciliation between the Department's requests for payment and the federal reimbursements it has received.

During our testing of the Department's PSC-272 report for the quarter ended December 31, 2006, we identified that the Department excluded from the Quarterly Federal Cash Transactions Report about $669,000 that had been disbursed from the State Children's Health Insurance Program (SCHIP) grant to the Department. This error occurred because the Department did not have a review process in place to ensure that the PSC-272 report was accurate and complete prior to submitting the report to the federal government. The Department corrected this error in the Quarterly Federal Cash Transaction Report for the quarter ended June 30, 2007.

Federal regulations require that the State maintain effective fiscal controls and accounting procedures to ensure reports are accurate and demonstrate accountability for how state and federal funds are used. The Department should ensure that federal reports submitted for the SCHIP are accurate and complete.

(CFDA No. 93.767, State Children's Insurance Program, Reporting. Classification of Finding: Significant Deficiency.)

Recommendation No. 60:

The Department of Health Care Policy and Financing should ensure an adequate review process is in place and that all information reported in the Quarterly PSC-272, *Federal Cash Transaction Report,* is accurate and complete prior to submission to the federal government.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Implemented.

The Department has addressed this issue and taken steps to ensure that an adequate review process is in place to ensure that information reported in the Quarterly Federal Cash Transactions Report is accurate. The Department would like to emphasize that while the information reported on the PSC-272 report was inaccurate, the Colorado Financial Reporting System (COFRS) properly reflected accurate amounts related to expenditures, revenues, assets, liabilities and cash drawdown. Therefore, there was no impact on the statewide financial statements. Further, the Department's internal process includes a final reconciliation for federal grant expenditures. This process serves as an additional internal control to promote compliance with federal requirements.

Indirect Costs

Under federal regulations, entities that receive federal awards may be reimbursed for a portion of indirect costs for the program. Indirect costs, or overhead costs, are those that support more than one program. One example of these costs is the expenses associated with employing a staff person who performs accounting functions for multiple programs. To recover indirect costs, organizations must develop an annual cost allocation plan (CAP) that provides a reasonable and consistent basis for allocating indirect costs across the appropriate programs. The CAP must be prepared in accordance with federal guidelines and it must be submitted to and approved by the federal government.

HCPF applies two different indirect cost allocation methods under two different plans, and it submits requests for reimbursement for those costs from the federal government. One plan, the Statewide Federal Indirect Cost Allocation Plan (SWICAP), is submitted by the Office of the State Controller for federal government approval for statewide indirect costs. The other plan, the Public Cost Allocation Plan (PCAP), is submitted for federal government approval by the Department for department-level indirect costs. The Department's total indirect costs recovered for Fiscal Year 2007 was about $8 million.

During our testwork related to indirect costs for Fiscal Year 2007, we noted the following problems:

- We noted that the Department did not correctly allocate SWICAP costs to specific areas or programs. Thus, the indirect costs for Medicaid were under-reported by about $16,000, the indirect costs for the State Children's Health Insurance Program (SCHIP) were over-reported by about $17,000 and the state-funded portion of indirect costs was under-reported by about $1,000. While the total amounts the Department submitted for reimbursement were correct, the Department does not have in place a procedure for reviewing the allocation of statewide indirect costs to ensure that the allocation is correct and that the costs are applied appropriately.

- As stated previously, the Department applies two different indirect cost allocation methods. The Department uses complex spreadsheets to track information regarding indirect costs in order to determine the allocation and reimbursement of these costs across the Department's programs, which include Medicaid and SCHIP. When reviewing the spreadsheets we noted that staff had not placed cell protection on the spreadsheets, which means that anyone could access and possibly revise, inadvertently or intentionally, any spreadsheets. Protection of cells is necessary in order to prevent the formulas from being modified or changed either accidentally or by an unauthorized user. This is vital to the accuracy, completeness, and reliability of the indirect cost spreadsheets since most of the spreadsheets are interrelated. In addition, the Department is responsible for ensuring that reports sent to the federal government, which rely on information from these spreadsheets, are accurate and complete.

- We also found that one of the spreadsheets had a circular reference that had not been corrected. A circular reference is a formula error in which two or more formulas each refer to the other thus preventing the execution of the calculation(s). The Department should review the spreadsheets to ensure that all formulas perform the correct calculations.

In addition, we found that the Department had not submitted an indirect cost allocation plan or a certification of its existing cost allocation plan since Fiscal Year 2000. Although the federal government does not require a new plan every year, federal regulations state, "If a [s]tate has not submitted a plan or plan amendment during a given [s]tate fiscal year, an annual statement shall be submitted to the federal Director of Cost Allocation certifying that its approved cost allocation plan is not outdated. This statement shall be submitted within 60 days after the end of that fiscal year." The Department was unable to provide either a resubmitted plan or certification letter for any year since 2001. Finally, federal regulations require a cost allocation to be amended when "the procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in [f]ederal law or regulations, or significant changes in program levels, affecting the validity of the approved [cost allocation] procedures." When the Department received its last cost-allocation approval from the federal government in 2001, its plan reflected only 174.25 full-time equivalents (FTE) in contrast with the 231.80 FTE it was allocated for Fiscal Year 2007. According to federal officials whom we contacted during the audit, this is a significant change that warrants submission of a new indirect cost allocation plan. The Department should evaluate the need to amend its indirect cost plan in view of the 30 percent increase in FTE since 2000.

(CFDA Nos. 93.767, 93.777, 93.778; State Children's Insurance Program, Medicaid Cluster; Allowable Costs/Cost Principles. Classification of Finding: Control Deficiency.)

Recommendation No. 61:

The Department of Health Care Policy and Financing should improve internal controls over the indirect cost process by:

a. Developing and implementing a review process of the allocation of statewide indirect costs and Departmental indirect costs across programs and other areas.

b. Ensuring that all spreadsheets used for tracking indirect costs are protected from unauthorized user modifications and formulas are calculating correctly.

c. Evaluating the need to amend the Departmental indirect cost allocation plan and complying with federal regulations annually by either submitting an amended indirect cost plan for approval or certifying to the federal government that the approved cost allocation plan is not outdated.

Department of Health Care Policy and Financing Response:

a. Agree. Implementation date: Implemented.

The Department has a review process in place. There was an error on the cost allocation spreadsheet. The spreadsheet has been corrected for Fiscal Year 2008.

b. Agree. Implementation date: December 2007.

The Department will place a password on the spreadsheet to protect it from unauthorized user modification. Also, as mentioned above, the Department has a review process to ensure the accuracy of formulas. The circular reference that the auditor referred to in the finding does not affect any formulas. This formula was set up to pull in the name of the appropriation and it did not involve a numerical calculation.

c. Agree. Implementation date: June 2008.

The Department is in the process of contacting the Center for Medicare and Medicaid Services (CMS) to inquire about evaluating the current indirect cost plan and will submit a new plan, if required. The federal Division of Cost Allocation rule states an amended plan must be submitted when there exists "significant changes in program levels, affecting the validity of the approved cost allocation procedures." The historical data from 2003 forward shows that the percentage of indirect to direct costs has changed, at the most, 0.0413 percent from year to year in any of the five years. The Department does not believe that 0.0413 percent is a significant change; therefore, no new plan was submitted. The CMS reviews the quarterly expenditure report, CMS64 report, and reviews the expenditures and requires any additional documentation as needed. The CMS64 report includes all quarterly cost allocation activities. The accuracy and adequacy of the reported cost allocation within the CMS64 has not been questioned by CMS.

Federal Debarment and Suspension Requirements

Federal regulations prohibit states from contracting with or making subawards using federal funds to parties that are suspended or debarred from receiving federal funds or whose principals are debarred or suspended from receiving federal funds. States are allowed to use one of the following three methods to ensure that contractors are not debarred or suspended: checking the federal Excluded Parties List System (EPLS), collecting a certification from the contractor that the contractor is not debarred or suspended, or adding a clause or condition to the contract or award document with that entity stating that the contractor certifies, by admission of the contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction by any federal department or agency. In addition, federal regulations are more specific in that they require that contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred.

During our compliance testwork for Fiscal Year 2007, we reviewed the Department's 12 standard contract templates. These consist of five templates for the State Children's Health Insurance Program (SCHIP) grant, one template for Primary Care Physicians (PCPs), one standard template that is the template used for starting all Department contracts, and five other contract templates that are used for various other services. We noted that, while the PCP template included a statement with respect to debarment and suspension certification, the five templates for the SCHIP, the standard contract template, and the other five contract templates did not include any such clause. In addition, the Department had neither reviewed the EPLS list for the majority of its contracts for Fiscal Year 2007 nor received a certification from its contractors stating that they were not suspended or debarred.

As of June 2007, the Department had about 2,900 active contracts that were based on 1 of the 12 templates described in the narrative above. Of those contracts, 1,185—almost 41 percent of active contracts—used templates that did not include a reference to debarment or suspension. These contracts total approximately $183 million, excluding the dollar value of capitation contracts. The Department stated that capitation contract amounts were not included in the overall figure because the amounts vary based on the per-member/per-month payment structure and related expenditures are recorded on the state's accounting system.

We tested 25 vendors from the State Children's Health Insurance Program (SCHIP) grant to determine whether any contractors chosen were debarred or suspended from receiving federal funds. By checking the federal EPLS list, we determined that none of the contractors tested were debarred or suspended. Department staff stated that

it does not have a standard procedure for ensuring that contractors are not debarred or suspended from receiving federal funds. However, Department staff stated that one staff person does review the EPLS for debarred or suspended contractors for those proposals that she reviews and awards. This person was responsible for nine proposals for the fiscal year, which is less than one percent of the total number of contracts that the Department awarded for Fiscal Year 2007.

The Department should comply with federal regulations and ensure that it is not contracting with any parties that have been debarred or suspended.

(CFDA No. 93.767; State Children's Insurance Program; Procurement, Suspension, and Debarment. Classification of Finding: Material Weakness.)

Recommendation No. 62:

The Department of Health Care Policy and Financing should establish and implement a procedure to ensure compliance with federal debarment and suspension requirements for all contracts and subawards by reviewing the federal Excluded Parties List System, including a clause regarding suspension or debarment in all Department contracts or obtaining a certification regarding suspension and debarment from the contractor.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: April 30, 2008.

To address this recommendation the Department has already implemented a procedure in the Contracts and Purchasing Section to ensure the federal Excluded Parties List System (EPLS) website is checked prior to awarding a solicitation or (if not awarded by solicitation) executing a contract, and has modified the Department's standard template ("Vanilla") contract to include a debarment and suspension certification clause. In addition, the Department has implemented a procedure in the Contracts and Purchasing Section defining when and how a certification is to be obtained from contractors, where required. The Department will also modify other template contracts (which are "waived" contracts for which modifications must be approved by the Office of the State Controller and often the Attorney General's Office) to include the clause in stages over the next seven months – to be completed by April 30, 2008.

During Fiscal Year 2007 the Office of the State Auditor conducted the *Nursing Facility Quality of Care Performance Audit,* Report No. 1767, dated February 2007. The comments below were contained in that report.

Resident Care and Safety

Background

As of June 30, 2006, nearly 17,000 individuals resided in one of Colorado's 217 nursing homes. Nursing home residents are a highly vulnerable population who are unable to live independently due to problems caused by physical deterioration, cognitive decline, or chronic illness. As a result, residents rely on nursing facility staff as their primary care givers to meet their ongoing health care needs and provide assistance with even the most basic daily activities. In addition to meeting residents' health care needs, nursing facilities also have a responsibility to ensure resident safety. Federal and state laws and regulations are in place to ensure that (1) nursing facilities properly assess residents' physical, mental, and psychosocial conditions as a basis for the delivery of care; (2) residents are protected from the risk of abuse, neglect, and mistreatment; (3) residents' assets are adequately safeguarded; (4) care is administered by qualified and competent staff; and (5) residents, as well as those who work in and visit nursing facilities, are protected in emergencies and disasters. As we describe in this section our audit identified problems with the accuracy of resident assessments, nursing facility management of resident fund accounts, employee screening procedures, and emergency preparedness plans. We found that poor or noncompliant practices by nursing facilities in each of these areas potentially compromise quality of care and resident safety. Additionally, we found that more needs to be done to ensure that nursing facilities comply with state licensing laws and regulations.

Resident Assessments

To provide appropriate care to residents, nursing homes that participate in the federal Medicare and Medicaid programs must assess every resident's physical, mental, and medical condition when they first enter the facility and then periodically as long as the resident lives at the facility. Federal regulations require facilities to assess each resident, regardless of the source of payment for the care provided. Part of the resident assessment involves completing the Minimum Data Set (MDS), which is a standardized assessment tool used to rate residents in several areas, including cognition, communication, mood and behavior, health conditions, physical functioning, and activities of daily living. The MDS is intended to be completed by a multidisciplinary team of nursing facility staff using information from multiple sources, such as review of the resident's medical record, observation, interviews with

the resident and family members, and communication with direct-care staff, physicians, and others who have recently observed, evaluated, or treated the resident. All Medicare- and Medicaid-certified nursing facilities transmit their MDS data to the State MDS Database maintained by the Department of Public Health and Environment (CDPHE). The federal Centers for Medicare and Medicaid Services (CMS) also captures MDS information from the State MDS Database into its Central Repository on a monthly basis. The MDS assessment data are used as described below:

Resident Care Plans—The primary purpose of the MDS assessment tool is to identify residents' strengths, needs, medical diagnoses, treatments, and other characteristics according to standardized measures and definitions. On the basis of the MDS assessment, nursing facilities must develop an individualized care plan for each resident that includes measurable objectives and timelines to meet the resident's highest practicable physical, mental, and psychosocial well-being. Depending on how a resident scores on the MDS, additional review of the resident's condition may be necessary before the facility can develop an appropriate care plan. Facility staff, physicians, family members, and residents also provide input into the care plan. Once developed, the individualized care plan provides a blueprint for nursing facility staff to use to deliver care and meet the resident's needs on a daily basis.

Nursing Facility Payments—In Fiscal Year 2001 the State began using data from MDS assessments when establishing nursing facilities' Medicaid reimbursement rates. The federal government also uses MDS data as part of the Medicare reimbursement system. As described earlier, the MDS captures standard information that reflects the resident's acuity—that is, the resident's level of functional needs and the severity or intensity of his or her medical conditions and treatments. Because not all nursing home residents require the same level or type of care, the Department of Health Care Policy and Financing (HCPF) uses MDS data to classify each resident into one of 34 different groups called resource utilization groups (RUG). The RUG classification reflects the type of care and facility resources the resident requires to function at his or her highest practicable level. HCPF adjusts reimbursement rates upward or downward to account for the relative differences in Medicaid residents' care and resource needs when compared with the facility's overall resident population.

Quality Indicators and Measures—The federal government uses MDS data to monitor the quality of care in the nation's nursing facilities. Specifically, CMS developed a set of quality indicators and measures based on MDS data that include such things as the prevalence of falls, use of high numbers of medications, residents with high weight loss, or residents who have become more depressed or anxious. Reports on these quality indicators and measures can be

generated at the facility level or aggregated across all nursing facilities statewide. State survey teams rely on these reports to help identify potential problem areas that should be examined during certification surveys. CMS also makes quality indicator data and reports available on its Web site to help public consumers make informed decisions about nursing home care.

The MDS is an integral part of nursing facility operations and provides the foundation for resident care planning, quality-of-care monitoring, and payment activities. The importance of obtaining MDS data that provide an accurate and verifiable assessment of residents' conditions cannot be overemphasized. As we describe in the sections that follow, our audit identified problems with the overall accuracy and support for MDS assessments completed by nursing facilities. This raises serious concerns about the sufficiency of care being provided to residents, as well as the State's payment for this care.

Validating MDS Assessments

Federal regulations [42 C.F.R. 483.20] specify that nursing facilities must conduct ". . . a comprehensive, accurate, standardized, and reproducible assessment of each resident's functional capacity." According to CMS, the MDS assessment can be validated by a review of the medical record to verify that information contained in the record supports and is consistent with the MDS. In addition, maintaining clinical documentation that furnishes a picture of the resident's care needs and response to treatment is an accepted standard of practice, is part of good resident care, and is an expectation of trained and licensed health care professionals. Thus, the resident's condition at the time of the assessment should be well documented in his or her medical record.

As part of our audit, we contracted with TMF Health Quality Institute to provide specialized expertise in MDS review and validation. Our contractor conducted on-site reviews of the medical record and MDS assessment for a sample of 60 nursing facility residents (i.e., 10 residents at 6 different facilities). We selected a judgmental sample of facilities of different size and geographic location, and facilities showing frequent changes to their MDS data. Residents were selected randomly at each of the six facilities. While onsite at each facility, our contractor used information documented in the medical record to complete an independent MDS assessment for each sampled resident. Our contractor compared its results with the facility's MDS assessment that, at the time we drew our resident sample, was recorded in the State MDS Database and used in the most recent acuity adjustment for Medicaid reimbursement rates.

Overall, our contractor was unable to validate the MDS assessment for 39 of the 60 (65 percent) residents in our sample. More specifically, our contractor determined

that these 39 residents should have had a different RUG classification (i.e., a different type of care and/or facility resources for the resident to function at his or her highest practicable level). Our contractor also found that medical record documentation supporting the facility assessments was often inconsistent, incomplete, or missing altogether. For example, information on resident behaviors, therapies, and other restorative services was documented in the medical record but not scored on the MDS assessment. Conversely, resident behaviors, activities of daily living, and cognitive patterns were scored on the MDS but not documented in the medical record. Our contractor also noted inconsistencies in facility staff documentation regarding the resident's level of functioning. We found that validity problems were most prevalent for those sections of the MDS intended to assess residents' activities of daily living, activity pursuit patterns, communication, and cognitive patterns.

In the summer of 2000, CDPHE conducted a one-time MDS validation review driven by concerns among certification surveyors that information on the MDS did not always seem to support the quality indicator reports they were using to identify potential concerns at nursing facilities. Although the intent of CDPHE's validation study was different, CDPHE found problems similar to those from our contractor's review. CDPHE's study did not include any specific recommendations or steps to help remedy the problems identified. Further, CDPHE's study was completed just prior to the implementation of acuity-adjusted reimbursement rates under Medicaid; however, it is unclear whether HCPF received the study report or considered the implications of CDPHE's findings for using acuity adjustments under Medicaid. In the following sections, we describe in more detail the 39 resident assessments that our contractor was unable to validate through its medical record review and the associated risks and potential effects on resident quality of care and Medicaid reimbursement rates.

Effect on Quality of Care

Federal regulations [42 C.F.R. 483.25] specify that "each resident must receive, and the facility must provide, the necessary care and services to attain or maintain the highest practicable physical, mental, and psychosocial well-being, *in accordance with the comprehensive assessment and plan of care."* (Emphasis added.) Thus, providing adequate care depends upon being able to accurately assess the resident. Although it is not the only factor used in resident care planning, the MDS provides a standardized foundation and starting point for the comprehensive resident assessment process. Ultimately, information from the MDS flows directly into the care plan that directs how a resident's health care needs should be managed on a daily basis. When the MDS assessment cannot be supported or corroborated by the medical record there is increased risk that the facility has not developed an appropriate care plan and, consequently, that the resident is not receiving the type

and level of care required for the resident to obtain his or her highest practicable well-being.

As described earlier, the RUG classification system uses MDS data to place each resident into 1 of 34 different groups that reflect the resident's assessed acuity and care requirements. Each of the 34 different RUG classifications is organized under 1 of 7 *major classification groups*: Extensive Services, Rehabilitation, Special Care, Clinically Complex, Impaired Cognition, Behavior Problems, and Reduced Physical Functions. Changes in the MDS assessment can result in changes to the resident's RUG classification and the corresponding major classification group. These changes can indicate a potential change in the resident's care requirements.

First, our contractor's review found that documentation in the medical record for 22 of the 39 residents (56 percent) whose MDS assessments could not be validated supported a different RUG classification and a different major classification group for the resident. In particular, these residents should have been placed into a different major classification group requiring a wholly different level or type of care. Thirteen residents moved into a major classification group indicating a higher assessed acuity and greater care requirements. In these cases, there is a risk that the facility may be providing a level of care that is insufficient to meet the resident's care needs. The remaining nine residents moved into a major classification group indicating a lower assessed acuity and fewer care requirements. In these cases, there is a risk that the facility may be providing a greater level of care than the resident's assessed condition actually warrants.

Second, our contractor found that for 17 of the 39 residents (44 percent) whose MDS assessments could not be validated, the documentation in the medical record supported a different RUG classification, but the resident remained within the same major classification group. That is, the resident's RUG classification changed, but our contractor's independent MDS assessment did not classify the resident as requiring a wholly different level or type of care. Even in these cases, there is still a risk that the residents' care may not be properly aligned with their needs. Our contractor determined that the medical records for these residents supported a greater or lesser degree of resident functioning with activities of daily living, need for restorative nursing programs, or presence of depression and other "sad mood" indicators, than were captured by the facility's MDS assessment.

Effect on Rates

In Fiscal Year 2006 Colorado paid approximately $456.5 million in state and federal Medicaid funds to nursing facilities. According to CMS, resident health and functional status (i.e., acuity) have a major impact on the mix of resources necessary to provide an appropriate level of health care to nursing home residents. In turn, resource requirements drive nursing facilities' health care costs. State statute [Section 25.5-6-204(4)(g) and (h), C.R.S.] requires HCPF to use MDS assessments and the RUG classification system to make a "case-mix" adjustment to Medicaid reimbursement rates. This means that reimbursement rates are adjusted upward or downward to account for the relative differences in clinical condition and the resources needed to provide appropriate care for each nursing home's Medicaid resident population. Adjusting rates for case mix may encourage homes to accept residents who require more expensive care, and it helps avoid penalizing homes that have higher costs due to a more costly mix of residents. However, because the case-mix adjustment is based on MDS assessment data, inaccurate MDS assessments could ultimately affect the accuracy of the State's Medicaid payments to nursing facilities.

To make the case-mix adjustment, HCPF assigns a numeric weight—called a case-mix index value—to each of the RUG classification groups. This case-mix index value is used to translate the qualitative differences in resident acuity and care needs into numeric differences for rate-setting purposes. Higher case-mix index values generally contribute to upward adjustments in a facility's reimbursement rate, and lower case-mix index values generally contribute to downward adjustments in a facility's reimbursement rate. However, the numeric weights assigned to the RUG classification groups do not necessarily fall in rank order. That is, there are cases where HCPF has assigned a "higher" RUG classification a lower case-mix weight than a "lower" RUG classification.

As discussed earlier, our contractor's review resulted in changes to the RUG classification for the 39 residents whose MDS assessment could not be validated. This change in the RUG classification also means that the case-mix index value changes and, therefore, potentially has an impact on reimbursement rates. Specifically, our contractor found that its independent MDS assessment resulted in a lower case-mix index value for 26 residents (67 percent) and a higher case-mix index value for 13 residents (33 percent). As we described earlier, our contractor found cases where the facility assessed residents as having greater care needs than what was supported by the medical record, as well as conditions documented in the medical record that were not accurately or adequately captured in the facility's MDS assessment. Problems with over- or underassessing residents can have an impact on the quality of care. However, since the MDS assessment is ultimately tied to

reimbursement rates via the case-mix adjustment, problems with over- or under-assessing residents also increase the risk that the State could be setting nursing facility Medicaid reimbursement rates too high or too low.

Solutions

Federal regulations [42 C.F.R. 483.75(l)] require that residents' clinical records be complete, accurately documented, readily accessible, and systematically organized. Our contractor found that facilities did not sufficiently document or organize their medical records in support of information on the MDS assessments. For example, the facilities did not have systematic or coordinated processes for documenting the repeated observations over several days and several work shifts necessary to assess the level of assistance a resident needs with activities of daily living. Our review of survey deficiency data showed that in Fiscal Year 2006 state survey teams issued a deficiency citation for failure to maintain clinical records in accordance with accepted professional standards to four of the six facilities where our contractor conducted its MDS validation review. Overall, we found that 72 separate facilities, or about 34 percent of all certified facilities in Fiscal Year 2006, were cited with this deficiency. CDPHE should explore ways to improve record organization and consistency at the facility level by encouraging nursing facilities to identify and use best practices (e.g., standard flow charts or checklists) to help collect data, improve communication, and better substantiate their resident assessments. For example, CDPHE could provide assistance by focusing facilities' attention on more critical MDS data elements, such as those used to calculate the case-mix adjustment to Medicaid payments, or those identified as being more prone to errors, inconsistent scoring, or lack of supporting documentation. According to HCPF's contract auditor for nursing homes, some states (Indiana, Nevada, North Carolina, Pennsylvania, Virginia, and Washington) that use MDS data to adjust Medicaid payments have issued guidelines or requirements to facilities regarding supporting documentation for the MDS.

As mentioned earlier, the MDS assessment is intended to be completed by a multi-disciplinary team of nursing facility staff using information from multiple sources. Each individual contributing to the MDS assessment is responsible for certifying the accuracy of the information he or she provides. Most nursing facilities also have a dedicated MDS coordinator on staff—typically a registered nurse—who is responsible for overseeing the assessment process and ensuring the proper collection and transmission of MDS data to the State. CDPHE offers MDS training on a regular basis, but this training is not required for MDS coordinators or other individuals participating in the assessment process. HCPF should work with CDPHE to require that MDS coordinators at all Medicaid-certified nursing facilities complete either the State's MDS training or a comparable external MDS training on a routine

basis, as appropriate. CDPHE will need to track those facility coordinators attending the State's training and obtain proof of external training from the remaining facility coordinators. HCPF should obtain this training information from CDPHE and use a default case-mix adjustment for those Medicaid facilities whose MDS coordinator has not completed the State's training or a comparable MDS training. (HCPF already uses a default case-mix index value for residents with MDS assessments that are more than 120 days old.)

State Oversight

Currently the State's oversight of the MDS assessment process is not sufficient to provide assurance that MDS assessments submitted by nursing facilities are valid representations of residents' conditions. First, although MDS validation is not the intended goal of the certification survey process, surveyors regularly review resident records and MDS data to assess quality of care and resident outcomes. Surveyors are authorized to cite deficiencies for noncompliance with federal MDS requirements, including the requirement that the assessment accurately reflect the resident's condition. For example, our review of deficiency data for Fiscal Years 2002 through 2006 shows that surveyors cited MDS-related deficiencies 564 times; 101 of these deficiencies (18 percent) specifically related to the validity and accuracy of the MDS assessment. CDPHE should continue to work with surveyors through training and on-the-job monitoring to increase awareness of validity problems with MDS assessments and ensure that any such problems noted during certification surveys are investigated and resolved appropriately. This should include citing the facility with a deficiency if warranted.

Second, CDPHE and HCPF should make better use of standard reports available in the electronic MDS system and data maintained by HCPF's contract auditor on RUG classifications for Colorado nursing facility residents to identify those facilities at a higher risk of submitting invalid assessments. For example, both agencies could use aggregate data analysis and system reports to identify those facilities with large shifts in the distribution of residents across RUG classifications, a significant number of changes to their MDS assessments in a given period, or frequent data coding and transmission problems. Nursing facilities that exhibit these characteristics could be at a higher risk of making errors when assessing residents and in need of additional attention during certification surveys or the rate-setting process.

Third, the State could improve the reliability and validity of nursing home resident assessment data by establishing a stand-alone MDS review team. We found that separate validation teams appear to be a common approach among states with MDS-based reimbursement systems under Medicaid. For example, in February 2002 the U.S. Government Accountability Office (GAO) released a report highlighting MDS

review programs in the 10 states (Indiana, Iowa, Maine, Mississippi, Ohio, Pennsylvania, South Dakota, Vermont, Washington, and West Virginia) using MDS data as part of their Medicaid payment systems. Another eight states (Georgia, Idaho, Kentucky, Minnesota, New Jersey, New Hampshire, Utah, and Virginia) planned to establish separate MDS review programs. HCPF has not reviewed the validity or accuracy of MDS data since Colorado implemented the case-mix adjustment to nursing facility Medicaid rates in Fiscal Year 2001. As mentioned earlier, it is unclear whether HCPF received or considered the findings from CDPHE's MDS review study completed in 2000. At the time of the GAO study in 2002, Colorado was one of five states using MDS data for Medicaid payments that did not have a separate MDS review program.

There are some similarities in how other states have set up their MDS review teams. In most cases, the MDS accuracy reviews are separate from the certification survey process and are conducted by state Medicaid staff or contractors. The reviews entail on-site visits to nursing homes and involve a comparison of the documentation in the resident's medical record with the MDS assessment prepared by the facility. Cost can be an issue when implementing a separate MDS review program. However, the GAO reported that since MDS accuracy reviews are typically associated with the administration of states' Medicaid programs, state expenditures are eligible for 75 percent matching federal funds. Most states use results from their MDS reviews to recalculate Medicaid payments when MDS errors are found, and some states reported recouping overpayments in Medicaid reimbursement as a result of validation efforts. However, it is important to note that MDS reviews could also result in additional reimbursement being owed to facilities. CDPHE and HCPF should explore and evaluate options for implementing a separate state MDS review team to ensure the validity and reliability of assessments completed by nursing facilities participating in Medicaid.

Considering the importance of the MDS in planning for and guiding resident care and adjusting nursing facility payments, documenting the basis for the MDS assessment in a way that can be independently validated and verified is critical to achieving its intended purposes. Any inability to validate MDS assessments undermines assurance that residents' care plans are appropriate and, therefore, could result in poor resident outcomes, quality-of-care issues, and an inaccurate view of the overall needs of the resident population. Furthermore, lack of reliable assessments undermines the legislative goal that Medicaid reimbursements to nursing facilities be adjusted for the relative mix of resources required to care for Medicaid residents.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Other. Classification of Finding: Control Deficiency.)

Recommendation No. 63:

The Department of Health Care Policy and Financing should improve the oversight of nursing facility resident assessments and Minimum Data Set (MDS) data by:

a. Working with the Department of Public Health and Environment to conduct more systematic review and analysis of standard reports available in the electronic MDS system and data maintained by its contract auditor on resource utilization group classifications to identify those facilities that are at higher risk of submitting invalid assessments and, therefore, warrant further attention during rate-setting.

b. Working with the Department of Public Health and Environment (CDPHE) to require that MDS coordinators at all Medicaid-certified nursing facilities complete the State's MDS training or a comparable MDS training on a routine basis, as appropriate. Training information should be obtained from CDPHE and a default case-mix adjustment should be used when setting reimbursement rates for Medicaid facilities whose MDS coordinator has not completed the required training.

c. Working with the Department of Public Health and Environment to evaluate options for the development and implementation of a state validation team to perform routine on-site reviews of nursing facilities' MDS assessments for Medicaid residents. This should include working with the federal Centers for Medicare and Medicaid Services, the General Assembly, and other policy-making bodies, as appropriate.

Department of Health Care Policy and Financing Response:

a. Agree. Implementation date: December 31, 2007.

   The Department will work collaboratively with DPHE's surveyors to identify and investigate problems noted with MDS assessments.

b. Agree. Implementation date: December 31, 2007.

   At a minimum, the Department will require all facility MDS coordinators to complete the State's MDS training one time. Annually, MDS coordinators will be required to complete the State's MDS training if facility survey deficiencies indicate that more training is needed. A

default case-mix adjustment will be used when setting reimbursement rates for Medicaid facilities whose MDS coordinator has not completed the required training. An attestation statement will be added to the Medicaid cost report certification page that the facility's MDS coordinator(s) have taken the required training. The contract auditor will be required to substantiate the training.

c. Agree. Implementation date: December 31, 2007.

The Department will work collaboratively with DPHE and policy-making bodies to evaluate options for the development and implementation of a state validation team to perform routine on-site reviews of nursing facilities' MDS assessments of Medicaid residents. The Department currently does not have resources dedicated to this task.

See Recommendation No. 118 to the Department of Public Health and Environment regarding the same issue.

Resident Fund Accounts

Nursing facilities participating in Medicare or Medicaid are required to protect and promote the rights of each resident, including the resident's right to manage his or her own financial affairs. Federal regulations [42 C.F.R. 483.10(c)(2)] state that "upon written authorization of a resident, the facility must hold, safeguard, manage, and account for the personal funds of the resident deposited with the facility." This means that if residents choose to deposit their personal funds with the facility, the facility must act as a fiduciary and manage the funds on the resident's behalf. Nursing facilities cannot refuse to handle resident funds if directed by a resident. Facilities also cannot require residents to deposit their personal funds with the facility. Knowingly misusing resident funds is a criminal act under state law [Section 25.5-6-206(8), C.R.S.].

All residents, regardless of payer type, may choose to deposit personal funds with the nursing facility. However, in most cases, Medicaid residents are only allowed to retain a total of $50 of their monthly income for personal needs. Any additional income is expected to be applied toward the resident's cost of care. Typically, residents use their personal funds to pay for such things as clothing, reading materials, cosmetic and grooming items, gifts, and outside social events or activities. Federal and state laws and regulations establish a number of requirements intended to ensure that residents with funds on deposit at a nursing facility have ready and

reasonable access to the funds, and that the funds are properly protected. Some of these requirements include:

- Establishing and maintaining a system of accounting and records that ensures a full, complete, and separate accounting of residents' funds in accordance with generally accepted accounting principles. Resident funds may not be commingled in any way with the facility's funds.

- Purchasing a surety bond to ensure the financial security of all resident funds deposited with the facility.

- Limiting allowable charges to resident fund accounts. Items or services charged to resident accounts must be authorized by the resident. Except for any applicable deductible or coinsurance amounts, facilities may not charge resident fund accounts for any item or services for which payment is made under Medicare or Medicaid.

- Providing quarterly reports on account activity and, for Medicaid residents, notification when account balances approach resource limits used to determine eligibility for benefits.

- Conveying funds and a final accounting of those funds upon the resident's death to the person responsible for settling the resident's estate.

During our audit we conducted site visits at five nursing facilities across the State to review facility policies and procedures for managing resident fund accounts. We reviewed account documentation for the fiscal quarter ending March 31, 2006, for a total of 25 sampled residents (i.e., 5 residents at each facility) with personal funds on deposit at the facility. Account balances for these 25 sampled residents totaled about $17,100 at the time of our review. Overall, we found that facilities are not managing resident fund accounts in compliance with federal and state laws and regulations. Specifically, we identified the following problems:

- **Insufficient or missing authorization forms.** As described earlier, residents must authorize the nursing facility to manage their personal funds. For 12 of the 25 sampled residents with funds on deposit at the facilities we visited, we found a lack of sufficient documentation, such as a form or agreement signed by the resident, giving the facility authority to manage the personal funds. In six cases, the facility did not have any documentation that the resident had authorized the facility to manage his or her personal funds. In five cases, the facility provided us with a form signed by the resident, but the form did not actually contain language authorizing fund management. Finally, in one case, the authorization form was not signed and dated by the

resident or his or her legal representative. Balances on the 12 resident accounts without proper authorization for facility management totaled about $9,900. Additionally, State Medicaid Rules [10 CCR 2505-10, Part 8.482.52(A)(3)] require facilities participating in Medicaid to have written documentation when a resident refuses participation in the facility's fund management service. We reviewed an additional sample of 10 residents (i.e., 2 residents at each facility) who did not have personal fund accounts. We found that the facilities did not have documentation showing that 5 of these 10 sampled residents had refused fund management services. All five of the nursing facilities we visited participated in Medicaid.

- **Lack of resident authorization of account activity.** Federal regulations [42 C.F.R. 483.10(c)(8)] and state statute [Section 25.5-6-206(4), C.R.S.] prohibit facilities from making any expenditures from resident fund accounts for any item or service without resident approval. We found that facilities' practices for documenting resident approval were insufficient and that the transactions were not always accompanied by receipts or other supporting documentation. Of the 25 sampled residents with personal fund accounts, we identified about $2,800 in transactions for 3 residents that lacked documentation showing that the resident had authorized the transaction. For example, one resident's account showed a direct deposit of about $1,370 in social security income and an automatic withdrawal of about $1,340 for the resident's cost of care. However, the resident had not authorized direct deposits to or automatic withdrawals from her account. The two remaining residents' accounts were charged a total of about $90 for hair care services, but there was no documentation to show that these charges were authorized by the residents or their legal representatives.

- **Lack of notification of account balances.** Federal regulations [42 C.F.R. 483.10(c)(5)] and state statute [Section 25.5-6-206(3)(b), C.R.S.] require nursing facilities to provide notification to Medicaid residents when their account balance reaches $1,800, which is $200 less than the federal Supplemental Security Income (SSI) resource limit currently set at $2,000 for one person. The facility is also required to notify the resident or his or her legal representative that if the account balance reaches $2,000, the resident could lose eligibility for Medicaid or SSI benefits. We found that nursing facilities do not regularly monitor resident fund account balances, and therefore, facilities are not notifying residents or their legal representatives as required. Specifically, we identified 3 of 25 sampled residents whose account balances were over $1,800 during the period we reviewed. Further, we found that the account balance for these three residents grew to exceed $2,000 in the months during or immediately following our review period. One resident's account balance exceeded $2,000 for nearly the entire three-

month period we reviewed. In all three cases, we found no evidence that the facility made proper and timely notification of the account balance to the resident or legal representative. Facility staff reported that they primarily rely on informal means of notification, such as telephone calls; however, these calls were not documented in the resident files.

- **Accounting errors.** Federal regulations [42 C.F.R. 483.10(c)(4)] require nursing facilities to account for resident funds in accordance with generally accepted accounting principles. During our review we found that one facility made accounting errors while adjusting monthly income deposits and associated withdrawals for care costs for two of the five sampled residents at the facility. For the first resident, the facility underbilled the resident's cost of care for three consecutive months by a total of about $2,000. This caused the resident's personal income to exceed the $50 monthly limit and the resident's account balance to exceed the individual resource limit for these months. The facility became aware of the error in the fourth month and made a subsequent adjustment to the resident's account to recover the remaining balance for the resident's cost of care. For the second resident, the facility calculated the resident's cost of care incorrectly for two consecutive months, which caused the resident's personal income to exceed the $50 monthly limit in both months.

- **Lack of quarterly account statements.** Federal regulations [42 C.F.R. 483.10(c)(4)] and state statute [Section 25.5-2-206(4), C.R.S.] require nursing facilities to provide residents or their legal representatives with quarterly account statements. We found there was no evidence of such notification in 15 of 25 sampled resident files. Although the facilities reported providing account statements to these residents, we were unable to verify facilities' compliance with this requirement due to a lack of documentation.

In general, improper management of resident fund accounts means that residents' rights are not being fully recognized and their financial assets are not being fully safeguarded. Lack of proper notification limits residents' ability to monitor their account activity and, in some cases, may ultimately place them at risk of losing eligibility for Medicaid benefits. Moreover, noncompliance and inadequate controls over the management of resident fund accounts increases the risk for fraud, abuse, and criminal activity. For example, in 2003 an employee at a nursing facility in Denver was found guilty of criminal charges for misusing resident fund accounts to perpetrate an embezzlement scheme.

Monitoring Resident Fund Accounts

As discussed earlier, there are numerous federal and state requirements governing nursing facilities' management of resident fund accounts. Currently CDPHE and HCPF share responsibility for overseeing nursing facilities' compliance with these requirements. We found that there needs to be more systematic and routine monitoring of resident fund accounts by both agencies.

First, although facilities can be cited with a deficiency citation for noncompliance with federal regulations, survey teams do not routinely review resident fund accounts. Survey teams cited a total of 46 resident fund account deficiencies during Fiscal Years 2002 through 2006, half of which were related to the conveyance of funds upon the death of the resident. Only 7 of these 46 (15 percent) deficiencies were directly related to denying the resident the right to manage their own funds, or to problems with the facility's account management practices. CDPHE staff reported that they typically refer problems with resident fund accounts to HCPF. CMS provides guidance to surveyors for reviewing resident fund accounts; however, CDPHE staff reported that this detailed review is "triggered," which means that it only occurs if problems with resident funds are first identified through surveyors' interviews with residents or their families. We reviewed CMS's standard resident and family interview forms and found that they contain no questions specific to resident fund accounts. Moreover, many of the problems we identified during our audit may not be known to residents or their families and could only be identified through interviews with facility staff and a review of resident fund account documentation. CMS survey protocols only direct surveyors to review resident fund accounts when triggered; therefore, CDPHE needs to take steps to ensure that surveyors effectively and efficiently identify those circumstances where additional review of resident fund accounts is warranted. To this end, CDPHE should ensure that surveyors are trained on the requirements and proper internal controls over resident fund accounts, as well as on common problems and risks associated with resident fund accounts. Specific questions about resident funds should always be included in interviews with residents, family members, and facility staff to assess the facility's practices regarding such things as completion of management authorization agreements, account balance notification, and quarterly account statements. More in-depth review should then be done in accordance with CMS survey protocols depending on the results of these initial inquiries.

Second, most surveyors have a health care or social work background, which means they may lack sufficient expertise or experience in accounting or auditing to effectively evaluate and test facilities' management of resident fund accounts. CDPHE should provide training to all surveyors on resident fund management requirements and proper internal controls, as well as on common problems and risks

associated with resident fund accounts. Additionally, CDPHE could explore ways to augment the expertise available to review resident fund accounts by periodically including individuals on survey teams with a background in accounting or auditing. CMS suggests that states consider using individuals in specialized disciplines who may not routinely participate as members of survey teams. These individuals would not necessarily be present on every survey, but instead could be made available to assist survey teams on an as-needed basis when specific problems or questions regarding resident fund accounts arise at a facility.

Third, state statute [Section 25.5-6-206(5), C.R.S.] authorizes HCPF to audit resident fund accounts managed by nursing facilities participating in the Medicaid program. However, State Medicaid Rules [10 CCR 2505-10, Part 8.482.54(C)] only require such audits when there is a change in facility ownership or when the facility discontinues its participation in the Medicaid program. This creates a large gap in audit coverage, since nursing facilities can operate for many years before HCPF is required to conduct an audit. Since April 2004, HCPF has not conducted any audits of resident fund accounts at nursing facilities where there has not been a change in ownership. Resident fund account audits can be an effective way of ensuring that nursing facilities participating in Medicaid manage resident funds properly because HCPF is authorized to seek recovery of funds on behalf of residents. For example, from November 2004 through August 2006, HCPF completed 39 change-of-ownership audits and sought the return of more than $143,500 to resident fund accounts. HCPF should expand its audit program to include audits at all Medicaid nursing facilities on a more routine basis. In addition to issuing audit adjustments, HCPF's audit reports should contain recommendations to the nursing facility on how to improve internal controls over resident fund accounts in accordance with federal and state requirements.

Fourth, nursing facilities are required to give Medicaid residents notice when account balances approach the $2,000 individual resource limit for SSI; however, there is no requirement that nursing facilities notify either county eligibility specialists or the State when Medicaid residents' account balances actually reach or exceed this resource limit. As we described earlier, we found that nursing facilities did not give proper notice of account balances and that account balances for three residents in our sample grew to exceed $2,000 during our audit. Medicaid residents whose personal fund account balances exceed $2,000 are technically no longer eligible to receive Medicaid benefits because they have resources exceeding the individual resource limit. Not only could this negatively affect the resident, but this also means that the State could be paying Medicaid claims for ineligible individuals in violation of federal law. Medicaid is a payer of last resort. Therefore, when a resident's income or personal resources exceed established thresholds, the excess should be applied toward his or her cost of care. State Medicaid Rules [10 CCR 2505-10, Part 8.110.51(C)(3)] allow Medicaid residents to use resources in excess of the $2,000

limit to offset Medicaid payments in lieu of losing eligibility for Medicaid benefits. HCPF needs to take steps to identify Medicaid residents with account balances exceeding applicable resource limits. For example, HCPF could require nursing facilities to notify county eligibility specialists and the State when a Medicaid resident's personal needs account balance reaches the resource limit. Once residents with account balances exceeding applicable resource limits are identified, HCPF needs to recover the excess funds to offset Medicaid claims paid for the resident.

Finally, CDPHE and HCPF need to better coordinate oversight and monitoring of resident fund accounts. Each agency operates according to separate laws and regulations and their responsibilities for monitoring nursing facility accounts and addressing violations differ accordingly. HCPF audits resident fund accounts and is authorized to seek recovery of resident funds from Medicaid-certified nursing facilities based on the audit results. CDPHE conducts federal certification surveys and is authorized to issue deficiency citations, require plans of correction, and recommend other enforcement actions, such as civil monetary penalties for noncompliant practices. Better coordination will increase the effectiveness of both agencies' efforts and help avoid duplication wherever possible. CDPHE should continue to make referrals to HCPF based on surveyors' review of nursing facility resident fund account management practices. In addition, survey teams should consult the results of HCPF's resident fund account audits during pre-survey planning activities. HCPF should consult the results of certification surveys when setting its audit schedule, as well as follow up on referrals from CDPHE. HCPF could also help provide training and guidance to survey teams on reviewing facilities' resident fund account management practices.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Eligibility, Other. Classification of Finding: Control Deficiency.)

Recommendation No. 64:

The Department of Health Care Policy and Financing should improve its oversight of nursing facilities to ensure compliance with federal and state requirements for managing resident fund accounts. Specifically, the Department should:

a. Develop and implement an audit program consistent with its existing authority to conduct more routine audits of resident fund accounts managed by nursing facilities participating in Medicaid. This audit program should be risk-based and consider factors that identify the need to audit resident fund accounts prior to a change in facility ownership.

b. Take steps to identify Medicaid residents with account balances exceeding applicable resource limits. Amounts exceeding applicable resource limits should be recovered by the State and used to offset Medicaid claims paid for the resident.

c. Work with the Department of Public Health and Environment to improve communication and coordination and, to the extent possible, minimize the potential for duplication of resident fund account monitoring efforts.

Department of Health Care Policy and Financing Response:

a. Agree. Implementation date: Implemented November 2006.

   A risk-based audit program was developed and put into place in November 2006.

b. Agree. Implementation date: March 31, 2007.

   The Department has included in its risk-based audit program a step to audit 100 percent of the personal needs account balances. The Department's current staffing will allow all facilities to be audited every four years. The Department staff auditor will determine the excess amount required to be repaid to the State as an offset to Medicaid claims for the resident.

c. Agree. Implementation date: March 31, 2007.

   The Department will work with the Department of Public Health and Environment to coordinate and communicate information between the two departments to minimize any duplication of monitoring efforts.

See Recommendation No. 119 to the Department of Public Health and Environment regarding the same issue.

Department of Higher Education

Introduction

The Department of Higher Education was established under Section 24-1-114, C.R.S., and includes all public higher education institutions in the State. It also includes the Auraria Higher Education Center, the Colorado Commission on Higher Education, the Colorado Council on the Arts, the Colorado Student Loan Program dba College Assist, CollegeInvest, the State Historical Society, and the Division of Private Occupational Schools. Please refer to the introduction in the Department of Higher Education chapter within the Financial Statement Findings section for additional background information.

Board of Regents of the University of Colorado - University of Colorado

Organization and Administration

The University of Colorado (the University) was established on November 7, 1861, by Act of the Territorial Government. Upon the admission of Colorado into the Union in 1876, the University was declared an institution of the State of Colorado (the State) and the Board of Regents was established under the State Constitution as its governing authority.

The University consists of the system office and the following three campuses:

- University of Colorado at Boulder (CU–Boulder)
- University of Colorado Denver (UC Denver)
- University of Colorado at Colorado Springs (CU–Colorado Springs)

The three campuses comprise 28 schools and colleges, which offer more than 144 fields of study at the undergraduate level and 163 fields at the graduate level. Approximately 250 bachelor and master's degrees, along with 75 doctorates are offered.

The Board of Regents is charged constitutionally with the general supervision of the University and the exclusive control and direction of all funds of and appropriations to the University, unless otherwise provided by law. The Board of Regents consists of nine members serving staggered six-year terms, one elected from each of the State's seven congressional districts and two elected from the State at large.

The Board of Regents appoints the President of the University. The President is the chief executive officer of the University. The President is responsible for the administration of the University and for compliance of all University matters with applicable regent laws and policies and state and federal constitutions, laws, and regulations. The President is the chief academic officer of the University, responsible for providing academic leadership for the University in meeting the needs of the State and shall maintain and advance the academic policies of the University. The President is also the chief spokesperson for the University and interpreter of University policy and represents and interprets the roles, goals, and needs of the University throughout the State and elsewhere, as appropriate. The Chancellors are the chief academic and administrative officers at the campus level, responsible to the President for the conduct of the affairs of their respective campuses in accordance with the policies of the Board of Regents.

The following comment was prepared by the public accounting firm of KPMG, LLP, which performed Fiscal Year 2007 audit work at the University of Colorado.

Federal Awards

We performed procedures required by the U.S. Office of Management and Budget (OMB) *Circular A-133* and the OMB *Circular A-133 Compliance Supplement* for the following programs:

- Research and Development Cluster
- Student Financial Assistance Cluster

For Fiscal Year 2007, the University received approximately $442 million and $140 million of federal awards for the Research and Development and Student Financial Assistance Clusters, respectively. The finding and recommendation presented below result from this work.

It should be noted that this finding relates only to the sample items selected for testing and the circumstances identified below could be more widespread.

Documentation of Internal Controls over Research and Development Cash Management

Statement on Auditing Standards No. 112 (SAS), *Communicating Internal Control Related Matters Identified in an Audit*, states that one of the indications of a deficiency in the design of an internal control is inadequate documentation of the components of internal control.

Federal cash management regulations generally require that reimbursements not be requested from federal granting agencies until funds have already been disbursed by the grantee. The University complies with this directive by basing its drawdown requests on cash disbursements from its general ledger system.

For the University's federal Research and Development (R&D) program at UC Denver, an accounting technician prepares the reimbursement request to the federal granting agency without obtaining review and approval from a supervisor. Without a secondary review and approval, there is increased risk that an error may occur and an incorrect amount of funds could be requested from the granting agency. The University performs a monthly reconciliation after funds have been requested that mitigates this risk, but this control is a detective control rather than a preventive control.

For the University's R&D program at CU – Boulder, an accounting supervisor distributes a billing log each week to the accounting technicians that contains the cash disbursement activity per the general ledger for each grant. As the accounting technicians prepare invoices to bill the federal granting agencies for each of the grants, they complete the billing log with the amounts to be billed. The accounting supervisor reviews these logs on a periodic basis. However, the billing log is not reviewed on a basis consistent with the timing of the reimbursement requests and the review is not documented.

(See Appendix A, University of Colorado, for listing of applicable CFDA Nos.: Research and Development Cluster; Cash Management. Classification of Finding: Control Deficiency.)

Recommendation No. 65:

The University of Colorado should implement procedures to ensure that federal grant reimbursement requests are reviewed by someone other than the preparer prior to submission, and the University should maintain documentation that the reviews were performed.

University of Colorado Response:

Partially agree. Implementation date: December 2007.

The University fully supports the increased importance that SAS 112 places on internal controls. The University is committed to ensuring that the design and operation of its system of internal controls adequately ensures compliance with federal regulations. The University will modify the existing procedures within its available resources to ensure that control procedures are performed and documented within two weeks of when the grant reimbursement requests are prepared and submitted.

Trustees of the Colorado School of Mines

Colorado School of Mines

The Colorado School of Mines (the School) was founded on February 9, 1874. The School came under state control with statehood in 1876. The first diploma was granted in 1882. The authority under which the School operates is Article 40 of Title 23, C.R.S.

The Board of Trustees is the governing body of the School and is composed of seven members appointed by the Governor, with consent of the Senate, for four-year-terms and one nonvoting student member elected by the student body.

The following comment was prepared by the public accounting firm of BKD, LLP, which performed Fiscal Year 2007 audit work at the Colorado School of Mines.

Student Status Change Testing

According to the U.S. Department of Education's (ED) Audit Guide, an institution must submit Federal Family Education Loans (FFEL) Roster File Reports periodically to the National Student Loan Data System (NSLDS). Information from the report is needed by the lender in order to determine student status for billing and other purposes. The institution must report a change in a student's enrollment status directly to ED, the lender, or the guarantee agency within 30 days if a student has ceased to be enrolled at least half-time, withdrew, or has graduated from the institution if the institution does not expect to complete its next Roster File Report within the next 60 days. Of the thirty students we tested who had status changes, fifteen did not have their status change reported in the required timeframe by the

School. Failure to report the status change within 30 days results in noncompliance with federal egulations.

(CFDA No. 84.032, Federal Family Education Loans, Special Tests and Provisions. Classification of Finding: Control Deficiency.)

Recommendation No. 66:

The Colorado School of Mines should ensure proper policies and procedures are in place to report all student status changes to the National Student Loan Data System within the proper timeframe.

Colorado School of Mines Response:

Agree. Implementation date: June 30, 2008.

This was a direct result of the implementation of a new student computer system. The School will monitor and verify the file sent to the Clearinghouse to ensure proper procedures are in place to report all student status changes to NSLDS within the proper timeframe.

State Board for Colorado Community Colleges and Occupational Education

The State Board for Community Colleges and Occupational Education (SBCCOE or the Board) was established by the Community College and Occupational Education Act of 1967, Title 23, Article 60 of the Colorado Revised Statutes. The Board functions as a separate entity and, as such, may hold money, land, or other property for any educational institution under its jurisdiction. The statute assigns responsibility and authority to the Board for three major functions:

- The Board is the governing board of the state system of community and technical colleges.
- The Board administers the occupational education programs of the state at both secondary and postsecondary levels.
- The Board administers the states program of appropriations to Local District Colleges and Area Vocational Schools.

The Board consists of nine members appointed by the Governor to four-year staggered terms of service. The statute requires that board members be selected so as to represent certain economic, political, and geographical constituencies.

Colorado Community College System's operations and activities are funded primarily through tuition and fees, federal, state, and local grants, tuition revenue, and beginning in 2006, the College Opportunity Fund stipends and a fee-for-service contract. In addition, the SBCCOE receives and distributes state appropriations for Local District Colleges, Area Vocational Schools, and school districts offering vocational programs.

The 13 colleges in the community college system are as follows:

College	Main Campus Location
Arapahoe Community College	Littleton
Community College of Aurora	Aurora
Community College of Denver	Denver
Colorado Northwestern Community College	Rangely
Front Range Community College	Westminster
Lamar Community College	Lamar
Morgan Community College	Fort Morgan
Northeastern Junior College	Sterling
Otero Junior College	La Junta
Pikes Peak Community College	Colorado Springs
Pueblo Community College	Pueblo
Red Rocks Community College	Lakewood
Trinidad State Junior College	Trinidad

The following comments were prepared by the public accounting firm of KPMG LLP, which performed the Fiscal Year 2007 audit work at the Colorado Community College System.

Community College of Denver

We have identified and reported a number of internal control deficiencies at the Community College of Denver (CCD) during previous external audits. Additional internal control deficiencies were noted as part of the Fiscal Year 2007 external audit. Specifically, the following issues were noted an included in the annual financial and compliance reports over the past three years:

Fiscal Year 2007

- Insufficient Information Technology General Controls
- Lack of segregation of duties in payroll
- Inadequate reconciliation procedures
- Improper determination of student financial aid eligibility

Fiscal Year 2006

- Inadequate reconciliation procedures
- Capitalization of assets in the incorrect fiscal year
- Inadequate controls over authorization of employee compensation

Fiscal Year 2004

- Inadequate controls over accounting and financial reporting processes
- Lack of management review of journal entries and certain key calculations, such as the allowance for doubtful accounts, the scholarship allowance
- Insufficient budgeting procedures
- Timely return of Title IV funds

Additionally, in June 2006, the Internal Audit Department of CCCS received allegations through the CCCS fraud hotline of questionable activities of one instructor. Allegations indicated specific instances of noncompliance with aspects of CCCS operating policy, state law, and federal student financial aid guidelines.

In response to these allegations, CCCS performed an investigation and issued a report in November 2006. Based on the nature of those findings and other allegations arising from that investigation, CCCS contracted with external forensic accountants in March 2007 to conduct an investigation to determine, to the extent possible, the facts about the alleged irregular transactions that were reported to CCCS's Internal Audit Department and to determine whether or not appropriate CCD internal control procedures were followed related to various functions. During the investigation, the number of allegations continued to increase, including calls for

the fraud hotline. The external forensic accountants performed various procedures as further detailed in their report dated October 19, 2007. Their report noted weakness in the following areas or functions: 1) control environment; 2) accounting; 3) student financial aid; 4) human resources; and 5) purchasing and accounts payable, among others.

Summary of Findings

Control Environment

The external forensic accountants noted through examination of documents and interviews with CCD executives and managers the existence of inappropriate overrides on controls by management with respect to hiring practices, awarding of student financial aid, finance and procurement. Each of these is discussed in more detail below. The external forensic accountants noted that CCD management represented compliance with the Statement of Compliance with the State Department Financial Responsibility and Accountability Act (Act) despite these overrides and control weaknesses. Under the Act (Colorado Revised Statutes Section 24-17-101, et seq.), management of each principal department is required annually to file a statement with the State Controller, the Governor, and the State Auditor as to the adequacy of the department's system of internal and administrative controls. Taken in total, the existence of these overrides indicates a lack of appropriate consideration of the importance of adherence to internal control policies and reflects negatively on the overall tone toward compliance with laws, regulations, and policies at CCD.

Accounting Function

The external forensic accountants noted weak or dysfunctional controls in the accounting department. Among the items noted were lack of budget to actual reports and lack of reconciliations between certain subsystems such as the student receivables system and general ledger. Furthermore, reconciliations between the Financial Reporting System and the State's accounting system, COFRS, were not performed. Additionally, they noted a significant amount of assistance from CCCS accounting personnel was required to close the books at CCD at the end of Fiscal Year 2007. Extensive adjustments to the financial records were made by the CCCS accounting personnel to correct errors in general ledger balances such as accounts payable and accounts receivable, deferred revenue, tuition, grant revenue, and multiple others that were materially misstated.

Student Financial Aid

Procedures performed by the external forensic accountants identified instances of financial aid being disbursed to ineligible students. Initially, 50 students were tested, 12 of which were determined not eligible to receive federal assistance. Significant issues of noncompliance with federal requirements were noted in lack of Satisfactory Academic Progress, lack of documentation of high school diplomas or the equivalent, aid disbursed to students enrolled in excessive remedial credit hours, and lack of timely return of Title IV funds to the federal government. These findings resulted in a total monetary error of approximately $53,000. Based on these results from the original sample of 50, we statistically selected a separate additional sample of 49 students for further testing. Six of the 49 students tested had adverse findings with an aggregate monetary error of $3,526. A statistical extrapolation of this monetary error resulted in an estimate of the most likely error in the population of approximately $315,000 with a range of possible error of $3,500 to $1,400,000 (at a 96 percent confidence interval). As a result of the noncompliance identified, there is a possibility some amount will have to be repaid to the federal government.

Human Resources

The external forensic accountants reported that controls surrounding the human resources process were inadequate to protect CCD from inappropriate hiring. In particular, there was not a process for documenting budgetary approval prior to hire, no documentation of appropriate approval prior to hiring employees, and a lack of segregation of duties in the human resources and payroll process. Specifically, payroll technicians were able to create new employee records, enter compensation rates, and generate pay. Certain positions were converted from classified positions to exempt positions without appropriate documentation, thus circumventing State Personnel Board policy and procedures. It was also noted that CCD Human Resources (HR) personnel maintained incomplete Form I-9 and work visa documentation. As a result, employees' legal status was not always clearly documented in HR files. It was also noted that two individuals who were ineligible to work in the United States were employed by CCD.

Purchasing

The external forensic accountants noted that 13 of 24 contracts with vendors tested did not comply with the State Constitution and State Fiscal Rule requirements. Six contracts did not have a total maximum amount of costs and did not include the special provisions related to undefined costs in non-compliance with State Fiscal Rule 3-1, five contracts lacked the Special Provisions required by State Fiscal Rule 3-1 (Special Provisions are standard legal requirements that must be included in all

state contracts), and several contracts lacked appropriate signatures as required by State Fiscal Rule 3-1. Six contracts and one contract amendment included a clause whereby CCD indemnified the external party in violation of the State Constitution. Multiple other findings were also noted. Additionally, a lack of segregation of duties was noted in which the accounts payable technician routinely creates new vendors and generates payments, thus creating the risk that improper payments could be issued and not detected timely.

Impact of Internal Control Weaknesses

The findings noted by KPMG and the external forensic accountants reflect a material weakness in internal controls at CCD. (***Note:*** From the perspective of the Statewide Audit, this is considered a significant deficiency.) Specifically, the lack of adherence to established policies, procedures, student financial aid regulations and state law result from a lack of oversight of control activities and from management override of controls. Such a lack of enforcement of controls and adherence to policies directly results in the types and magnitude of findings noted at CCD.

As a result of the weaknesses noted at CCD, KPMG performed extensive additional work over payroll and tuition at all colleges during the system-wide audit. Additionally, the number and content of KPMG's required fraud discussions with staff and management were increased throughout CCCS, and a member of KPMG's forensics practice reviewed the work performed by both the internal audit department and the external forensic accountants to determine if the investigation was sufficient to identify significant issues and their cause. We concluded, based on the performance of additional procedures and representations made by CCCS management, that the investigation was sufficient for our purposes of issuing an opinion on the Fiscal Year 2007 CCCS financial statements.

(CFDA Nos. 84.032, 84.063; Federal Family Education Loans, Federal Pell Grant Program; Eligibility, Special Tests and Provisions. Classification of Finding: Significant Deficiency.)

Recommendation No. 67:

Colorado Community College System (CCCS) should develop an action plan based on our current and prior findings related to the Community College of Denver (CCD), work performed by CCCS Internal Audit, and on the Internal Controls Report issued by the external forensic accountants. This plan should identify each weakness noted and provide specific remedial and corrective actions that will be taken by CCD management, including time frames for completion. Such actions

taken by CCD management should be subject to ongoing oversight from CCCS personnel, including the Internal Audit department. For the foreseeable future, routine on-site visits should be conducted by CCCS personnel to determine the degree of progress being made as compared to these corrective actions. Interim progress reports should be made to the executive management of CCCS and to the State Board's Audit Committee.

Colorado Community College System Response:

Agree. Implementation date: January 2009.

The State Board for Community Colleges and Occupational Education and System management have made appropriate changes in personnel where necessary. Community College of Denver (CCD) staff members have implemented at least partial corrections in all impacted areas. CCD staff will prepare implementation plans that will be monitored monthly by appropriate members of CCD's executive management. In addition, action plans will also be reviewed by System management and the Internal Audit department. Quarterly progress reports towards full implementation will be presented to the Audit Committee of the SBCCOE until process corrections are fully implemented. Specific action items within the plan will be subject to change, as deemed necessary, as new management is put in place. Completion is projected for January 2009.

Federal Awards

We performed procedures required by the Office of Management and Budget (OMB) *Circular A-133* and the Compliance Supplement for the following programs:

- Student Financial Assistance
- Carl Perkins Vocational Education Program

For Fiscal Year 2007, the System expended approximately $111.2 million and $22.7 million of federal financial assistance for the two programs, respectively. The 7 findings and recommendations presented below result from this work and are presented in the format required under OMB *Circular A-133* and *Government Auditing Standards.*

Carl Perkins Vocational Education Program–Subrecipient Monitoring

CCCS administers the Carl Perkins Vocational Education Program (Perkins) throughout the State. In this role, the CCCS's duties include creating a state plan for administering Perkins funds and instituting statewide performance measures that subrecipients must meet for the State to continue receiving Perkins funding. CCCS staff manages the day-to-day Perkins operations on behalf of the Board. CCCS had $22.7 million of federal vocational expenditures during Fiscal Year 2007.

As part of the prior year audit, we reported a finding and recommendation related to subrecipient monitoring of the Perkins program. We reported that CCCS's review of Perkins subrecipients lacked steps to adequately review financial information and ensure that all subrecipient expenditures funded through Perkins are appropriate. We also reported that CCCS did not meet its goals for conducting Perkins monitoring visits and staff did not adequately follow prescribed Perkins monitoring procedures.

During Fiscal Year 2007, CCCS had not yet implemented the recommendations; therefore, it did not have adequate controls over subrecipient monitoring and was not in compliance with the requirements of OMB *Circular A-133*. Specifically, CCCS did not perform site visits and appropriately review annual OMB *Circular A-133* subrecipient audit reports. OMB *Circular A-133* requires entities to monitor grant subrecipients to ensure compliance with federal laws and regulations. Specifically, CCCS is responsible for:

- Identifying to the subrecipient the federal award information (e.g., Catalog of Federal Domestic Assistance (CFDA) title and number, award name, name of federal agency) and applicable compliance requirements at the time of the award.

- Monitoring the subrecipient's use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

- Ensuring that subrecipients expending $500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of OMB *Circular A-133* and that the required audits are completed within 9 months of the end of the subrecipient's audit period, issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or

unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

(CFDA No. 84.048, Vocational Education: Basic Grants to States, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 68:

Colorado Community College System (CCCS) should improve its subrecipient monitoring by implementing policies, procedures, and controls to ensure compliance with OMB *Circular A-133*. Specifically, CCCS should:

a. Develop a risk-based approach for monitoring subrecipients, including written policies and procedures, in compliance with OMB *Circular A-133*. Based upon this risk-based approach, a monitoring calendar should be developed and adhered to as it relates to items b-f below.

b. Perform periodic site visits to ensure that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

c. Require all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to OMB *Circular A-133* audit requirements. Also, CCCS should review these audit reports or other statements. For those that report compliance findings, significant deficiencies, or material weaknesses, CCCS should ensure corrective action measures are being acted upon in a timely manner. Review of the reports and monitoring of corrective action measures should be documented.

d. Develop written policies, procedures, and documentation requirements for subrecipients to support allowability and appropriateness of grants expenditures and other compliance requirements.

e. Provide training to improve the technical skill of staff responsible for subrecipient monitoring.

f. Provide adequate oversight and supervisory review of the Perkins monitoring process.

Colorado Community College System Response:

Agree. Implementation date: June 2009.

CCCS has developed a monitoring team comprising a Compliance Officer, Program Directors, Internal Audit, Accounting, Credentialing, Colorado Vocational Act (CVA) Staff, and Perkins personnel to develop factors to be utilized in a risk-based approach to determine which subrecipients should have on-site visits using subjective and objective criteria from our office-based monitoring. This risk-based approach being developed will include written policies on carrying out monitoring visits with specific actionable procedures. A process is in place to identify and request OMB *Circular A-133* reports annually, as applicable, and the Compliance Office will ensure specific corrective action plan procedures are developed for subrecipients with findings. CCCS will continue to provide Colorado sub-indicator performance reports to subrecipients to identify individual program deficiencies and monitor subrecipients against their plan objectives. Additionally, training will continue to be provided to subrecipients and will be expanded over the next fiscal year to include the automated Local Plan, for all levels of personnel working with the Perkins program dollars. Complete implementation of these procedures will be established throughout Fiscal Year 2009.

Carl Perkins Vocational Education Program–Allowability

According to OMB *Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments*, an employee paid in part by a federal program, and in part with funds from other revenue sources, must maintain time and effort distribution records to support salary being charged to the federal program. During our testwork, we noted one employee out of 19 tested in which time and effort records were not maintained for the period tested. The one exception included $479 in payroll costs charged to the program. Total payroll charged for this employee to the Perkins program during the period of time in which no time and effort records were maintained for this employee was $1,916.

(CFDA No. 84.048; Vocational Education: Basic Grants to States; Activities Allowed or Unallowed, Allowable Costs/Cost Principles. Classification of Finding: Control Deficiency.)

Recommendation No. 69:

For those employees who charge less than 100 percent of time to the Perkins program, Colorado Community College System (CCCS) should ensure that time being charged is properly supported by time and effort reporting, including new employees charging time to the program. CCCS should ensure compliance with these requirements by:

a. Training employees who work on the Perkins programs regarding the importance of time and effort reporting and certifications.

b. Performing periodic reviews of time and effort reporting or certifications for a sample of those employees who charge time to the Perkins programs. This review should include any new employees charging time to the program.

Colorado Community College System Response:

Partially agree. Implementation date: November 2007.

Partially agree as to the finding; however, parts of the recommendation were already in place at the time of the audit. CCCS began keeping a monthly log in Fiscal Year 2007 of employees that are required to submit time sheets and tracking when each is received. CCCS will also begin obtaining an employee listing monthly from human resources for all employees assigned in whole, or in part, to be paid from Perkins funds to ensure new employees are properly included, beginning November 2007. Training will continue to be provided, as in the past, on the requirements and importance of completing time and effort reporting. Time sheets will continue to be reviewed and signed by supervisors monthly and allocations will be made to accurately report time spent and paid by the program.

Student Financial Aid–Return of Title IV

In accordance with 34 CFR 668.22, a school must return its portion of unearned Title IV funds to the federal government by no later than 45 days after the date the school determined the student withdrew. In Fiscal Year 2007, Lamar Community College (LCC) received $2,504,508 in Title IV funds and returned $15,960. During our audit, we noted that LCC did not have adequate procedures in place to ensure Title IV funds are returned in the time allowed, which is 45 days. In a sample of 30 students (10 from LCC), students' institutional portion of unearned Title IV funds

were not calculated and returned during the fall 2006 semester. The Fall 2006 calculation was not performed until January of the 2007 spring semester. As a result, LCC returned its portion of unearned Title IV funds beyond the timeframe established by federal regulations. In addition, when return of Title IV funds was resumed during the 2007 spring semester, no one separate from the preparer reviewed the calculations for accuracy.

(CFDA Nos. 84.032, 84.063; Federal Family Education Loans, Federal Pell Grant Program; Special Tests and Provisions. Classification of Finding: Material Weakness.)

Recommendation No. 70:

Colorado Community College System should work with Lamar Community College (LCC) to enhance procedures to make certain that the institution's portion of a student's unearned Title IV funds is returned to the federal government within 45 days after the school has determined the student has withdrawn. This should include a review performed by someone separate from the preparer to ensure accuracy of the return.

Colorado Community College System Response:

Agree. Implementation date: December 2007.

Staff at LCC have been provided additional training as to financial aid timelines and proper calculation for the return of Title IV dollars. The Director of Student Services will ensure that the Financial Aid Director is adhering to proper timelines during each semester. The LCC Financial Aid Director will prepare all calculations of return of Title IV funds on a monthly basis and the LCC controller will review the form for accuracy. All procedures will be in place beginning December 2007.

Student Financial Aid–Verification

Institutions are required to perform verification procedures, which are defined as the process of checking the accuracy of the information supplied by students when they apply for federal student aid. The Central Processing System (CPS) of the federal Department of Education (the Department) selects those students to be verified. Information required to be verified is specified in 34 CFR 668.56 and is as follows: (1) household size, (2) number in college, (3) adjusted gross income, (4) U.S. income taxes paid, and (5) certain untaxed income and benefits.

In the verification process, the school sends a verification worksheet to the student to answer the required questions and to send back to the school with the required tax returns. When a student completes the verification worksheet and attaches the appropriate tax forms, or alternative documents, the school will usually have enough data to complete the verification process. Acceptable documentation for the required verification items is listed in 34 CFR 668.57.

During our testwork, in a sample of 30 students (10 tested at LCC), one instance was noted at LCC in which no tax information or verification worksheet could be provided from LCC for a student to support that verification procedures had properly been performed. In addition, it was noted that only one person at LCC performs the verification process with no review performed by a separate person.

(CFDA Nos. 84.032, 84.063; Federal Family Education Loans, Federal Pell Grant Program; Special Tests and Provisions. Classification of Finding: Control Deficiency.)

Recommendation No. 71:

Colorado Community College System should work with Lamar Community College (LCC) to enhance procedures to ensure that verification procedures over student information described above are properly performed and documented. In addition, LCC should implement monitoring procedures over the verification process. These procedures should include someone separate from the verification process selecting a sample of the verified data, reviewing the information for completeness and accuracy, and documenting this review within the file.

Colorado Community College System Response:

Agree. Implementation date: December 2007.

A process for independent verification of student financial aid documentation has been put in place at LCC, beginning December 2007, and will be conducted by the Director of Financial Aid and reviewed by the Director of Student Services. This verification will be performed as required throughout the fiscal year.

Student Financial Aid–Exit Counseling

According to 34 CFR 668, an institution is required to advise student borrowers to complete exit counseling shortly before graduating or ceasing at-least-half-time enrollment.

The required elements of exit counseling are as follows:

- Review the elements from entrance counseling, including importance of repayment and consequences of default.

- Tell the student about the availability of loan information through the National Student Loan Data System (NSLDS) Web site, and the availability of the Financial Student Aid (FSA) Student Loan Ombudsmans Office.

- Collect drivers license number and state of issuance, expected permanent address, address of next of kin, and name and address of employer (if known), and update any changes to students personal information (name, social security number, etc.).

If the student borrower drops out without notifying the school, the school must confirm that the student has completed online counseling, or mail exit counseling material to the borrower at his or her last known address. The material must be mailed within 30 days after learning that the borrower has left school or failed to participate in an exit counseling session. If the school mails these exit materials, it is not required to use certified mail with a return receipt requested, but it must document in the students file that the materials were sent. If the student fails to provide the information, the school is not required to take any further action.

Out of 30 students tested, nine were required to have received exit counseling. Of these nine students (two at LCC), one student's file at LCC did not have

documentation supporting that the school adhered to exit counseling requirements as described above.

(CFDA Nos. 84.032, 84.063; Federal Family Education Loans, Federal Pell Grant Program; Special Tests and Provisions. Classification of Finding: Control Deficiency.)

Recommendation No. 72:

Colorado Community College System should work with Lamar Community College (LCC) to enhance procedures to comply with required exit counseling procedures. This should include determining the complete population of students who are graduating or have withdrawn from the institution and documenting in the borrower's file the method of meeting the exit counseling requirements. Lastly, a review procedure should be implemented by someone overseeing the process to ensure these requirements are being adhered to on a timely basis.

Colorado Community College System Response:

Agree. Implementation date: December 2007.

Banner programs that issue financial aid exit counseling letters to students were not operating properly and LCC did not establish alternative procedures to ensure compliance. Banner has since been revised to ensure that an accurate and complete population of financial aid borrowers will be sent notices. Training has been given staff as to the proper regulations that must be adhered to in regard to exit counseling. A process for independent verification of student financial aid documentation is in place and will be performed throughout the fiscal year.

Student Financial Aid–Satisfactory Academic Progress

According to 34 CFR, in order to remain eligible for student financial aid, a student must make satisfactory academic progress, which institutions must check at intervals of one year or half the length of the program, whichever is less. Making satisfactory academic progress includes both qualitative and quantitative standards. One quantitative standard is that the maximum time frame in which a student is expected to finish a program is 150 percent of the published length of the program. Upon

review, if it is clear that a student cannot mathematically finish the program within this period, the student becomes ineligible for aid, unless a proper appeal is filed by the student.

During testwork of 30 students receiving federal student financial aid [10 at Pueblo Community College (PCC)], we noted one student at PCC who had exceeded 200 percent of the published length of a program. No appeal was filed by the student; therefore, this student should have been considered ineligible for aid. Total aid granted to this student was $7,895.

(CFDA Nos. 84.032, 84.063; Federal Family Education Loans, Federal Pell Grant Program; Eligibility. Classification of Finding: Control Deficiency.)

Recommendation No. 73:

Colorado Community College System should work with Pueblo Community College (PCC) to enhance procedures to comply with required satisfactory academic progress procedures. Specifically, these procedures should include a process to ensure all students who cannot mathematically finish the program within 150 percent of the published timeframe are properly identified and eligibility reviewed accordingly.

Colorado Community College System Response:

Agree. Implementation date: November 2007.

As a result of the delay in migration of student academic history from the legacy Student Information System (SIS), the process for tracking program progress within the required timeframes for satisfactory academic progress compliance was not operating for an interim period of time and PCC did not continue alternative procedures to ensure compliance with satisfactory academic process. Beginning November 2007, academic history has now been successfully moved and is routinely reviewed as part of the financial awards process.

Student Financial Aid–Eligibility

According to 34 CFR, a student who is to receive student financial aid must demonstrate that he/she qualifies to study at the postsecondary level. This qualification is demonstrated if the student has a high school diploma, or its recognized equivalent, generally a GED, or has qualified by passing a U.S.

Department of Education-approved ability-to-benefit test, or has completed home schooling. A student may self-certify that he/she has received a high school diploma or GED or that he/she has completed secondary school through home schooling (as defined by state law) as indicated on his/her Free Application for Federal Student Aid (FAFSA).

We noted one instance at Community College of Denver (CCD) out of 30 students tested (10 at CCD) in which a student indicated on her FAFSA that she did not have a high school diploma or equivalent. Upon discussion with CCD, the college deemed this person eligible without further investigation or performing a Department-approved ability-to-benefit test. Total aid granted to this student was $14,644.

(CFDA Nos. 84.032, 84.063; Federal Family Education Loans, Federal Pell Grant Program; Eligibility. Classification of Finding: Material Weakness.)

Recommendation No. 74:

Colorado Community College System should work with the Community College of Denver (CCD) to enhance procedures to comply with eligibility requirements. Specifically, CCD should ensure that Free Application for Federal Student Aid forms are being properly reviewed to ascertain that the student qualifies to study at the post-secondary level. This review should be performed by individuals familiar with the student financial aid eligibility requirements, and the date and person performing the review should be documented.

Colorado Community College System Response:

Agree. Implementation date: November 2007.

The Financial Aid Director is redesigning processes to ensure adequate steps are implemented to comply with eligibility requirements by November 1, 2007.

Trustees for Adams State College

Adams State College

House Bill 03-1093 authorized independent governance for Adams State College effective July 1, 2003 and a new Board of Trustees was appointed to govern the College.

The Board of Trustees of Adams State College is the governing board for Adams State College. The Board of Trustees has oversight and responsibility in the areas of finance, resources, academic programs, admissions, role and mission and personnel policies.

The Board consists of nine members appointed by the Governor to serve four-year terms. An elected member of the faculty of the College serves for a two-year term and an elected member of the student body of the College serves for a one-year term. The President of Adams State College is responsible for providing leadership for the College and administering the policies and procedures of the Board of Trustees. The Board conducts its business at regular monthly meetings and special meetings, all of which are open to the public.

Adams State College is a liberal arts college with graduate programs in Teacher Education, Counseling, and Art. Section 23-51-101, C.R.S., provides that Adams State College shall be a general baccalaureate institution with moderately selective admission standards. Adams State College is a regional educational provider approved to offer limited professional programs, Hispanic programs, undergraduate education degrees, masters' level programs, and two-year transfer programs with a community college role and mission, except for vocational education programs.

The following comment was prepared by the public accounting firm of Wall, Smith, Bateman & Associates, Inc., which performed Fiscal Year 2007 audit work at Adams State College.

Financial Aid

Withdrawals and the Return of Title IV Funds

Adams State College received approximately $16.7 million under Title IV during Fiscal Year 2007 for federal student financial assistance programs. The College refunds, on a pro rata basis, tuition, fees, room and meal plans for complete withdrawals initiated up through the eighth week of the semester. A withdrawal occurs when a student goes to Student Affairs to get an "Official Withdrawal Form."

The date the student last attended class is the withdrawal date. The student then must take the form around to various departments, such as Records, Business Office, Student Affairs, Computing Services, Housing and Financial Aid, for sign off on the form. After the sheet is completed and all applicable departments have signed off, the form is given to the Financial Aid Office, which then calculates the return of Title IV funds.

Federal Student Aid includes all Title IV grant and loan funds that were disbursed or that could have been disbursed to a student for the period of time for which the refund calculation is being performed. The College has 30 days from the date the student withdrew to return to the federal government all unearned Title IV funds for which it is responsible. Due to the manual process necessary to complete the withdrawal form by obtaining the signatures of the various departments, the College is unable to comply with the 30 day requirement for all instances. For Fiscal Year 2007 we noted that out of the fifteen refunds we tested, five did not comply with the 30 day return of Title IV funds requirement. Three refunds took 89 to 98 days, one refund took 56 days and one refund took 32 days to be processed. This was also a finding in Fiscal Year 2006.

(CFDA Nos. 84.007, 84.033, 84.038, 86.063; Federal Supplemental Educational Opportunity Grants, Federal Work-Study Program, Federal Perkins Loan Program, Federal Pell Grant Program; Special Tests and Provisions. Classification of Finding: Significant Deficiency.)

Recommendation No. 75:

Adams State College should improve the timeliness of the return of unearned Title IV funds and ensure federal timeframes are met.

Adams State College Response:

Agree. Implementation date: July 1, 2007.

The College will re-evaluate its new policies and procedures regarding the complete withdrawal of regular students enrolled in an eligible program of study and the subsequent Return of Title IV Funds. The College has implemented a redefined policy and procedures that will address the timeliness and accuracy of the institutional complete withdrawal process as well as the Return of Title IV Refund calculation. The current award year will be closely monitored to ensure the timeliness and accuracy of the calculations. In addition, the College's timeliness in developing a new policy

for the 2007 award year was delayed by scheduling conflicts and procedural complications.

Trustees of Metropolitan State College

Metropolitan State College

Established in 1963 as Colorado's "College of Opportunity," Metropolitan State College is the third largest higher education institution in Colorado and one of the largest public four-year colleges in the United States. With a modified open-enrollment policy, students who are at least 20 years old need only have a high school diploma, a GED high school equivalency certificate, or the equivalent to gain admission.

The College is governed by the Board of Trustees, an 11-member board consisting of a faculty and student representative and nine members appointed by the Governor of Colorado and approved by the Senate.

The College offers 51 major fields of study and 82 minors through its School of Business, School of Letters, Arts and Sciences, and School of Professional Studies. Degrees include bachelor of science, bachelor of arts, and bachelor of fine arts and bachelor of music. Academic programs range from the traditional, such as English, art, history, biology, and psychology, to business-related degrees in computer information systems, accounting and marketing, to professional directed programs in nursing, health care management, criminal justice, pre-medicine, pre-law, and pre-veterinary science.

The following comment was prepared by the public accounting firm of Anderson and Whitney, which performed Fiscal Year 2007 audit work at Metropolitan State College.

Improving Teacher Quality Enhancement Processes

In 2004 the College received a $9.5 million grant over five years from the U.S. Department of Education. The grant is to conduct a secondary teacher enhancement project with the collaboration of the Denver Public Schools. Expenditures for year Three of the Teacher Quality Enhancement Grant awarded to the College (CFDA No. 84.336) totaled approximately $3.2 million that included unexpended funds of approximately $1.3 million from years one and two.

The College is responsible for designing and implementing internal control that is sufficient to provide reasonable assurance that the College 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. Two issues were noted during our review of internal controls over this grant.

The grant proposal included a Project Steering Committee, composed of representatives from the College's School of Letters, Arts and Sciences, Department of Teacher Education and Denver Public Schools. The Project Steering Committee has been active to coordinate the day-to-day work of the project and ensure that the project is guided at all times by best practices and alignment with state and national reform efforts.

At this time meeting minutes are not regularly being taken to document the scope of the Committee's oversight. Also, financial information relating to the grant such as year-to-date budget to actual expenditures should be reviewed by the Project Steering Committee to provide assurance that spending levels are reasonable.

As required by the U.S. Department of Education and federal cost principles, the seven employees with part or all of their salary paid by the grant or used as grant match are required to document time and effort towards the grant. The College prepares time and effort reports monthly to itemize the date, hours, and specific activities performed related to the grant. However, the time and effort reports are signed only by the employee and are not reviewed and approved by a supervisor. Thus, any errors or incomplete information would not be detected by the College. Supervisory review and approval is required under federal grant regulations.

(CFDA No. 84.336, Teacher Quality Enhancement Grants, Allowable Costs/Cost Principles. Classification of Finding: Control Deficiency.)

Recommendation No. 76:

Metropolitan State College should improve internal controls over the Teacher Quality Enhancement Grant by:

a. Ensuring the Project Steering Committee's oversight actions are documented in minutes of all meetings. The Committee should include a review of financial information, such as year-to-date budget and actual expenditures, as part of its oversight.

b. Implementing procedures to ensure time and effort reports are reviewed and approved at a supervisory level on a timely basis.

Metropolitan State College Response:

Agree. Implementation date: December 31, 2007.

The College will ensure minutes are taken at each Oversight Committee meeting as well as all other TQE meetings. Financial information will be included as a standard agenda item for the Oversight Committee.

The College is working with the Information Technology office to improve and streamline the time and effort reports. We will also ensure that they are a standard agenda item for the monthly Dean's meeting where timely review and analysis will be conducted.

Trustees of Western State College

Western State College

Founded in 1911 as Colorado State Normal School, Western State College of Colorado (the College) is Colorado's oldest college west of the Continental Divide. Originally planned as a preparatory college for teachers, the College remained a Normal School until 1923 when it was renamed Western State College. The College is an undergraduate college of liberal arts and sciences. Section 23-56-101, C.R.S., provides that the College be a general baccalaureate institution with moderately selective admission standards. The College is to provide a limited number of professional, educational, and traditional arts and sciences programs. The College cannot offer any two-year programs.

Through June 30, 2003, the College was a member of the State Colleges in Colorado and, as such, was governed by the Board of Trustees of the Office of State Colleges. Effective July 1, 2003, the State Colleges in Colorado were dissolved in accordance with House Bill 03-1093 and each member became an independent entity. As a result of the dissolution of the State Colleges in Colorado, the College has a separate Board of Trustees comprised of 9 members appointed by the Governor, with consent of the Senate, for 4-year terms, one faculty member elected by the faculty and one student member elected by the student body.

The following comment was prepared by the public accounting firm of Chadwick, Steinkirchner, Davis & Co., P.C, which performed Fiscal Year 2007 audit work at Western State College.

Student Financial Aid

During our audit for the fiscal year ended June 30, 2007, we noted that Western State College has contracted with a third-party to perform administration compliance procedures for Perkins loans, which consists of furnishing all services for billing, collection and accounting of all Perkins loans. This includes sending all grace period communications and conducting exit interviews for borrowers who do not meet the program's enrollment thresholds. During a transition of College personnel responsible for oversight of the third party during 2006 and 2007, certain procedures relating to the monitoring of the third-party were not consistently performed. Our sample consisted of five students who entered repayment, and during our testing we noted two instances where required follow up related to student exiting compliance requirements had not been initiated by the third-party. Our findings did not result in any questioned costs related to Western State College's student financial aid programs. However, without these monitoring procedures the College cannot ensure that the contractor is conducting activities required under the federal Perkins program.

(CFDA No. 84.038, Federal Perkins Loan Program, Reporting. Classification of Finding: Not classified—not an internal control issue.)

Recommendation No. 77:

Western State College should ensure that employees with oversight of Perkins loans understand all requirements of the program and are monitoring the third party contractor for administrative compliance. This should include assignment of specific College personnel to be responsible for the monitoring of the third-party contract performance.

Western State College Response:

Agree. Implementation date: October 31, 2007.

The College has hired an assistance financial aid director who will monitor the third-party contractor for administrative compliance.

Student Financial Aid Manual

Western State College received approximately $8,600,000 during Fiscal Year 2007 for federal student financial assistance programs. During our audit for the fiscal year ended June 30, 2007, we noted in our testing of student financial aid that the College

does not have a formal written policies and procedures manual for administering student financial aid. One of the requirements in testing internal controls over student financial aid is to review the written policies and procedures manual established by the institution, that includes policies over the determination of awards, the receipt and disbursement of funds, the recording of transactions, the reporting to CCHE, and the proper packaging guidelines for need-based awards. A formal manual not only meets the requirements for written policies and procedures, but, in the event financial aid personnel are absent, processes can continue without interruption.

(CFDA Nos. 84.007, 84.032, 84.033, 84.038, 86.063; Federal Supplemental Educational Opportunity Grants, Federal Family Education Loans, Federal Work-Study Program, Federal Perkins Loan Program, Federal Pell Grant Program; Activities Allowed or Unallowed, Cash Management, Eligibility, Matching, Level of Effort, Earmarking, Period of Availability of Federal Funds, Procurement, Suspension, and Debarment, Program Income, Reporting, Special Tests and Provisions. Classification of Finding: Control Deficiency.)

Recommendation No. 78:

Western State College should formalize its policies and procedures in a manual for Student Financial Aid staff to follow.

Western State College Response:

Partially agree. Implementation date: June 30, 2008.

The College agrees that a formal written policies and procedures manual is a necessity. However, the College does not agree that the College does not have a formal written policies and procedures manual for administering student financial aid. Western State College does have a policies and procedures manual that needs to be updated and will take the necessary steps to do so by June 30, 2008.

Colorado Student Loan Program dba College Assist

Colorado Student Loan Program dba College Assist (the Enterprise) is a self-supporting business of the State of Colorado. During the 2004 Legislative Session, House Bill 04-1350 allowed the Enterprise, formally the Colorado Student Loan Program, to change its name to Colorado College Access Network. House Bill 06-

1260 reversed this name change and returned the agency to its former legal name Colorado Student Loan Program effective July 1, 2006. The Enterprise retained College Access Network as its "doing business as" name until December 31, 2006, thereafter it changed the dba to College Assist. The primary mission of the Enterprise is to assist Colorado residents with planning for and supporting lenders and Colorado institutions of higher education by administering the Federal Family Education Loan Program for the federal government.

The following comment was prepared by the public accounting firm of Clifton Gunderson LLP, which performed the Fiscal Year 2007 audit at the Colorado Student Loan Program dba College Assist.

Reporting to U.S. Department of Education

Colorado Student Loan Program dba College Assist (the Enterprise) is a state agency that operates as a partnership between lenders such as banks, higher education institutions, and the U.S. Department of Education (USDE). The capital for making loans to students is provided by private lenders which include banks, saving and loan associations, credit unions, pension funds, insurance companies, or secondary markets. Under the Federal Family Education Loan Program (CFDA No. 84.032), the Enterprise insures lenders against financial loss from default, disability, death, or bankruptcy. The USDE serves as the reinsurer. If the Enterprise must reimburse a lender for an uncollectible or discharged loan, it files a claim for 100 percent reimbursement from the USDE. The amount of claims filed with USDE by the Enterprise during Fiscal Year 2007 for uncollectible and discharged loans was $159,469,764 and $2,550,137, respectively.

Under the Voluntary Flexible Agreement between the Enterprise and USDE, the Enterprise is allowed to estimate the amount of claims to be paid at least four to seven days prior to the claims payment date and invoice the USDE for the amount on a weekly basis. The estimate for reimbursement includes amounts for both uncollectible and discharged loans. The Enterprise usually receives payment from the USDE approximately five to ten days after the USDE receives the claim request. The Enterprise prepares a request for payment through the Colorado State Department of Treasury on the claim payment date.

The Enterprise prepares a monthly reconciliation (Form 2000) which compares the amount received from the USDE to the amount the Enterprise paid to lenders for uncollectible and discharged loans. The Enterprise owes the USDE if the Enterprise received more than what it paid to lenders. The Enterprise is due reimbursement from USDE if the Enterprise paid more to lenders than it received from the USDE. The amount to be paid or received is submitted with the next weekly reimbursement request to the USDE.

During Fiscal Year 2007, the Enterprise realized that, although it was including discharged loan amounts on the weekly invoice sent to the USDE and receiving reimbursement for these claims, the Enterprise was not including discharged loan amounts on the monthly Form 2000 reconciliation. The Enterprise had a change in accounting personnel in October 2004, and this error occurred when a new person took over the preparation of the Form 2000. The line for discharges on the Form 2000 was inadvertently not included, and this was not detected when the report was reviewed. In addition, the Enterprise had been recording the activity in its system through one account, on a net basis. This did not easily allow for reconciliation of amounts paid to amounts received. The current controller identified this error in October 2006 when reconciling the Form 2000 to the weekly invoice for the prior month. In essence, by underreporting the amount of payments made to lenders on Form 2000, the Enterprise was returning amounts received back to the USDE. This error occurred on the monthly reconciliations from October 2004 through October 2006, which resulted in a reimbursement due from the USDE in the amount of $2,077,986. The breakdown between fiscal years is as follows: $316,436 for Fiscal Year 2005; $989,105 for Fiscal Year 2006; and $772,445 for Fiscal Year 2007.

The Enterprise requested reimbursement of $2,077,986 from the USDE by letter dated July 19, 2007, and received notification from the USDE by letter dated September 26, 2007, that the reimbursement request had been approved for the full amount requested. The $2 million revenue had not been recorded by the Enterprise in Fiscal Years 2005 and 2006 and was wholly recorded in Fiscal Year 2007; therefore, revenue was understated in Fiscal Years 2005 and 2006 and overstated in Fiscal Year 2007. An adjustment was made to correct prior periods in Fiscal Years 2006 and 2007.

(CFDA No. 84.032, Federal Family Education Loans, Special Tests and Provisions. Classification of Finding: Significant Deficiency.)

Recommendation No. 79:

Colorado Student Loan Program dba College Assist (the Enterprise) should implement and strengthen controls over the U.S. Department of Education Form 2000 reconciliation process by:

a. Ensuring complete and timely review of the monthly reconciliation.

b. Establishing a process to compare the monthly Form 2000 to the amounts reported on the weekly invoice, and to the amounts recorded in the general ledger.

c. Recording the activity related to these payments and reimbursements through separate accounts (gross amounts) so that any discrepancies between amounts paid and amounts received can be identified.

d. Ensuring that staff reviewing the Form 2000 are familiar with the reconciliation process in order to minimize the chance that errors would not be caught.

Colorado Student Loan Program dba College Assist Response:

a. Agree. Implementation date: Implemented.

The Enterprise has implemented procedures to reconcile the Form 2000 amounts to the general ledger activity to ensure that all amounts paid and billed during the month are accounted for.

b. Agree. Implementation date: Implemented.

The Enterprise has implemented procedures to reconcile on a monthly basis all discharges reported on the Form 2000 to the discharges reported on the weekly invoices, and to the discharges recorded in the general ledger.

c. Agree. Implementation date: October 2007.

The Enterprise established procedures to record the discharge activity related to reinsurance reimbursement and claims payments in separate revenue and expenses accounts.

d. Agree. Implementation date: May 2007.

The Enterprise established a review process for the Form 2000 to ensure it is reviewed by someone with Form 2000 knowledge and experience.

Department of Human Services

Introduction

The Department of Human Services (DHS) is solely responsible, by statute, for administering, managing, and overseeing the delivery of the State's public assistance and welfare programs throughout the state of Colorado. Most of these programs are administered through local county or district departments of social services. The Department also manages and directly administers programs in the areas of developmental disabilities, mental health, nursing homes, and youth corrections. Please refer to the introduction in the Department of Human Services chapter within the Financial Statement Findings section for additional background information.

Eligibility Determinations for Federal Programs

In Colorado, the responsibility for determining recipient eligibility for public assistance benefits is shared between the State and the counties. Counties are responsible for administering the benefit application process, entering the required data for eligibility determination, and approving eligibility determinations. For the Temporary Assistance for Needy Families (TANF)/Colorado Works and Food Stamps programs, individuals and families apply for benefits at their local county departments of human/social services. The State is responsible for supervising the counties' administration of public assistance programs, including TANF/Colorado Works and Food Stamps. The Department of Human Services is responsible for administering the TANF/Colorado Works and Food Stamps programs.

Colorado Benefits Management System (CBMS)

On September 1, 2004, the Department of Human Services and the Department of Health Care Policy and Financing (HCPF) jointly implemented CBMS. CBMS was designed to improve the accuracy and timeliness of eligibility determinations for programs including TANF/Colorado Works, Food Stamps, and Medicaid. Prior to February 2007, the Governor's Office of the Colorado Benefits Management System provided common oversight and coordination of the state management of CBMS. However, the Office of CBMS was dissolved by Executive Order No. D005 07 in February 2007.

During our Fiscal Year 2007 audit of DHS, we performed testing to assess the Department's internal controls and compliance with respect to state and federal laws and regulations. Our testing specifically included determining the Department's compliance with federal TANF/Colorado Works and Food Stamps regulations. For example, we reviewed eligibility determinations and benefit payments to ensure that they were made only to or on behalf of eligible beneficiaries and in accordance with state and federal program requirements, and that data were correctly entered into CBMS by county staff. We also performed follow-up testing to assess the Department's progress in implementing numerous recommendations from our Fiscal Year 2006 audit, including problems noted during that audit with respect to outstanding unprocessed cases that had exceeded federal and state guidelines regarding processing time frame.

Based on our findings during the Fiscal Year 2007 audit, we determined that the Department has made improvements in its internal controls over compliance with eligibility determinations for the TANF/Colorado Works program. However, we determined the Department's Food Stamps program has material weaknesses in its internal controls over compliance with eligibility determinations. Under the federal Single Audit Act and federal Office of Management and Budget (OMB) *Circular A-133*, a material weakness is defined as a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable laws, regulations, contracts, and grants that would be material in relation to a major program, such as Food Stamps, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. For both programs, we continue to identify issues the Department should address to ensure compliance with federal and state regulations.

Specifically, for TANF/Colorado Works we found that 13 of the 60 payments in our sample (22 percent of payments sampled) contained at least one error; of the 13 payments containing errors, we identified questioned costs of $1,831 out of the total sampled costs of $16,444 (11 percent of costs). For Food Stamps, we found that 34 of the 60 payments in our sample (57 percent of payments sampled) contained at least one error; for the 34 payments containing errors, we identified questioned costs of $2,922 out of the total sampled costs of $13,692 (21 percent of costs). From a state perspective, the risk is significant because the federal recoveries for disallowed costs could be substantial.

Based on both our Fiscal Year 2005 and 2006 audits of the Department, we identified material weaknesses in the Department's internal controls over compliance with eligibility determinations for the TANF/Colorado Works and Food Stamps programs. In Fiscal Year 2006, for TANF/Colorado Works we identified errors in 38 percent of payments sampled and questioned costs of 33 percent of sampled costs. For Food

Stamps, we found errors in 18 percent of payments sampled and questioned costs of 9 percent of sampled costs. In Fiscal Year 2005, we identified material weakness for TANF/Colorado Works. We found errors in 25 percent of payments sampled and questioned costs of 20 percent of sampled costs. For Food Stamps, we identified errors in 72 percent of payments sampled and questioned costs of 20 percent of sampled costs.

The results of our Fiscal Year 2007 testing of the TANF/Colorado Works and Food Stamps program are discussed below. The results of our testing of Medicaid and the State Children's Health Insurance Program (SCHIP) are contained in the Department of Health Care Policy and Financing chapter in the Federal Award Findings section of this report.

Timely Processing of Applications

Federal and state regulations require that benefit applications for the Medicaid, SCHIP, Food Stamps, and TANF/Colorado Works programs be processed in a timely manner. These processing requirements vary by program. Specifically, TANF/Colorado Works, SCHIP, and a majority of Medicaid applications are to be processed within 45 days. Medicaid applications for beneficiaries with disabilities should be processed within 90 days. Food Stamps applications must be finalized within no more than 30 days after initial application; expedited Food Stamps applications must be processed within seven calendar days of their receipt. The Departments of Human Services and the Health Care Policy and Financing (HCPF) receive reports that track processing timeliness through CBMS.

During our Fiscal Year 2005 and 2006 financial audits, we reviewed data to determine whether the county departments of human/social services were processing applications within federal time frames. Data subsequent to CBMS' implementation indicated that counties faced difficulties processing cases within the required deadlines. The Denver District Court Order issued in December 2004 required the Departments to reduce the number of out-of-compliance cases, totaling over 29,000 from November 30, 2004, by 40 percent (i.e., to about 17,600) before February 28, 2005, and thereafter to reduce each program area's out-of-compliance cases by 40 percent ". . . until substantial compliance with federal and state law is achieved." During our Fiscal Year 2006 audit, we noted that the total number of unprocessed cases in CBMS exceeding the guidelines regarding processing time frames for TANF and Food Stamps was 1,970 as of October 23, 2006. Based on our findings we recommended that the Department ensure that processing guidelines for TANF/Colorado Works and Food Stamps are met. During our Fiscal Year 2007, audit we found that DHS continues to face difficulties with processing new cases within federal and state deadlines for TANF/Colorado Works and Food Stamps.

Specifically, cases exceeding processing guidelines for these two programs as of October 1, 2007, totaled over 2,800 cases as shown in the following table:

TANF/Colorado Works and Food Stamps Cases Exceeding Processing Timeframes as of October 1, 2007, with Comparative October 23, 2006 Totals

Program	2006	2007
TANF/Colorado Works	200	368
Food Stamps [1]	1,770	2,436
Total Cases Exceeding Processing Guidelines	**1,970**	**2,804**

Source: OSA analysis of the CBMS Exceeding Processing Guidelines report.
[1] Expedited Food Stamps cases exceeding processing guidelines are included in the breakdown above.

Overall, 8.5 percent of the 2,804 total TANF/Colorado Works and Food Stamps cases that exceeded processing time frames as of October 1, 2007, were more than 60 days past the applicable deadline. In addition, we reviewed 60 TANF/Colorado Works and 60 Food Stamps cases to determine compliance with federal requirements. We identified two cases, or 3.3 percent of the total sampled, where the TANF/Colorado Works application was processed beyond the 45 day requirement, and four cases where the Food Stamps application was processed beyond either the 30- or 7-day requirement, as applicable, or 6.6 percent of the total sampled.

Avoidable delays in processing prevent program applicants from receiving needed financial assistance. Further, the Department risks fiscal sanctions from the federal government for noncompliance with federal and state regulations. The Department should work with the county departments of human/social services to ensure that processing guidelines are met for all federal programs.

(CFDA Nos. 10.551, 10.561, 93.558; Food Stamps Cluster, Temporary Assistance for Needy Families; Eligibility. Classification of Finding: Material Weakness.)

Recommendation No. 80:

The Department of Human Services should ensure that applications for Food Stamps and Temporary Assistance for Needy Families/Colorado Works benefits are processed within federal and state guidelines.

Department of Human Services Response:

Agree. Implementation date: Implemented and ongoing.

Colorado Works' Response: Colorado Works will continue to provide necessary weekly supervision to counties in meeting the 45-day processing guidelines. Although the audit documents a point-in-time, it should be noted that during the audit period of Fiscal Year 2007 the actual annual average of cases exceeding processing guidelines was 131. It should further be noted that in October 2007, 42 counties had no cases that exceeded processing guidelines. Two counties of the remaining 20 counties accounted for 86 percent of the total cases identified. The program is clearly concerned about the two counties driving these numbers and we will continue to work with them to reduce those numbers dramatically.

Food Stamp Response: The State sends a Pending Report to the ten large counties, which represent 82 percent of the statewide caseload. Cases that are within five days of the processing deadline are listed on this report. Counties are required to review and act on the cases each week. State staff closely monitors the counties' progress on processing these cases. Case files are also reviewed for timeliness as a part of the Food Stamp Management Evaluation process. Counties are cited for non-compliance if less than 90 percent of the cases reviewed are not processed timely.

Federal TANF Program Overview

In 1996, Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), established federal welfare reform requirements and created the Temporary Assistance for Needy Families (TANF) program (CFDA No. 93.558). In July 1997, the DHS implemented TANF in Colorado as the "Colorado Works" program. The four purposes of the TANF/Colorado Works program are (1) to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) to end the dependence of needy parents on government benefits by promoting job preparations, work, and marriage; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) to encourage the formation and maintenance of two-parent families. During Fiscal Year 2007, the Department expended approximately $159 million in state and federal funds under the program for expenditures related to the federally required maintenance of effort, state administration and training, maintenance for program-related computer systems, and other areas. Of the total expenditures, nearly

$59.1 million was spent directly on cash assistance and support benefits for eligible recipients and represents an average monthly caseload of 11,898 cases.

During our Fiscal Year 2005 and 2006 audits of the Department, we identified material weaknesses in the Department of Human Services' internal controls over compliance with eligibility determinations for the TANF/Colorado Works program. Based on our Fiscal Year 2007 audit, we noted the Department has made improvements to its internal controls over compliance with eligibility determination for the TANF/Colorado Works program. However, we believe the Department should continue to work to improve controls and our specific findings are discussed in more detail below.

TANF/Colorado Works Sample Testing Results

During our Fiscal Year 2007 audit, we sampled 60 benefit payments from the TANF/Colorado Works program issued between July 1, 2006, and June 30, 2007. We requested and reviewed the case records related to these payments to determine whether the payments were made only to eligible beneficiaries and in accordance with state and federal program guidelines, benefits were correctly calculated on the basis of the information entered into CBMS, and payments authorized were supported in the case record. Overall, we found that 13 out of the 60 payments in our sample (22 percent) contained at least one error; for the 13 payments containing at east one error, we identified questioned costs of $1,831 out of the total sampled costs of $16,444 (11 percent of costs). Further, while reviewing the payments in our sample, we identified an additional 50 errors in the reviewed cases that resulted in TANF/Colorado Works overpayments of $8,267; these were overpayments that were not included in our original sample of 60 payments but were paid to the recipients whose files were reviewed as part of our sample. (It should be noted that in most instances one error resulted in payment errors for multiple benefit months.) Therefore, total questioned costs were about $10,100. All of these instances of noncompliance are addressed throughout this section of the report.

TANF/Colorado Works Benefits Issuance

TANF/Colorado Works recipients must meet minimum eligibility requirements set forth in federal and state regulations. One of the primary factors in determining eligibility for the TANF/Colorado Works program is that each member of the household applying for participation must provide a social security number, or proof that application has been made to the Social Security Administration (SSA) for a number. During the audit, we found two cases, or 3.3 percent of the total sample, in which a caseworker failed to obtain a social security number or application to the SSA for all members of the TANF/Colorado Works household. Specifically, the

applicants in each case applied as a household of three, but the caseworker(s) failed to obtain or document a social security number or proof that an application had been filed for one of the members of each household. Because the caseworker(s)checked a box in CBMS that indicated an application to the SSA had been received for these two individuals, TANF/Colorado Works benefits were based on and paid for, in both instances, a household of three members instead of a household of two. In one of the cases, benefits were paid to the ineligible household member from January 2007 through June 2007. In the other case, only one benefit payment was issued to the ineligible household member. Overall, the State issued TANF/Colorado Works benefits totaling $498 during Fiscal Year 2007 for these two ineligible household members ($146 from our sample, and $352 related to payments outside our original sample of 60 payments).

Controls Over Data Input

Individuals and families apply for TANF/Colorado Works benefits at their local county department of human/social services. At the location where applicant interviews are conducted, county caseworkers enter applicant-provided data for eligibility determination into CBMS. Controls over data input are critical to ensuring that eligibility determinations and benefit payments are accurate for all program applicants.

During our sample testing, we determined that controls over data input should continue to be strengthened in relation to eligibility. Overall, we identified two cases in our sample of 60 containing one or more data-entry errors, resulting in $340 in TANF/Colorado Works overpayments. Further, while reviewing the payments in our sample, we found an additional 38 errors in the reviewed cases, resulting in TANF/Colorado Works overpayments of over $5,500. We identified three areas in which controls could be further improved for the TANF/Colorado Works program.

Income incorrectly entered in CBMS. The TANF/Colorado Works program is designed to provide time-limited assistance to needy families who have children and meet income requirements established by the federal and state government. For the purposes of determining need, all countable income available to the family, or "assistance unit," must be considered in the eligibility determination. County TANF/Colorado Works caseworkers are responsible for entering earned and unearned income into CBMS. CBMS then compares the income data with program rules embedded within the system and calculates the amount of benefits, if any, that may be authorized under those rules. During the audit we found one case out of 60, or 1.7 percent, and an additional 18 from related case files, or a total of 19 cases, where earned income was not used in the eligibility determination. In 16 of the 19 instances the income was reported by the recipient in a timely manner; however, the caseworker failed to enter the income into CBMS, resulting in TANF/Colorado

Works overpayments of $3,032. In the remaining three instances, the recipient failed to report earned income, resulting in $487 in overpayments.

In 9 of the 19 instances, the county worker identified the error and entered the appropriate income in CBMS after the benefits had been issued, which created claims in CBMS (eight were related to caseworker error and one was related to recipient error). Under program rules, county departments of human/social services are required to pursue recovery of TANF/Colorado Works overpayments, excluding those overpayments resulting from administrative, or caseworker error. In the case of administrative errors resulting in overpayments, program rules state that recovery is not required if the recipient is without fault in the creation of the overpayment, has reported all eligibility information timely, and such recovery would result in financial hardship to the recipient's family. If a recipient meets all three criteria, under program rules the reasons for not recovering the overpayments must be documented in the case file. In all other instances, TANF/Colorado Works overpayments should be recovered. For the nine instances identified in our testing, a claim had appropriately been established; however, there was no evidence that any of the overpayments had been recovered as of June 30, 2007. Further, for the eight overpayments resulting from caseworker error, there was no evidence in the case file indicating that the recipient met all three criteria discussed above and that, therefore, the claims were not subject to recovery. In the remaining 10 of 19 cases, the errors were not corrected, and no claims had been established in CBMS as of the end of our audit.

Eligibility effective dates and run dates entered incorrectly. The "effective begin/end date" function in CBMS provides caseworkers with a way to set the date span for a record being created in the system, while CBMS "run dates" set the eligibility span for a recipient's case when eligibility is run. During the audit, we identified two cases in which caseworkers either failed to enter a proper effective begin/end date or entered an incorrect eligibility run date resulting in 20 payment errors (one from our sample, 19 from related case files). As a result, recipients were overpaid a total of $2,145. In one of the cases, the caseworker appropriately made a change to the recipient's circumstances, resulting in a restoration payment of $99 back to the month affected by the change. However, the caseworker entered an incorrect eligibility run date for the change, causing CBMS to inappropriately issue $1,846 in TANF/Colorado Works restoration payments back to December 2004. In another case, the caseworker entered reported income into the "Collect Income Received Detail Screen" prior to benefit issuance. However, the caseworker failed to enter a proper "effective begin/end date," causing the system to ignore the income. As a result, the income was not included in the eligibility determination causing a $299 overpayment to the recipient.

Sanction data entered incorrectly. Federal TANF regulations require that sanctions be imposed on those program beneficiaries who fail to comply with federal TANF rules regarding child support, work activities, and state immunization laws. County caseworkers are responsible for entering these sanctions into the "Collect

Individual Compliance Detail Screen" in CBMS, unless they are related to only child support enforcement. In those cases, Child Support Enforcement staff are required to perform the entry into the Automated Child Support Enforcement System (ACSES), which interfaces with CBMS to populate the "Collect Individual Compliance Detail Screen." Additionally, caseworkers must end sanctions by entering data in the same screen when the recipient complies with program regulations. During the audit, we identified one instance where the caseworker incorrectly ended a recipient's sanction. Specifically, the recipient was sanctioned in April 2007 and appropriately received a reduced benefit for April. However, when the recipient became compliant with program rules, the caseworker entered an incorrect end date in CBMS, causing the system to interpret the sanction as invalid, thus issuing an inappropriate restoration payment in the amount of $140.

The overpayments identified during the audit raise concerns regarding the State's supervisory review at the county level over TANF/Colorado Works program requirements. We also noted concerns with counties' supervisory review processes over data entered in CBMS during our Fiscal Year 2005 and 2006 audits. At the time of the Fiscal Year 2005 audit, the Department agreed to issue an agency letter by July 1, 2006. Our Fiscal Year 2006 audit found that this agency letter had not been completed, and we again recommended that the Department direct counties to institute effective supervisory reviews. The Department agreed to issue the agency letter by May 1, 2007. As of the end of our Fiscal Year 2007 audit, the Department had not issued an agency letter to the counties addressing required supervisory reviews.

In general, these findings indicate a need for continued supervisory review, at the county level, of the data entered into CBMS as it relates to eligibility requirements. In order to gain assurance that data are accurately entered into CBMS, and payments are issued only to eligible recipients, DHS should ensure that effective ongoing supervisory review processes are in place at the county departments of human/social services. It is imperative that the Department continue to conduct regular reviews of the supervisory review processes in place at the county level to ensure such processes are in place and that they are effective. Therefore, the Department should continue to improve controls over data input and address the issues identified during the audit to ensure compliance with federal and state regulations.

(CFDA No. 93.558; Temporary Assistance for Needy Families; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 81:

The Department of Human Services should continue to improve controls over Temporary Assistance for Needy Families (TANF)/Colorado Works eligibility determinations and data entry into the Colorado Benefits Management System (CBMS) by:

a. Directing county departments of human/social services to institute effective supervisory review processes over data entry into CBMS and eligibility determinations. In addition, the Department should require that counties establish reviews that compare case file data with data in CBMS on an ongoing basis as part of the county departments' recipient eligibility redetermination processes.

b. Directing county department of human/social services to research all overpayments and determining if collections or further investigation should be pursued. If no recovery is necessary, the reasons should be clearly documented in the case file.

c. Continuing to use eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS. Followup procedures on problems identified should be performed as appropriate.

Department of Human Services Response:

Agree. Implementation date: Implemented.

a. The Department will continue to provide oversight and monitoring responsibilities. An example of continued enhancement is the issuance of an Agency Letter, dated November 14, 2007, which gave clear policy direction and instructions concerning county work and eligibility verification requirements, which included expectations of monthly case file reviews. The agency letter also directed counties to institute effective supervisory review processes over data entry into CBMS. Monthly, the State pulls a 5 percent random sample of the entire state caseload and sends these lists to the respective counties to review. Through the continued and accelerated county monitoring activity, the State will review for compliance.

b. The Department will continue to direct counties to research all overpayments and determine if collections or further investigations

should be pursued; if no recovery is necessary, the reasons should be clearly documented in the case file.

c. The State has accelerated its frequency of statewide review by 25 percent to more quickly identify and address these concerns.

System Problem Affecting Benefit Payments for the TANF/Colorado Works Program

As discussed, the Colorado Benefits Management System (CBMS) was implemented on September 1, 2004. CBMS was designed to compare the eligibility data entered by the caseworker with program rules embedded within the system and to calculate the amount of benefits, if any, that may be authorized under those rules. Additionally, the system was designed to automatically discontinue benefit payments should a recipient fail to comply with program rules.

The Department requires participants in the TANF/Colorado Works program to report information concerning income, household composition, and other specific essential elements of eligibility through a Monthly Status Report, or MSR, in accordance with the schedule established by the county department of social services. Under certain circumstances, the county department may place a participant on "limited reporting," and the participant, therefore, would not be required to submit an MSR. These cases primarily consist of "child only" cases in which the child is the eligible recipient rather than the adult caretaker. The system default in CBMS sets the MSR submission frequency to monthly for all cases. For those individuals that are required to report on a monthly basis, CBMS will generate an MSR and send it to the recipient monthly. If a recipient is eligible for "limited reporting," the caseworker must change the frequency in the Periodic Reporting screen in CBMS. CBMS reads this as a "no-change" system MSR, meaning no MSR is required and will continue to issue benefits without an MSR until a change is reported.

During our Fiscal Year 2006 audit, we identified TANF/Colorado Works benefits that were paid to ineligible individuals as a result of system problems affecting MSR submissions. Specifically, we found that CBMS was inappropriately populating the required frequency of MSR submission from monthly to "no change - system," although the recipients were required to submit an MSR. As a result, CBMS did not generate an MSR to be entered, and therefore, the system continued to issue benefits. We recommended that the Department immediately take steps to correct the MSR problems identified in CBMS. The Department agreed with the recommendation and indicated that a Change Control Request was submitted in February 2007.

During our Fiscal Year 2007 audit, we found that the fixes associated with the Change Control Request submitted in February 2007 had not gone into production as of the end of our audit. The Department reports that the fixes in the Change Control Request will be released for production in December 2007. As a result, we continued to find payment errors related to MSR submissions. Specifically, we identified two instances from our sample of 60, or 3.3 percent. In those two cases, a total of $560 in TANF/Colorado Works benefits were paid to individuals that had not submitted the required MSR as a result of CBMS incorrectly switching the submission frequency from monthly to "no change - system." Further, while reviewing the payments in our sample, we found an additional eight errors in the reviewed cases in which the MSR system problem resulted in TANF/Colorado Works overpayments of nearly $2,550; these were overpayments that were not included in our original sample of 60 payments.

The State can be sanctioned by the federal government for program payment errors. The MSR problem identified in CBMS should be corrected immediately to ensure that program payments are appropriate. Further, the Department should use its established eligibility determination monitoring procedures at the county level in order to identify any overpayments related to these system issues and to take corrective action as appropriate.

(CFDA No. 93.558, Temporary Assistance for Needy Families, Eligibility. Classification of Finding: Significant Deficiency.)

Recommendation No. 82:

The Department of Human Services should take immediate steps to correct the Monthly Status Report problem identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.

Department of Human Services Response:

Agree. Implementation date: January 2008.

The Department in February 2007 moved forward with Change Request 1830 to correct this problem with Monthly Status Reports. The Request was approved, developed, tested and is now scheduled for release in January 19, 2008.

Income, Eligibility, and Verification System Compliance for the TANF/Colorado Works Program

Federal regulations require that the Department of Human Services utilize data comparisons with other information systems, or "interfaces," to verify the validity of recipient-provided data. Data comparisons are an important control over ensuring the accuracy of recipient-provided data used in determining eligibility for benefits, as well as the overall integrity of the data in CBMS. The Department utilizes the federal Income, Eligibility, and Verification System (IEVS) to verify income information used for eligibility determination for the TANF/Colorado Works program. IEVS provides states with applicant income information from the Colorado Department of Labor and Employment, the Social Security Administration, and the Internal Revenue Service. Through IEVS, applicants' social security numbers are matched with these agencies' records to identify instances in which applicants have potentially misstated their earned and unearned income and resources. CBMS is programmed to collect the social security number for all individuals approved for public assistance and compare the information with the IEVS file. If any of the income-related items reported by the individual do not match the data in these other systems, a "hit" will be produced and returned to the county caseworker for follow-up and resolution. If there are no "hits," it is assumed that the social security number and other information are valid. Federal and state regulations require that TANF/Colorado Works caseworkers investigate IEVS "hits" that it receives in relation to TANF/Colorado Works applicants within 45 days of receipt of such information.

During our Fiscal Year 2006 audit, we noted that county caseworkers did not in all instances investigate IEVS "hits" within the required deadline. The Department agreed to work with counties to ensure timely use of IEVS information. However, during our Fiscal Year 2007 audit, we continued to identify concerns related to the investigation of IEVS "hits" within the 45 day requirement. Specifically, during our sample review period we identified seven cases in our sample of 60 payments (12 percent) in which IEVS "hits" were present, the county failed to investigate all "hits" within the 45-day required time frame. Although the "hits" were not investigated by the counties, we determined through our testing that the "hits" did not impact eligibility or result in questioned costs. The Department reports that any information from IEVS must be verified before any action to terminate benefits can be taken because not all "hits" would result in ineligibility.

The lack of follow-up on income discrepancies is of particular concern because IEVS is designed to detect instances in which there is a discrepancy in earnings information. Monitoring IEVS activity is an internal control critical to ensuring that

benefit payments are appropriate under federal and state regulations. If immediate action is not taken on IEVS data matches, the Department increases its risk of providing benefits to individuals who are not eligible. Further, the State is at risk of the federal government's disallowing payments made to the ineligible individual. The Department should ensure that caseworkers at the county level are addressing IEVS "hits" within 45 days to avoid future improper payments to ineligible individuals. This should include using the Department's established eligibility determination monitoring procedures to identify instances of non-compliance at the county level and taking corrective action as appropriate.

(CFDA No. 93.558; Temporary Assistance for Needy Families; Eligibility, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 83:

The Department of Human Services should continue to work with the county departments of human/social services to ensure that they address Income, Eligibility, and Verification System data discrepancies for the Temporary Assistance for Needy Families/Colorado Works program within 45 days as required by federal and state regulations. As part of this, the Department should continue to use its eligibility determination monitoring procedures to identify instances of noncompliance at the counties and to perform follow-up, as necessary.

Department of Human Services Response:

Partially agree. Implementation date: April 1, 2008.

The Department believes that counties are in substantial compliance and that the Program's enhanced monitoring and monthly case file reviews will further address the issue of untimely IEVS reviews. The Department, however, will provide further guidance through the issuance of an agency letter that specifically addresses the need for counties to work IEVS "hits" in a timely fashion and document that work within the case file or benefits system case file notes. Furthermore, the Department will utilize existing reports within Business Objects by an inclusion of a monthly case sampling and review to target IEVS hits.

Case File Documentation for TANF/Colorado Works Program

The State is required to have in place adequate internal controls over benefit payments to ensure that sufficient documentation is obtained and maintained to support all program payments. Both state and federal regulations require counties to maintain adequate case records that include facts essential to the determination of initial and continuing eligibility. Case records should assist caseworkers in reaching valid decisions, ensure that assistance is based on factual information, and provide for continuity when a caseworker is absent or when a case is transferred. As the primary recipient of the TANF/Colorado Works grant, the Department of Human Services is responsible for ensuring that payments made are appropriate under state and federal laws and regulations. This responsibility includes ensuring that county departments of human/social services maintain sufficient supporting documentation to prove that decisions and resulting payments made are appropriate and in compliance with state and federal program requirements. State TANF/Colorado Works rules require verification of recipient-provided information, and the rules define "verification" as obtaining written evidence proving that the information is correct. This evidence should be maintained in recipient case files.

During our Fiscal Year 2006 audit, we identified instances in which case files lacked the required information. Additionally, we found that the Department's communication of case file documentation requirements to the county departments of human/social services was inconsistent. The Department agreed to utilize its existing county program review process to ensure that copies of required documents are maintained within county files and that any policy or procedure changes would be communicated to county staff in a timely manner. The Department issued an agency letter to county departments of human/social services in November 2006 addressing the requirements for the maintenance of adequate case records for TANF/Colorado Works and a list of examples of items that must be supported with documentation in the case file.

Our Fiscal Year 2007 audit indicates a noted improvement in counties' documentation of TANF/Colorado Works eligibility determinations. In Fiscal Year 2006, we found that 18 out of 60 sampled payments (30 percent) contained case documentation errors. During our Fiscal Year 2007 audit, we identified 5 cases in our sample of 60 (8 percent) in which case files lacked sufficient documentation to support the eligibility determination, resulting in questioned costs of approximately $1,400. However, this represents a 72 percent decrease in the case documentation errors found in our sampled payments between Fiscal Years 2006 and 2007. Further, while reviewing the payments in our sample, we found an additional two payment errors in the reviewed cases, resulting in total TANF/Colorado Works questioned

costs of $290, for a total of $1,690 in questioned costs. While the case documentation error rates have decreased, the types of errors we identified during Fiscal Year 2007 remain a concern. Overall, we found three different types of case documentation errors, as follows:

Lack of a required Individual Responsibility Contract (IRC). Federal and state TANF/Colorado Works regulations require county departments to develop an Individual Responsibility Contract for TANF/Colorado Works applicants within 30 days after a needs assessment, which is required to occur within 30 days of initial application. The IRC specifies the terms and conditions under which a participant may receive TANF/Colorado Works assistance, including steps for the applicant to take to secure and maintain training, education, or work. The IRC is an important federal requirement, established to ensure that recipients are meeting program work goals and receiving the necessary training and education to become self-sufficient. In four instances, totaling about $1,350, we noted that the county case files did not include the federally required IRC. Federal regulations require that if a recipient fails to sign an IRC by the required due date, the recipient's benefits are to be terminated. We noted that in all four instances, the filing deadline for submitting the IRC had expired; however, these individuals were still receiving benefits.

Lack of Monthly Status Reports. As discussed, the Department requires TANF/Colorado Works program participants to report information concerning income, household composition, and other specific factors affecting eligibility by submitting Monthly Status Report (MSR), in accordance with the schedule established by the county department of social services. During the audit, we identified one case in which the county could not provide the recipient's required MSR for two benefit months. As a result, we were unable to verify eligibility facts for two payments totaling $290 in TANF/Colorado Works benefits.

Missing documentation related to income. TANF/Colorado Works rules require that income be properly verified and documented in the recipient's case file. During the audit, we identified one instance in which the recipient's case file lacked adequate documentation related to reported income. Specifically, the recipient reported self-employment income and completed the county prescribed self-employment worksheet, but did not provide verification of all income and expenses as required by the worksheet instructions. As a result, $751 in self-employment income was neither verified nor properly documented according to the terms of the county's policy, yet the recipient was paid a total of $55 in TANF/Colorado Works benefits.

The $1,690 in eligibility payments discussed above are questioned costs, and the payments are included in our overall summary of questioned costs noted in this report.

In order to gain assurance that the Department provides benefits only to eligible individuals and that it is in compliance with federal program regulations, the Department should continue to conduct ongoing monitoring to ensure that county caseworkers obtain and verify applicant-provided information and that case files contain adequate documentation supporting all eligibility determinations. Further, the Department should continue to provide training on the types of eligibility information that should be maintained in the case files, and it should communicate policy and procedure changes in a timely manner.

(CFDA No. 93.558; Temporary Assistance for Needy Families; Eligibility, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 84:

The Department of Human Services should ensure that case file documentation for the Temporary Assistance for Needy Families (TANF)/Colorado Works program is adequate to support all benefit payments to recipients by:

a. Continuing to use existing monitoring procedures to ensure that required eligibility information is contained in county case files. For instances in which documentation appears questionable, the Department should require that counties perform necessary follow up to determine the validity of the documentation.

b. Continuing to provide training to ensure that county departments of human/social services are aware of the types of eligibility information that should be maintained in case files.

c. Continuing to communicate timely to Department staff, as appropriate, changes in policies and procedures affecting required case documentation.

Department of Human Services Response:

Partially agree. Implementation date: Implemented.

The Department agrees to continue to do the monitoring, training and communication that is necessary for proper case file documentation and eligibility determinations. However, the Department is already in substantial compliance with the recommendations made in this section, so no additional implementation is necessary. The Department's monitoring of case files for

appropriate documentation and other eligibility information continues to evolve, especially as a result of ongoing and recent changes to both state and federal law. We provide training and on an ongoing basis, and as resources become available to us, we inform counties of deficiencies in their case file documentation and work with them to improve their cases. We will continue to stress the need for required documentation and train to it.

TANF Reporting

Federal regulations require the Department, as the primary recipient of TANF funds, to meet specific program reporting requirements. In addition, the Department must have the ability to produce various reports to effectively supervise and administer the TANF program.

As noted previously, the Department of Human Services and the Department of Health Care Policy and Financing implemented the Colorado Benefits Management System (CBMS) on September 1, 2004. Prior to the implementation of CBMS, Department of Human Services staff had the ability to extract TANF data reports from its previous system, the Client Oriented Information Network (COIN). Department staff could use these reports to monitor activity at the county level and to report to the federal government.

During our Fiscal Year 2005 audit, we found that CBMS did not have an adequate reporting function for many critical program areas. During Fiscal Year 2005, the Department reported that staff had received some training on CBMS' ad-hoc reporting function but were only able to generate a limited number of reports. We recommended in Fiscal Year 2005 that the Department ensure it is in compliance with federal reporting requirements by addressing the reporting deficiencies in CBMS, reviewing monthly critical reports for identifying and investigating discrepancies and monitoring for federal compliance, and reviewing monthly TANF sanction reports and identifying and investigating discrepancies. The Department agreed with the recommendation.

In Fiscal Year 2006, the Department reported that CBMS system change requests for critical reports were submitted and were scheduled to be implemented in Fiscal Year 2007 and therefore, the Department would fully implement the recommendation during Fiscal Year 2007.

During Fiscal Year 2007, we reviewed the Department's progress toward implementing the Fiscal Year 2005 recommendation and found that, while the Department has implemented a reporting mechanism for caseload data and the 60 month limit, the Department has either not completed or started the development of

critical reports in other areas to ensure adequate monitoring of the TANF program. We identified three specific program areas that were lacking critical system management tools in Fiscal Year 2007. We believe these tools are important components of an effective oversight function. These areas are discussed in detail below.

Checks on eligibility and sanctions. The federal government requires that TANF recipients' income information and identity be verified through the federal Income, Eligibility, and Verification System (IEVS) at the time of application. Through IEVS, recipients' social security numbers are matched with Social Security Administration, Internal Revenue Service, and Colorado Department of Labor and Employment records to identify instances in which program applicants have potentially understated their income and resources. The lack of reporting capabilities limits the Department's ability to ensure that appropriate action is taken on information received through IEVS data matches. If action is not taken on these data matches, the Department increases its risk of providing benefits to clients who are not eligible. The Department is then responsible for identifying such overpayments and obtaining repayment. The Department reported that a report containing data related to the IEVS had not been developed by the end of Fiscal Year 2007.

In addition, federal TANF regulations require that sanctions be imposed on those program beneficiaries who fail to comply with TANF rules regarding child support, work activities, and immunization laws.

Currently, the Department does not have a statewide management reporting tool to monitor IEVS "hits" or sanctions that have been applied in CBMS and only reviews IEVS and sanctions, if applicable, during its case file review process. We view this to be important as we noted instances during Fiscal Year 2007 (Recommendation Nos. 80 and 82) where we found IVES "hits" were not being investigated by the counties in compliance with federal time requirements and where sanctions were being entered into CBMS by caseworker(s) incorrectly. The Department could use an IEVS and sanctions report to determine a risk-based approach to identify cases for review, as well as determining if actions by the counties were appropriate.

Management of TANF overpayments. The Department is required to establish a receivable due from clients and collect repayment for any TANF overpayments made. During our Fiscal Year 2007 audit we reviewed the Department's TANF receivable account and related allowance account. Receivable information is contained within CBMS, but CBMS does not generate reports with information on adjustments to overpayments that should be recorded on the State's accounting system, COFRS. Based on our review of Fiscal Year 2007 COFRS reports, we found that the Department has not booked any adjustments for receivables and allowances for the fiscal year. Staff indicated that a request for this report was

submitted in Fiscal Year 2005, but was assigned as low priority and the report was not in place as of the end of Fiscal Year 2007.

The control weakness related to reporting creates a risk of potential repayments to the federal government and an increased risk of fraud. Further, the Department's ability to effectively manage the TANF program is limited.

(CFDA No. 93.558, Temporary Assistance for Needy Families, Reporting. Classification of Finding: Significant Deficiency.)

Recommendation No. 85:

The Department of Human Services should ensure it has adequate management tools to monitor for compliance with federal requirements for the Temporary Assistance for Needy Families program by:

a. Developing a reporting function for extracting and compiling information contained within CBMS for Income, Eligibility and Verification System (IEVS); sanctions; and accounting-related data.

b. Reviewing reports monthly to identify discrepancies, monitor for federal compliance, and take appropriate action.

Department of Human Services Response:

Disagree. Implementation date: Not applicable.

The Department contends that it has developed and utilizes reports necessary to monitor for compliance with federal requirements. Colorado is in full compliance with all of its federal data reporting requirements under TANF through its quarterly data submission. The Program does not have the need to develop additional critical reports to ensure adequate monitoring of counties. However, the Department will address the underlying issues in a similar fashion as stated in our response to Recommendation No. 83 concerning IEVS, by utilizing existing reports within Business Objects with an inclusion of a monthly sampling and review of sanctioned cases to further enhance its county oversight in this area. The Department understands the importance of management tools and the Program will continue to develop management reports as needed.

Federal Food Stamps Program Overview

In Fiscal Year 2007, the Department of Human Services (DHS) provided over $317 million in benefits to eligible households under the federal Food Stamps program and expended approximately $62 million in state and federal funds for the administration of the program (CFDA Nos. 10.551 and 10.561). The Department had an average monthly caseload of 107,355 Food Stamps beneficiaries. The Food Stamps program was designed to help low-income households buy food. Eligible families are provided with Electronic Benefit Transfer (EBT) cards that can be used to purchase food at participating grocery stores through the use of point-of-sale terminals. Colorado contracts with a vendor, currently JP Morgan Chase, for its EBT payment processing. Colorado's Food Stamp program is overseen by the Department's Food Assistance Programs Division within the Office of Self-Sufficiency. It is administered locally by the county departments of human/social services. DHS is ultimately responsible to the U.S. Department of Agriculture (USDA) for ensuring that the State as a whole properly administers the Food Stamps program and that expenditures are in compliance with federal requirements.

Colorado Benefits Management System (CBMS)

As noted previously within this chapter, the Department of Human Services jointly implemented the Colorado Benefits Management System (CBMS) with the Department of Health Care Policy and Financing on September 1, 2004, to improve the administration of the Food Stamps, Temporary Assistance for Needy Families (TANF)/Colorado Works, and Medicaid programs, among others. During our Fiscal Year 2005 and 2006 audits, we identified material weaknesses in the Department of Human Services' internal controls over eligibility determinations for the Food Stamps program. During our Fiscal Year 2007 audit, we performed testwork to determine the Department's compliance with Food Stamps grant requirements and to follow up on problems identified in Fiscal Years 2005 and 2006. For example, during Fiscal Year 2006 we found that 11 out of the 60 cases reviewed contained at least one error (18 percent). Based on our testwork, we determined that the Department continues to have a material weakness in its internal controls over compliance with eligibility determinations for the Food Stamps program and, therefore, cannot ensure that eligibility determinations made are in compliance with federal Food Stamps regulations. Our findings are discussed in detail below.

Food Stamps Eligibility Sample Testing Results

During our Fiscal Year 2007 audit, we sampled 60 payments for benefits under the Food Stamps program issued between July 1, 2006, and June 30, 2007. We reviewed the case records related to these payments to determine whether a) the payments

were made only to eligible beneficiaries and in accordance with state and federal program guidelines, b) benefits were correctly calculated on the basis of the information entered into CBMS, c) the information entered in CBMS is supported in the case record, and d) eligibility was discontinued in a timely manner if the recipient became ineligible. Overall, we found that 34 out of the 60 payments in our sample (57 percent) contained at least one error; of the 34 payments containing at least one error, we identified questioned costs of $2,922 out of the total sampled costs of $13,692 (21 percent of costs) and $305 in underpayments to Food Stamps participants. Further, while reviewing the payments in our sample, we identified an additional 57 payment errors in the reviewed cases, resulting in Food Stamps overpayments of $8,436 and $462 in underpayments; these were payment errors that were not included in our original sample of 60 payments. (It should be noted that, in most instances, one error resulted in payment errors for multiple benefit months.) Overall, during Fiscal Year 2007, we identified $11,358 in questioned costs and $767 in underpayments. These instances of non-compliance are addressed throughout this section of the report.

Timeliness of Eligibility Terminations

The Colorado Benefits Management System (CBMS) was implemented on September 1, 2004. CBMS was designed to compare the eligibility data entered by the county caseworker with program rules embedded within the system to determine the applicant's eligibility for Food Stamps. The system was designed to improve the accuracy and timeliness of eligibility determinations as well as eligibility terminations. During the audit we reviewed 60 case files in order to determine whether Food Stamps eligibility was discontinued in a timely manner in the cases where the individual became ineligible or requested to be withdrawn from the program. Of the 60 files reviewed, we found two cases where the recipient became ineligible or asked to withdraw from the program; however, the case remained open because the caseworker failed to take appropriate action. We found two areas of concern, as follows.

First, Food Stamps regulations require that an individual be a resident of the county issuing benefits. In one of the cases, we found that a CBMS case note dated March 2007 indicated that the recipient had left Colorado; however, the caseworker failed to take appropriate action to discontinue the case. Although the recipient was not a resident of the county, or the State of Colorado, $1,554 in Food Stamps benefits were issued to this individual from April 2007 to June 2007.

In the second case, the applicant requested to be withdrawn from the Food Stamps program in March 2007; however, the county failed to discontinue the case until July 2007. As a result, $465 in Food Stamps benefits were issued to a person who was no longer requesting assistance from the program.

Controls Over Data Input

For the Food Stamps program, individuals and families apply for benefits at their local county department of human/social services. At the location where applicant interviews are conducted, county caseworkers enter applicant-provided data for eligibility determination into CBMS. Controls over data input are critical to ensuring that eligibility determinations and benefit payments are accurate for all program applicants. For the Food Stamps program, this is of particular concern because the participant's certification, or eligibility period for Food Stamps, can range from a period of 1 to 24 months. Therefore, a mistake during the eligibility determination process can result in multiple improper payments during the certification period.

During our sample testing, we identified a lack of adequate controls over data input related to eligibility in five areas. Overall, we identified 19 cases in our sample of 60 payments containing one or more data-entry errors, resulting in $347 in Food Stamps overpayments and $305 in underpayments. Further, while reviewing the payments in our sample, we found an additional 41 errors in the reviewed cases, resulting in Food Stamps overpayments of $1,193 and underpayments of $462. The five types of data-entry errors we identified are discussed below.

Income incorrectly entered in CBMS. For the purposes of determining eligibility for the Food Stamps program, all countable income available to the household, or "assistance unit" must be considered in the eligibility determination. For initial applications and redeterminations, county caseworkers must enter all income into CBMS so that the system can compare the income data with program rules embedded within the system and calculate the amount of benefits, if any, that may be authorized under those rules. During the audit we found evidence of problems related to the income used in determining eligibility. Specifically, we found ten cases in which earned or unearned income reported by the applicant was not included in the benefit calculation, or was entered incorrectly. For example, unearned income from the Social Security Administration (SSA) is transmitted to CBMS via the State Data Exchange (SDX) and the Beneficiary and Earnings Data Exchange (BENDEX) interfaces. When an applicant is approved for expedited or emergency Food Stamps and the application is made after the 15th day of the month, benefits are immediately issued at a prorated amount for the current month the full benefit amount of the subsequent month. Due to timing issues, SDX and BENDEX information may not be available at the time benefits are authorized. Therefore, to ensure that unearned income from SSA is counted for the first two benefit payments, the caseworker must manually enter the amount of SSA income received along with the applicable SSA claim number in CBMS. In the subsequent months, SDX and BENDEX will begin posting SSA income on a monthly basis. However, if the claim number entered in CBMS is incorrect, the interface will not work properly, potentially causing payment errors. In 3 of the 10 instances, Social Security Income was not included in the

eligibility determination because the caseworker entered an incorrect SSA claim number. As a result, the interface was not able to function properly.

In another instance, the recipient reported self-employment income, which was entered in CBMS in a timely manner; however, the caseworker entered it incorrectly. CBMS has multiple calculation methods caseworkers can choose from to ensure the income is treated appropriately. For example, caseworkers can select the calculation method "actuals," which is used only in instances where the reported income should be counted as "actuals" in the eligibility determination for an initial month's benefits only. In the instance identified during the audit, the caseworker inappropriately checked "actuals" in CBMS, which caused the system to ignore the income for ongoing months, resulting in Food Stamps overpayments.

In the remaining six instances, the caseworker failed to enter the income into CBMS, although the recipient reported it in a timely manner. All of these income errors contributed to the overall overissuances and underissuances that were discussed above.

Incorrect shelter deduction entered in CBMS. Federal and state regulations allow deductions for shelter costs that are in excess of 50 percent of the household's income after all other allowable deductions are applied. Actual amounts billed to the participant for rent or mortgage are applied to total shelter costs, while a standard utility allowance established by the Department and approved by the federal government is allowed if the participant can prove that he or she is responsible for heating, cooling, and/or telephone charges. During the audit we identified six cases in which the caseworker entered the incorrect rent or mortgage expense or failed to apply the correct utility allowance.

Additionally, we identified three cases in which the participant did not receive a standard utility allowance, although documentation in the case file showed he or she was eligible for the deduction. County staff indicated that the information was available; however, the caseworker failed to apply the deduction.

Incorrect household size entered in CBMS. As discussed above, a factor in determining eligibility for the Food Stamps program is household size. During the application process, the applicant must declare the number of individuals for whom he or she is purchasing meals. The number of individuals included as household members factors into the benefit amount that will be issued. During the audit we found two cases in which the incorrect household size was entered in CBMS resulting in underpayments to the recipient. In one of the instances, the recipient reported two additional household members; however, the caseworker only entered one. Therefore, from July 2006 to October 2006, the recipient's benefits were calculated based on a household of two, although three household members were

reported during the certification process. In the other case, the caseworker failed to include an additional household member, resulting in underpayments from August 2006 through September 2006. These errors contributed to the overall underissuances that were discussed above.

Incorrect disregard entered in CBMS. Federal and state regulations allow an income disregard of up to $143 for homeless participants. During the audit, we identified one case where the caseworker failed to remove the homeless disregard when the recipient obtained sufficient housing. This error contributed to the overall overissuances that were discussed above.

Incorrect social security number entered in CBMS. In one case, the beneficiary's social security number entered into CBMS by the caseworker did not agree with the social security card documented in the case file. Incorrect social security numbers prevent the Department from verifying reported income with the Colorado Department of Labor and Employee and other sources.

During our Fiscal Year 2006 audit, we noted concerns with counties' supervisory review processes over data entered in CBMS and the appropriateness of benefit payments. At that time, the Department agreed to utilize its county review process to ensure that county departments were adhering to state rules that require county supervisors to review six cases per worker every month. The Department reports that if this requirement is not met, the county is required to submit a corrective action plan. However, the overpayments identified during our Fiscal Year 2007 audit continue to raise concerns regarding the effectiveness of the State's supervisory review at the county level over Food Stamps program requirements. In order to gain assurance that data are accurately entered into CBMS and payments are issued only to eligible recipients, DHS should ensure that effective supervisory review processes are in place at the counties and that all caseworkers are adequately trained on appropriate data entry and eligibility criteria. The Department's role in ensuring that Food Stamp payments made are accurate and are made only to eligible individuals is critical because the federal government can issue financial sanctions against a state with high payment error rates.

(CFDA Nos. 10.551, 10.561; Food Stamps Cluster; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 86:

The Department of Human Services should ensure that Food Stamps eligibility is terminated in a timely manner when individuals are no longer eligible for the program and improve controls over data entry into the Colorado Benefits Management System (CBMS) by:

a. Requiring county departments of social services to institute effective supervisory review processes over data entry into CBMS and eligibility terminations. In addition, the Department should require that counties establish reviews that compare case file data with data in CBMS on an ongoing basis as part of the county departments' recipient eligibility redetermination process.

b. Using eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS. The Department should include procedures to assess the county supervisory review function as part of the Department's review. Follow-up procedures on problems identified should be performed as appropriate.

Department of Human Services Response:

Agree. Implementation date: December 2007.

a. As part of the Food Stamp Management Evaluation (ME) of local operations State staff ensures that counties adhere to State Regulation Volume IV-B 4121, which reads, "Supervisory personnel shall review a random sample of six current food stamp determinations (certifications, denials, and endings) per technician per month to determine the correctness of eligibility determinations accomplished. A record of the cases reviewed must be kept for management evaluation/audit purposes." This is accomplished by performing a State audit of a sample of cases reviewed by the local supervisor and by reviewing the log of cases reviewed by the county.

   Out of eleven Management Evaluation Reviews conducted from January through December 2007, ten counties were cited for being out of full compliance with this regulation. All counties cited have been required to submit a corrective action plan to bring this regulation into compliance.

b. In performing case reviews, both the State and counties review information in the case file and in the automated system. The counties are required to correct cases that are cited for errors as part of the State ME process. Counties also require workers to correct cases cited with errors.

   State Food Stamp ME staff are assigned to monitor the operations of counties within a specified region effective December 2007. Through this targeted monitoring process, best practice procedures and error trends will be determined. Additional information and/or training will be provided, as needed.

Timely Processing of Food Stamps Eligibility Redeterminations

In addition to the lack of timely application processing we noted in Recommendation No. 80 we also identified concerns related to the timeliness of Food Stamps redeterminations. Federal and state regulations require that county departments of human/social services periodically redetermine Food Stamps eligibility. When recipients approach the end of their certification periods, they are required to complete the Department's Redetermination, Reassessment, or Recertification (Redetermination) packet. County departments utilize the information reported on the Redetermination forms to redetermine a recipient's Food Stamps eligibility. Federal regulations require that the county departments of human/social services process eligibility redeterminations before the recipient's prior certification period expires. If a Redetermination packet is not processed timely, the recipient is at risk of having Food Stamps benefits terminated, or delayed.

During the Fiscal Year 2007 audit, we reviewed 60 Food Stamps cases to determine compliance with federal regulations. Of the 60 files tested, we found that 38 benefit payments were paid on behalf of recipients who had been certified using a Redetermination packet. We identified five redeterminations where the recipients had reported timely; however, the county department processed the Redeterminations subsequent to the expiration of the recipients' prior eligibility periods. In all five instances, the recipients' benefits were delayed. For example, in one of the instances the recipient submitted the Redetermination packet in February 2006 for the benefit period from April 2006 through March 2007. However, the county did not process the redetermination until May 2006 because the caseworker was waiting for documentation that the recipient was not required to submit, and the recipient's benefits were delayed.

Redetermination processing delays prevent program applicants from receiving needed Food Stamps benefits for which they are eligible. Further, the Department risks fiscal sanctions from the federal government for noncompliance with federal regulations. The Department should ensure that redetermination processing guidelines are met for the Food Stamps program.

(CFDA Nos. 10.551, 10.561; Food Stamps Cluster; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 87:

The Department of Human Services should ensure that Food Stamps redeterminations are processed within federal and state guidelines.

Department of Human Services Response:

Agree. Implementation date: March 31, 2008.

The State reviews the timely processing of redeterminations as part of the Management Evaluation review of local offices. Through a case file/automated system review, counties found out of compliance with required processing guidelines for redeterminations must submit a corrective action plan within 30 days to the State for approval. The State will monitor the approved corrective action plans.

In addition, the State submitted a change request to reformat a current report to make it more useful as a monitoring tool to track the processing of upcoming redeterminations. Once the report is changed, the State will monitor the timely processing of redeterminations for the ten large counties by sending a list of the highest priority cases to be worked weekly.

System Issues Affecting Benefit Payments for the Food Stamps Program

As discussed previously, the Colorado Benefits Management System (CBMS) was designed to improve the accuracy and timeliness of eligibility determinations. During the audit we found system-related problems within CBMS that affected the accuracy of benefit payments. We identified five payments that were incorrectly

calculated or were paid to ineligible individuals as a result of system problems, resulting in about $1,672 in overpayments to Food Stamps recipients. The four system problems that contributed to these overpayments are discussed below.

Non-compliance with Food Stamps sanctions. Food Stamps regulations require that recipients register for work or participate in an employment activity unless exempt under program rules. If recipients fail to register for work, they can be sanctioned and have their benefits discontinued for a period of time ranging from one to six months. During the audit, out of our sample of 60, we identified one payment that was made to a recipient although they had been sanctioned for non-compliance with work registration rules, resulting in overpayments of $106. Further, during our review of the 60 sampled payments, we identified an additional 11 payments of over $1,200 from outside our original sample that were issued to sanctioned recipients. We found that two system problems caused these overpayments. In 1 of the 12 cases where Food Stamps payments were issued in error, CBMS continued to issue benefits on behalf of the recipient although the individual had been sanctioned for program non-compliance. Specifically, the recipient was sanctioned effective August 2006; however, the sanction was not applied until December 2006. Department staff report that when a sanction is entered into CBMS, the case needs to be run through batch processing for the sanction to be correctly applied to the case. However, cases that are in "redetermination mode" do not go to batch processing, so the sanctions in cases that are redetermination mode remain "suspended" until the case has been redetermined and it has been rerun again. In the instance identified during the audit, the sanction was applied while the recipient's case was in redetermination mode and, therefore, did not get applied until the recipient's next redetermination date in December 2006.

CBMS sanctions screens. County caseworkers are required to enter sanctions into the "Collect Individual Compliance Detail" screen in CBMS. CBMS then utilizes this data to populate the "Display Sanctions, Disqualification, and POI" screen. For the remaining payments issued in error, we found that caseworkers have access to enter information directly into the "Display Sanctions, Disqualification, and POI" screen, which results in CBMS not reading the sanction and then calculating an incorrect payment. The Department indicates that caseworkers should not have access to these screens.

Food Stamps Change Report Form. Food Stamps recipients are required to report certain changes in household circumstances on the Change Report Form. If a participant fails to file this report within the required time frame established by the State, CBMS should automatically discontinue benefits. During the audit we, identified one instance in which a recipient failed to file the Change Request Form yet CBMS did not discontinue the case. As a result, the participant inappropriately received benefit payments totaling $178.

Food Stamps restoration payments. Federal and state regulations allow recipients to report changes in circumstances during a certification period. When a reported change results in an increase in benefits, the beginning date for that increase is determined by the "Change Reported Date" entered in CBMS by the caseworker. The increase should begin in the month following the "Change Reported Date." Department staff report that this process is currently working correctly, unless eligibility is re-run at a later date for the months prior to the "Change Reported Date." For these instances in which eligibility is re-run, CBMS inappropriately issues Food Stamps restoration payments. Restoration payments are intended to provide additional benefits to a recipient who erroneously received a smaller benefit in previous months. During the audit, we identified one $39 restoration payment from our sample and one $142 restoration payment from outside our sample that were inappropriately issued as a result of the system error identified during the audit.

The four system-related problems identified within CBMS should be corrected immediately to ensure that program payments are appropriate. Further, the Department should use its established eligibility determination monitoring procedures to identify any overpayments related to these system issues and take corrective action as appropriate.

(CFDA Nos. 10.551, 10.561; Food Stamps Cluster; Eligibility. Classification of Finding: Material Weakness.)

Recommendation No. 88:

The Department of Human Services should take immediate steps to correct the Food Stamps sanctions, change reporting, and restoration payments problems identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.

Department of Human Services Response:

Agree. Implementation date: June 2008.

The State has been working with the contract vendor to determine how to best resolve the system issues related to sanctioning Food Stamp cases and how to lock down access to the sanction window in the automated system. Once resolution is reached, work will begin to program and test the changes prior to implementation.

The State identified the problem associated with the one case where the household failed to submit a Change Report Form but still received benefits. This error occurred due to a specific sequence of actions taken on this case that do not occur in the majority of cases. The system change has been built, tested and will be put into production.

The issue regarding Food Stamp restoration payments being created under certain conditions is currently being resolved. A resolution to this issue is being worked out with the vendor. Once completed, the automated system change will be programmed, tested and implemented.

Income, Eligibility, and Verification System Compliance for the Food Stamps Program

As discussed, the Department of Human Services utilizes data comparisons with other information systems, or "interfaces," to verify the validity of recipient-provided data. Data comparisons are an important control over ensuring the accuracy of recipient-provided data used in determining eligibility for benefits, as well as the overall integrity of the data in CBMS. For example, the Department utilizes the federal Income, Eligibility, and Verification System (IEVS) to verify income information used for eligibility determination for the Food Stamps program. IEVS provides the State with applicant income information from the Colorado Department of Labor and Employment, the Social Security Administration, and the Internal Revenue Service. Through IEVS, applicants' social security numbers are matched with these agencies' records to identify instances in which applicants have potentially misstated their earned and unearned income and resources. CBMS is programmed to collect the social security number for all individuals approved for public assistance and compare the information with the IEVS file. If any of the income-related items reported by the individual do not match the data in these other systems, a "hit" will be produced and returned to the county caseworker for follow-up and resolution. If there are no "hits," it is assumed that the social security number and other information are valid. If the IEVS comparison produces a "hit," federal and state regulations require that the identified discrepancy be investigated within 45 days of receiving notification of the "hit." The "hits" must be investigated to determine whether the discrepancies would result in payment errors for prior benefit payments and whether eligibility should be terminated. The Department reports that any information from IEVS must be verified before any action can be taken.

During our Fiscal Year 2006 audit, we noted that county caseworkers did not in all instances, investigate IEVS "hits" within the required time frame. During the Fiscal Year 2007 audit we continued to identify concerns related to the investigation of

IEVS "hits" within the 45-day requirement. Specifically, during our sample review period, we identified eight cases in our sample of 60 payments (13 percent) in which IEVS "hits" were present; however, the county failed to investigate the "hits" within the 45-day required time frame. Further, while reviewing the payments in our sample, we identified an additional two cases where IEVS "hits" were not worked within the 45-day time frame. These "hits" impacted payments that were not included in our original sample of 60 payments.

The lack of follow-up on income discrepancies is of particular concern because IEVS is designed to detect instances in which there is a discrepancy in earnings information. For example, in two of the ten instances noted above, based on the participants' statements regarding income, the caseworker approved Food Stamps benefits. However, these individuals failed to report all earned income to the county; IEVS "hits" were produced; and in both instances, the county failed to verify the income information provided by IEVS. In one of the instances, IEVS showed that the recipient had earned about $9,724 from July 2006 through December 2006, or about $1,621 per month in income that was not reported to the county. During this period, the recipient was issued a total of $3,072 in Food Stamps benefits although the amount of income that was reported by IEVS would have made the recipient ineligible for Food Stamps. While IEVS "hits" were available to the caseworker in January 2007, no action was taken to determine whether prior benefits were appropriate, or whether the case should be terminated. In the other instance, IEVS "hits" showed that the recipient had earned income from October 2006 through December 2006; however, this income was never reported to the county. While the amount of income would not have made the recipient ineligible for this period, it would have reduced the benefit payment. The IEVS "hits" were available to the county in April 2007; however, no action was taken and benefits continued to be paid at the same level. For the remaining eight instances, we could not determine whether eligibility or the amount of the benefit payments would have been impacted by the IEVS "hits."

Monitoring IEVS activity is an internal control that is critical to ensuring that benefit payments are appropriate under federal and state regulations. If timely action is not taken on IEVS data matches, the Department increases its risk of providing improper benefits to individuals. Further, the State is at risk of federal disallowances for payments made to ineligible individuals. The Department should ensure that caseworkers at the county level are addressing IEVS hits within 45 days to avoid future overpayments to ineligible individuals. This should include using the Department's established eligibility determination monitoring procedures to identify instances of non-compliance at the county level and taking corrective action as appropriate.

(CFDA Nos. 10.551, 10.561; Food Stamps Cluster; Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 89:

The Department of Human Services should work with the county departments of human/social services to ensure that they address Income, Eligibility, and Verification System data discrepancies for the Food Stamps Program within 45 days as required by federal and state regulations. As part of this, the Department should use its eligibility determination monitoring procedures to identify instances of non-compliance at the counties and perform follow-up, as necessary.

Department of Human Services Response:

Agree. Implementation date: Implemented.

The State Food Stamp Program currently audits county compliance with the regulation to review the Income, Eligibility, and Verification System data discrepancies as part of the Management Evaluation Review process. Counties found to be out of compliance with this requirement must submit a corrective action plan to the State for approval within 30 days of the completion of the review. The State will monitor the approved corrective action plans. Nine out of the 11 counties reviewed from January through December 2007 were found to be out of full compliance with this regulation.

Case File Documentation for the Food Stamps Program

The State is required under state and federal regulations to establish adequate internal controls over benefit payments to ensure that sufficient documentation is obtained and maintained to support all program payments. As the primary recipient of the Food Stamps grant, DHS is responsible for ensuring that payments made under the program are appropriate under state and federal laws and regulations. This responsibility includes ensuring that county departments of human/social services are maintaining sufficient documentation to support the position that decisions and resulting payments made are appropriate and in compliance with state and federal program requirements.

During our Fiscal Year 2006 audit, we identified instances in which case files could not be provided and instances in which the files that were provided lacked required information. Additionally, we found that the Department's communication of case file documentation requirements to the county departments of human/social services was inconsistent. The Department agreed to utilize its existing county program review process to ensure that copies of required documents are maintained within county files and that any policy or procedure changes would be communicated to county staff in a timely manner. The Department issued an agency letter to county departments of human/social services in November 2006 addressing the requirements for the maintenance of adequate case records for the Food Stamps program, and a list of examples of items that must be supported with documentation in the case file.

During our Fiscal Year 2007 audit, we continued to find problems with counties' documentation of Food Stamps eligibility determinations. We found 16 instances in our review of 60 payments in which case files either lacked sufficient documentation to support the eligibility determination, or the caseworker failed to obtain requested verifications prior to issuing Food Stamps benefits (11 were from our sample and 5 were from outside our sample), as follows:

Missing documentation in support of household size. Federal and state regulations set forth different factors, including household size, in determining eligibility and the level of benefits for the Food Stamps program. During the application process, the applicant must declare the number of individuals for whom he or she is purchasing meals. The number of individuals included as household members factors into the benefit amount that will be issued. Federal and state regulations accept a recipient's statement as verification of household size, unless the recipient's statement is questionable. During the audit, we identified one case where the recipient's stated household size was questionable. Specifically, the recipient reported a household consisting of one adult and three children. However, case file documentation indicated that the recipient had custody of the children for three months out of the year and thus would not have been eligible for Food Stamps benefits for the other nine months. The caseworker did request additional documentation to verify the recipient's statements concerning the location of the children; however, there was no evidence in the case file indicating that the caseworker received this documentation. As a result, the recipient was issued $506 in Food Stamps benefits although sufficient documentation was not obtained to verify eligibility.

Missing documentation supporting eligibility for benefit payment. During the audit we identified five cases that either lacked support for the individual's eligibility for the benefit payment or lacked verification of income at the time of the benefit authorization. As a result, we identified $2,726 in questioned costs. In four of the five cases, the Department did provide a case file; however, in none of those four

cases did the file contain any documentation supporting the recipient's eligibility for the benefit amounts issued. For example, in one of the cases, the recipient was issued two payments totaling $1,165 for July and August 2006. However, the case file that we were provided did not contain any information dated earlier than October 2006.

In the remaining case, the caseworker requested verification of reported income in November 2006. All requested income verifications were provided by the recipient and date stamped by the county on January 29, 2007. However, the caseworker authorized benefits for December 2006, January 2007, and February 2007 prior to receiving this verification. As a result, $829 in Food Stamps benefits were issued without appropriate documentation. Once received, the documentation did verify the recipient's eligibility; however, benefits should not have been issued until the requested verifications were received.

Lack of signed application or Redetermination packet. Federal and state regulations require that Food Stamps recipients provide information concerning eligibility on a State-prescribed application form. This application is used as the basis for determining an applicant's eligibility for Food Stamps. Additionally, program rules require that county departments of human/social services periodically redetermine Food Stamps eligibility. When a recipient approaches the end of a certification period, county departments must have the recipient complete the Redetermination, Reassessment, or Recertification packet to redetermine the recipient's continuing eligibility for Food Stamps. We identified two cases in which there was neither a signed application nor Redetermination packet documented in the file. As a result, we were unable to verify whether the recipients were eligible to receive the $625 paid in Food Stamps benefits that they received.

Missing documentation supporting reported income. In one case, the income entered in CBMS was not supported by documentation in the case file. A total of $261 in Food Stamps from our sample was paid on behalf of the recipient.

Missing documentation supporting income deductions. Federal and state regulations allow a recipient's income to be reduced based on certain expenses the recipient is responsible for paying. We identified four cases in which one or more income deductions were provided to the recipient; however, the case file did not contain any documentation supporting the recipients' eligibility for these deductions, resulting in questioned costs of $280. For example, in one of the cases the caseworker provided an income deduction for medical expenses in the amount of about $281. However, there was no documentation in the case record substantiating this amount. As a result the recipient received a higher benefit payment. In the other instances, the recipients' case file did not contain proper documentation supporting a phone allowance or a court ordered child support deduction.

The $4,398 in eligibility payments discussed above are questioned costs, and the payments are included in our overall summary of questioned costs noted in this report.

In order to gain assurance that the Department provides benefits only to eligible individuals and that it is in compliance with federal program regulations, the Department should continue to conduct ongoing monitoring to ensure that county caseworkers obtain and verify applicant-provided information and that case files contain adequate documentation supporting all eligibility determinations. Further, the Department should continue to communicate policy and procedure changes in a timely manner.

(CFDA Nos. 10.551, 10.561; Food Stamps Cluster; Eligibility, Subrecipient Monitoring. Classification of Finding: Material Weakness.)

Recommendation No. 90:

The Department of Human Services should ensure that case file documentation for the Food Stamps program is adequate to support all benefit payments to recipients by:

a. Continuing to use existing monitoring procedures to ensure that required eligibility information is contained in county case files. For instances in which recipient statements appear questionable, the Department should require that counties perform necessary follow up to determine the validity of the statements.

b. Continuing to communicate timely with Department staff, as appropriate, regarding changes in policies and procedures affecting required case documentation.

Department of Human Services Response:

Agree. Implementation date: Implemented.

a. The Food Stamp Management Evaluation process includes the review of local operations as well as a detailed review of case files. Case file documentation that is found to be inadequate in accordance with the procedures outlined in Agency Letter GEN-06-05-P as well as direction found throughout State Regulations found in Volume IV-B to require additional verification when questionable, is addressed as part of the

Management Evaluation process. Counties cited for errors are required to submit a corrective action plan to the State within 30 days of the receipt of the write-up. The State will monitor the approved corrective action plans.

b. The State will continue to communicate changes in policy and procedures through the development and distribution of Agency Letters and updates provided in various meetings with county staff.

System Audit of CBMS

During Fiscal Year 2007, the Colorado Benefits Management System (CBMS) processed eligibility information that resulted in benefit payments totaling over $3 billion for the Medicaid, Food Stamps, and Temporary Assistance for Needy Families programs. Because of the complexity and volume of benefit eligibility information that CBMS processes on a daily basis, strong internal controls over the system are vital. Jointly, the Departments of Human Service (DHS) and Health Care Policy and Financing (HCPF) are responsible for having adequate controls in place over CBMS to ensure that the system performs as intended and that benefit eligibility information is accurate and complete. An important part of determining whether the controls over the system are adequate is to conduct a review of the controls in operation and to test the effectiveness of those controls.

Generally accepted auditing standards require that such periodic reviews of systems be conducted. In particular, the American Institute of Certified Public Accountants' (AICPA) Statement on Auditing Standards No. 70 (SAS 70) establishes standards for conducting a review of an information system. In accordance with SAS 70, the issuance of an auditor's report on the system and an opinion stating the description of controls in place during a specified time frame are presented fairly in all material respects, signify that an organization has had its control objectives and control activities related to the system examined by an independent accounting and auditing firm. Specifically, a SAS 70 Type 2 report includes an organization's description of controls as defined and implemented by the organization's management at a point in time, as well as the auditor's tests of the effectiveness of the organization's controls on a sample basis over that same period of time.

In the case of CBMS, a SAS 70 review can provide useful information both to the State and to the counties regarding the adequacy of controls and how effectively the system is operating. Additionally, the results of the SAS 70 review of CBMS are considered by auditors at both the state and county levels when determining the extent of testing that must be conducted as part of an entity's audit.

Following the implementation of CBMS during Fiscal Year 2005, the Office of the State Auditor contracted with a firm for a SAS 70 Type 2 examination to obtain assurance regarding the controls that were in place over CBMS during the second half of Fiscal Year 2005. The 2005 examination concluded that the controls were suitably designed to provide reasonable assurance that the specified control objectives would be achieved, if the controls were complied with satisfactorily. The 2005 SAS 70 review recommended that DHS, HCPF, and the Office of CBMS (OCBMS) ensure that a SAS 70 Type 2 examination of the controls in place within CBMS be conducted on a regular basis. In addition, the 2005 review recommended that, in the future, any SAS 70 review of CBMS should include a review of controls related to CBMS in place at Electronic Data Systems (EDS), the company with which the State contracts to provide software development and operations services for CBMS. In this role, EDS is responsible for all changes to the application software, database, and rules engine within CBMS, as well as for providing general fixes and troubleshooting. DHS, HCPF, and the Office of CBMS all agreed with both recommendations, as well as other recommendations in the report. (Note: the Office of CBMS is no longer in existence as a result of Executive Order No. D005 07 issued in February 2007).

During Fiscal Year 2007, DHS and HCPF engaged an independent accounting and auditing firm to perform a SAS 70 Type 2 examination on CBMS covering the period between August 1, 2006, and January 31, 2007. However, our review of the SAS 70 report indicates that critical control areas were omitted from the scope of the 2007 examination, which significantly reduces the value of the report. Specifically, the 2007 review covered only services performed by the Office of CBMS, which had responsibility for change control of the decision tables within CBMS and for responding to user-encountered problems that required a high level of knowledge and experience with CBMS. The 2007 SAS 70 examination did not cover any of the activities performed by DHS and HCPF, such as DHS and HCPF's responsibility for managing the contract with EDS, administering security for CBMS users, and responding to user problems that did not require OCBMS' higher level of expertise. The 2007 SAS 70 examination also did not include a review of controls at EDS, as recommended in the 2005 review. To provide the appropriate coverage of a system, a SAS 70 review should include logical access and physical access controls; environmental controls; problem management; change management; and controls over input, processing integrity, and output. The auditor that performed the 2007 SAS 70 examination recommended to DHS and HCPF that a full-scope SAS 70 review of CBMS be conducted in the future.

In discussions with both Departments, DHS staff indicated that they did not understand the full extent of the SAS 70 requirements, and HCPF staff reported that they did not participate in the scope development. Because of the joint responsibility the Departments have for CBMS, it is important that both Departments have an

understanding of the scope needed to conduct a thorough review of CBMS and participate in setting the scope of the review. Because of the significant financial impact on the State from eligibility determinations processed through CBMS, as well as the impact on the individuals whose eligibility for Food Stamps, TANF, and Medicaid is processed through CBMS, the Departments should ensure that system reviews of CBMS are adequate to provide appropriate feedback on operations to the State and the counties.

(CFDA Nos. 10.551, 10.561, 93.558, 93.777, 93.778; Food Stamps Cluster, Temporary Assistance for Needy Families, Medicaid Cluster; Other. Classification of Finding: Significant Deficiency.)

Recommendation No. 91:

The Departments of Human Services and Health Care Policy and Financing should coordinate efforts to ensure that adequate SAS 70 Type 2 examinations of the Colorado Benefits Management System are conducted on a regular basis. At a minimum, the examinations should include areas reviewed during the 2005 SAS 70 Type 2 examination. In addition, future SAS 70 examinations should include control activities at Electronic Data Systems that are related to CBMS.

Department of Human Services Response:

Agree. Implementation date: June 30, 2008.

The Office of CBMS (OCBMS) engaged Grant Thornton to perform a CBMS SAS 70 audit for the August 1, 2006 to January 31, 2007 period for all OCBMS control areas. EDS control areas were not included in the scope because the request for additional funding was denied.

The Department of Human Services agrees with the recommendation and will engage an independent accounting and auditing firm to perform a full scope SAS 70 Type 2 examination on CBMS covering the period from September 1, 2007 to February 29, 2008 for the Department of Human Services and EDS control areas. The Department of Human Services will coordinate with the Department of Health Care Policy and Financing for inclusion of its control areas.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: Ongoing.

During Fiscal Year 2007, the Department of Human Services (DHS) requested funding to conduct a SAS 70 Type 2 examination to include control activities at Electronic Date Exchange Systems (EDS). DHS and the Department of Health Care Policy and Financing (the Department) did not receive funding from the legislators for this request. With DHS and EDS responsible for the operations of CBMS, the Department agrees to coordinate with DHS and utilize the existing funding to the extent possible to conduct SAS 70 Type 2 examinations on a routine basis on these areas.

Testing of CBMS Hot Site for Disaster Recovery

The Department of Human Services and the Department of Health Care Policy and Financing are jointly responsible for the Colorado Benefits Management System. CBMS processes eligibility determinations for programs such as the Temporary Assistance for Needy Families, Food Stamps and Medicaid. In our Fiscal Year 2005 prior year audit, we noted that the Disaster Recovery Plan for CBMS calls for a Hot Site in Pueblo in order that the eligibility determination process can continue with limited interruption in the event of a disaster at the primary site in Lakewood. During our testwork in Fiscal Year 2005, we found that the CBMS Hot Site was not up and running and that the necessary equipment to run the Site had not been completely purchased and set up. Additionally, the Department had not performed a disaster recovery test of the CBMS system to ensure that adequate procedures and back-up is available during a disaster.

During our Fiscal Year 2006 audit the Hot Site was moved to the State Disaster Recovery Hot Site, but no disaster recovery test had been performed because additional equipment was necessary to run the test.

During our Fiscal Year 2007 audit, we found that a disaster recovery test has not yet been performed of the CBMS Hot Site and the additional equipment has still not been purchased. According to Department staff it is anticipated that equipment acquisition, implementation and testing will not be completed until the first quarter of 2008.

Because CBMS is vital to the program beneficiaries receiving benefits, both Departments must ensure that immediate action is taken so that the Hot Site is

functional and a disaster recovery test is performed on CBMS so that the processing of eligibility determinations will be safeguarded in the event of a disaster.

(CFDA Nos. 10.551, 10.561, 93.558, 93.777, 93.778; Food Stamps Cluster, Temporary Assistance for Needy Families, Medicaid Cluster; Other. Classification of Finding: Significant Deficiency.)

Recommendation No. 92:

The Department of Human Services and the Department of Health Care Policy and Financing should strengthen disaster recovery procedures over Colorado Benefits Management System (CBMS) by ensuring that the CBMS Hot Site at the State's Disaster Recovery Site is operating and functional and that a full disaster recovery test is performed.

Department of Human Services Response:

Agree. Implementation date: December 2008.

The CBMS Hot Site at the State's Disaster Recovery Site in Centennial, Colorado is operating and functional. CBMS data is replicated on a daily basis. The site currently supports CBMS access by one user per county or Medical Assistance site. A decision item was requested and approved for Fiscal Year 2008, which will improve and expand the environment to support 100 percent access. The larger host environment will be installed by June 2008. Disaster Recovery testing is scheduled to being in August 2008 and be completed by December 31, 2008, including updated disaster recovery procedures.

Department of Health Care Policy and Financing Response:

Agree. Implementation date: December 2008.

CBMS now has a Hot Site Disaster Recovery system installed and operational at the State's Disaster Recovery Site in Centennial, Colorado, as of September 2007. A limited operational test was performed when the Hot Site was implemented. The CBMS data is being transferred to this system on a daily basis and is configured to handle processing by a limited number of CBMS users statewide in case of an emergency (currently limited to 1 user per county and Medical Assistance site). After a major CBMS infrastructure

upgrade, planned to be in place by August 2008, the Disaster Recovery system will be able to serve the entire CBMS user community. A full system test of the Hot Site is planned prior to December 31, 2008.

Title IV-E–Foster Care Eligibility and Federal Reimbursement

In Fiscal Year 2007, the Department of Human Services expended $66.3 million in federal funds for the administration of the Title IV-E Foster Care program (CFDA No. 93.658). The purpose of the program is to provide safe, appropriate, 24-hour, substitute care for children who have been temporarily removed from their homes

The federal Department of Health and Human Services (HHS) establishes federal eligibility and reimbursement criteria for the federal Title IV-E program. For eligibility, a child must meet a number of conditions and eligibility must be redetermined, against this criteria at least every twelve months for the length of the child's placement. For federal reimbursement, regulations allow the State to claim Title IV-E eligible expenditures up to two years after the occurrence of the Title IV-E eligible expenditure.

In Colorado the Foster Care program is overseen by the Department's Office of Child Welfare and administered locally by the county departments of human/social services. The county departments are responsible for the proper initial and subsequent eligibility determinations and maintaining the documentation of this information in the child's case file. The eligibility determinations are recorded in the Department's statewide automated child welfare information system, Trails. In addition, Trails also contains edits preventing the counties from requesting Title IV-E reimbursements earlier than the allowable two-year period.

During our Fiscal Year 2007, audit we reviewed 14 case files to ensure that the counties appropriately determined or redetermined eligibility during the fiscal year within federal requirements. We found one unallowable claim for Title IV-E reimbursement and two eligibility redeterminations that were not conducted timely.

- One case in our sample was appropriately determined to be ineligible for Title IV-E reimbursement; however, the case was claimed by the county as Title IV-E eligible within Trails. The case was reviewed by the Department in March 2005, and staff determined that the county had been improperly claiming Title IV-E reimbursement. The Department corrected the Title IV-E status in Trails, and at that time the Department returned the improperly claimed funds to the federal government. However in January 2007,

expenditures made prior to the two-year time frame were again claimed for Title IV-E eligibility by the county, although the child continued to be ineligible for Title IV-E, resulting in the inappropriate reimbursement of $2,645 in Title IV-E funds to the State.

The improper reimbursement occurred because the controls put in place to deter the claiming of Title IV-E funding beyond the two-year time frame were circumvented. The two-year reimbursement restriction edit in Trails require county personnel to submit a request to the State Trails Help Desk to override the restriction on claiming Title IV-E funds beyond two years. Help Desk staff are required to contact Department Title IV-E personnel before making any edits to the Trails system that will affect Title IV-E funding. According to Department staff, the State Trails Help Desk staff did not contact the appropriate Title IV-E staff prior to overriding the two year reimbursement restriction edit for this case.

- Two cases were found where the redetermination had not been completed within 12 months of the previous determination or redetermination. These redeterminations were completed between 2 and 20 months late. Trails does not contain an automated function that notifies county staff to perform redeterminations, and the Department does not require the counties to implement controls and processes to ensure that redeterminations are performed timely.

The Department should work with the counties and other Department staff to ensure that all parties are adequately trained on Title IV-E requirements and return improperly claimed Title IV-E funds are returned to the federal government.

(CFDA No. 93.658; Title IV-E Foster Care; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 93:

The Department of Human Services should strengthen controls over the Title IV-E Foster Care program by:

a. Ensuring that county personnel are properly trained on the requirements of Title IV-E and the claiming of IV-E funds in the Trails system.

b. Training Trails Help Desk staff on the proper procedures for handling county requests to override system edits related to Title IV-E.

c. Requiring that the counties implement procedures to ensure timely redetermination of Title IV-E eligibility. The Department should also consider submitting a change order that would establish an automated notice in Trails to caseworkers when Title IV-E redeterminations on cases should be performed.

d. Returning improperly claimed Title IV-E reimbursements identified during the audit to the federal government.

Department of Human Services Response:

a. Agree. Implementation date: March 31, 2008.

The Department will provide training to county personnel through the annual Title IV-E trainings regarding the requirements and procedures for making retroactive claims of Title IV-E funding.

b. Agree. Implementation date: March 31, 2008.

Procedures and training on federal requirements regarding retroactive funding source edits will be provided to Trails Help Desk staff.

c. Agree. Implementation date: January 31, 2009.

The Department is in the process of implementing an automated Title IV-E eligibility process in the Trails system to comply with the federal Statewide Automated Child Welfare Information System (SACWIS) requirements. The automation project will provide a mechanism for tracking and providing information to workers when redeterminations are due for completion and allow for reporting to the State when redeterminations have not been completed timely.

d. Agree. Implementation date: December 31, 2007.

The Title IV-E funding has been corrected for the claiming errors identified in the audit.

Title IV-E Foster Care County Technical Assistance Reviews

As mentioned, the Department oversees the county departments of human/social services and two Native American tribes' administration of the Foster Care program under federal Title IV-E. To assist the county departments and tribes in maximizing federal revenue by assuring the accuracy of Title IV-E eligibility determinations according to federal guidelines, the Department conducts technical assistance reviews of each county.

Currently, the Department's practice regarding technical assistance reviews is to complete a review of the ten largest counties annually, with a goal of reviewing the remaining counties and tribes at least once every three years, for a total of approximately 18 reviews per year. The reviews include an examination of a sample of foster children and provider case files. The files are reviewed for proper determinations of Title IV-E eligibility and certification of foster care providers. After the review is completed, the Department delivers a letter to each reviewed county or tribe, detailing findings, strengths, and recommendations for improvement.

During our audit we found that audit the Department does not have a written policy in place regarding the number of reviews to be conducted annually, nor on the length of time between the completion of the review and the delivery of the findings and recommendations letter to the counties or tribes. Specifically, we noted the following:

- During Fiscal Year 2007, the Department conducted only eleven technical reviews of counties: five large county reviews, five medium and small county reviews, and one Native American tribe review. However, according to the Department's informal policy, 10 large county reviews and 18 reviews consisting of a combination of medium and small counties and tribal reviews should have been completed.

- We examined a sample of 6 of the 11 eleven technical reviews conducted in Fiscal Year 2007 and found that five of six letters detailing the findings and recommendations were delivered to the counties between four and six months after completion of the review.

The Department is responsible to the federal Department of Health and Human Services (HHS) for ensuring that the Title IV-E Foster Care program is properly administered and meets federal requirements. Because of the level of responsibility vested with the counties, the Department must monitor county activities in order to meet its responsibilities.

The technical reviews conducted by the Department are important tools for detecting eligibility errors and suggesting improvements that will prevent future eligibility errors at the county level. Additionally, the reviews provide oversight of county activities related to other Title IV-E requirements and help ensure compliance with other federal requirements.

(CFDA No. 93.658, Title IV-E Foster Care, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 94:

The Department of Human Services should improve the county technical assistance review process for Title IV-E Foster Care by developing a formal written policy for county technical assistance reviews that specifies how often reviews will take place by county size and sets time frames for timely submission of the findings letter to the county once the review is complete.

Department of Human Services Response:

Agree. Implementation date: March 31, 2008.

The Department will develop a written policy setting realistic targets for number of reviews to be completed during the fiscal year. The policy will allow for flexibility to modify the number of reviews to be conducted to accommodate potential workload impacts that result from changes in federal requirements, participation in special projects, federal audits or reviews, or other unforeseen circumstances that would justify alteration of the review targets.

During Fiscal Year 2007 the Office of the State Auditor conducted two performance audits on the Foster Care program. The information and comments below were contained in the first report, *Foster Care Services Performance Audit,* Report No. 1766, dated May 2007.

Overview of Colorado's Foster Care System

Colorado's child welfare system typically provides services for children under the age of 18 who need protection, are in conflict with their families or communities, or require other specialized services. Some services may be provided up to age 21 for individuals who were in the system before age 18. Under statute [Sections 26-1-111 and 118, C.R.S.], the system is supervised by the State through the Colorado Department of Human Services (Department) but directly administered by county departments of human/social services. County involvement with a family usually begins when the county receives a referral about possible abuse or neglect of a child. If the county determines the referral is credible, it assesses the safety of the child and opens a case if the assessment determines that the child is in danger. Once the county opens a case, it conducts further assessments to determine which services it should provide to the family. Child welfare services include:

- Case plan development and management to prevent future abuse or neglect and to ensure permanent living arrangements for children.
- Foster care placement for those children who cannot remain home safely.
- Therapy, skills training, or other types of services, known as Core Services, to prevent or shorten foster care placements, achieve permanency, or allow for a less restrictive placement.
- Subsidized adoption, which reduces financial barriers to adoption of special-needs children in the custody of the counties by providing monthly subsidies to adoptive families and Medicaid coverage for the adopted child.
- Independent living skills training for children who will emancipate from the foster care system without being adopted.

If the county believes foster care is the only way a child can be kept safe, it must petition the court for an order to take custody of the child. Counties may take emergency custody of children they believe to be in imminent danger after receiving a verbal or written order from a judge. Counties must follow up emergency removals with a court hearing within 72 hours to confirm that such removal was appropriate. Once the county has custody of the child, Department regulations require the county to find the most appropriate and least restrictive setting for placement. The foster care system includes various types of placement settings, such as family foster homes, group homes, kinship care (in which the foster family is related to the child), receiving homes (which provide short-term emergency care when a child is initially removed from the home), therapeutic residential child care facilities (TRCCFs), and

psychiatric residential treatment facilities (PRTFs). Family foster homes and kinship care are the least restrictive placement settings, and TRCCFs and PRTFs are the most restrictive. Counties place children in certified foster homes and provide for the children to receive case management and appropriate therapeutic services.

Federal Oversight

The federal Adoption and Safe Families Act and Titles IV-B and IV-E of the federal Social Security Act govern child welfare activities, including foster care, at the federal level. The federal government awards funds under Titles IV-B and IV-E to the state agencies designated to oversee child welfare and holds the state agencies accountable for meeting federal regulations. The U.S. Department of Health and Human Services (DHHS) establishes federal regulations for child welfare, including foster care. It also provides oversight of states' child welfare programs through periodic reviews that determine state compliance with national child welfare standards. In addition, states are required to report compliance data to DHHS on a regular basis. For State Fiscal Year 2006, the Department received about $133 million in federal funds for child welfare activities.

State Responsibilities

Several statutes define the Department's supervisory role of the State's child welfare system, including foster care, as follows:

- Section 26-1-111(2)(b), C.R.S., states that the Department shall "administer or supervise the establishment, extension, and strengthening of child welfare services" in cooperation with the federal government and other state agencies.

- Section 26-1-111(2)(d), C.R.S., charges the Department with (1) supervising the county departments of human/social services for the effective administration of child welfare services as set out in Department regulations, (2) compiling statistics and necessary information related to child welfare services, and (3) obtaining federal reimbursement moneys available through Title IV-E of the Social Security Act.

- Section 26-6-107(4), C.R.S., requires the Department to monitor the counties' foster parent certification processes on a quarterly basis within available appropriations.

- Section 26-6-104(1)(c), C.R.S., requires the Department to license child placement agencies (CPAs), which are private entities that certify and oversee some foster homes.

In addition, Section 26-1-107, C.R.S., authorizes the State Board of Human Services to promulgate regulations governing any program administered or supervised by the Department. Finally, the federal Office of Management and Budget *Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations* requires the Department to monitor subrecipients of federal funds, such as those provided by Titles IV-B and IV-E, to ensure compliance with federal laws and regulations.

Three divisions within the Department have primary oversight of the State's child welfare system, including foster care:

- **Division of Child Welfare Services (Child Welfare).** Child Welfare provides oversight and training to counties for all child welfare services. Specifically, Child Welfare monitors and provides feedback on abuse or neglect investigations conducted by counties, provides training to counties on finding permanent placements in foster care cases, and monitors CPAs. CPAs are any private entity that arranges for the placement of children under the age of 18 for the purpose of foster care or adoption. This division also collects and reports on outcome data from Trails, the State's automated case management system. Examples of outcomes reported from Trails include compliance with federal accountability standards such as the number of abuse or neglect incidents in out-of-home care and the frequency at which children reenter the foster care system.

- **Division of Child Care (Child Care).** Child Care licenses child care providers in the State, including CPAs that provide foster care services. As of September 2006, there were 61 licensed CPAs that provided foster care.

- **Administrative Review Division (ARD).** ARD conducts federally mandated six-month reviews of foster care cases. The reviews evaluate whether the foster care placement is necessary and appropriate and the child is receiving the services needed to reach his or her permanency goal (e.g., reunification with the family or adoption). The reviews also test county compliance with federal and Department requirements related to child welfare cases. In addition, ARD conducts in-home reviews, which measure the effectiveness of services provided to families whose children remain at home but are at risk of being removed.

County Responsibilities

Under statute [Section 26-1-118, C.R.S.], counties serve as agents of the State and are charged with the administration of child welfare activities in accordance with regulations established by the Department. Colorado is one of 13 states with a state-supervised, county-administered child welfare system. In accordance with Department regulations, the counties carry out the ongoing responsibilities of the child welfare system, including:

- Accepting and documenting reports of children who are alleged to be experiencing abuse or neglect, are out of the control of their families, are exhibiting behavior that is harmful to themselves or others, or are otherwise in need of services.

- Assessing the safety of children who are the subjects of the reports mentioned above, working with the courts to remove children from their homes if such action is deemed necessary based on the assessment of the child's safety, and placing children in foster homes or other out-of-home placement settings.

- Recruiting and directly certifying foster families. In addition to contracting with CPAs to certify and oversee foster families, the counties directly certify and monitor some foster parents. County supervision of foster homes includes assessing the homes on a periodic basis to certify or recertify them and providing required training to foster parents.

- Contracting with CPAs to provide foster care services. Counties may choose to establish contracts with state-licensed CPAs to carry out some foster care activities. In Fiscal Year 2006, 53 counties used CPAs to provide foster care. Under the contracts, the CPAs are responsible for certifying foster homes, placing children in foster homes, and providing other services to foster children and families such as case management and therapeutic services. The counties are responsible for holding the CPAs accountable for meeting all contractual requirements.

- Investigating allegations of abuse or neglect occurring in out-of-home placement, including in foster homes certified by counties and CPAs. If an investigation determines that abuse or neglect did occur in a county-certified home, the county or CPA may revoke a foster family's certification. For county- and CPA-certified homes, the county may discontinue placing children with the family.

- Reporting to the Department in accordance with regulations.

Populations Served

The State's child welfare system serves children through a range of services intended to protect the child's best interests. About 41,000 children received some type of child welfare service in Fiscal Year 2006. As we discuss later in this section, our audit did not review all child welfare services but focused on foster care and Core Services. Over the last four fiscal years, about 22,000 children annually (about 2 percent of the State's child population aged 0-17) either received Core Services or experienced a foster care placement, or both, as shown in the following table:

Department of Human Services
Number of Children in Core Services or Foster Care Placement
Fiscal Years 2003 Through 2006

	Fiscal Year								
	2003		2004		2005		2006		
	Number of Children	Percent of Total	Number of Children	Percent of Total	Number of Children	Percent of Total	Number of Children	Percent of Total	Percent Change FY 03-06
Total Children Statewide (Ages 0-17)	1,147,000	100.0%	1,164,200	100.0%	1,174,300	100.0%	1,180,500	100.0%	+2.9%
Children in Foster Care Placement During Year[1]	13,500	1.2%	13,400	1.2%	13,400	1.1%	13,600	1.2%	+0.7%
Children Receiving Core Services	13,400	1.2%	16,100	1.4%	17,800	1.5%	18,800	1.6%	+40.3%
Children in Placement and/or Receiving Core Services[2]	20,900	1.8%	22,100	1.9%	23,000	2.0%	23,400	2.0%	+12.0%

Source: Core Services and foster care placement numbers calculated by the Office of the State Auditor using data from Trails, the Department of Human Services' database used for child welfare services. Total child population figures from annual estimates prepared by the United States Census Bureau.

[1] Number of children who were in an out-of-home placement for any period of time at some point during the year.

[2] Unduplicated count of children experiencing an out-of-home placement and/or receiving Core Services. Therefore, amounts do not equal the sum of the preceding two rows.

As the table shows, the number of children in placement increased less than 1 percent during the period, while the number receiving Core Services increased about 40 percent. Overall, the number of children receiving Core Services and/or

experiencing placement grew about 12 percent during the period, while the total number of children in the State increased about 3 percent.

Funding

The General Assembly appropriates funding for all child welfare services, including foster care, through the Child Welfare Block Grant. The Child Welfare Allocation Committee (Committee), comprising Department and county representatives, determines how funding should be distributed among the counties. The Committee uses an allocation formula based upon factors, such as the number of referrals, assessments, and foster care placements, that have an impact on caseloads and costs for each county. State statutes give counties flexibility in spending their child welfare funds. For example, counties are allocated a certain amount for foster care placements but can transfer these funds to other child welfare services (and vice versa) as necessary.

The Department funds child welfare services, including foster care, with a mixture of state general funds, local funds, and federal funds. Under statute, the Department reimburses counties for 80 percent of their expenditures, up to their allocated amount, with a combination of state and federal funds. Counties can choose to spend more of their own funds once they have exhausted their allocation of state and federal funds.

The major sources of federal funding for child welfare services come from the Social Security Act, as follows:

- **Title IV-E** (federal payments for adoption and foster care) helps states recoup a portion of foster care maintenance costs for children from families falling below a certain income level as defined by federal law. States must determine if a child is eligible for Title IV-E before claiming these funds. Currently Colorado is reimbursed for 50 percent of its Title IV-E–eligible costs. In Fiscal Year 2006 the State received about $59.3 million in Title IV-E funds for foster care maintenance costs.

- **Title XIX** (Medicaid) pays medical costs for children in foster care. Like Title IV-E, Colorado is reimbursed for 50 percent of its Title XIX-eligible costs. In Fiscal Year 2006 the State received about $31.9 million in Title XIX funds to provide medical care to foster children.

- **Title XX** (Social Services Block Grant) funds general child welfare services and is based on a state's overall population. The Department includes a portion of Title XX funds in the child welfare allocations to the counties. In Fiscal Year 2006 the State received about $22.7 million in Title XX funds.

- **Title IV-B** (child and family services) pays for services to preserve and support families and to offset the State's overall general fund spending on child welfare services. States receive a base amount from Title IV-B plus additional funds based on the state's population under the age of 21 and per capita income. In Fiscal Year 2006 the State received about $4 million in Title IV-B funds.

- **Title IV-A** (Temporary Aid to Needy Families or TANF) provides financial assistance to low-income families so that children may be cared for in their own homes. Federal law allows 10 percent of TANF funds received to be transferred to child welfare services. Once transferred, these funds are subject to Title XX requirements. In Fiscal Year 2006 the State transferred about $15.1 million of TANF funds to child welfare services.

In total, federal funding for child welfare services increased about 2.8 percent over the last five years from about $129.4 million in Fiscal Year 2002 to about $133 million in Fiscal Year 2006. The largest increases came from Title IV-E funds and transfers from TANF.

The table on the next page shows total child welfare expenditures, including foster care, for Fiscal Years 2002 through 2006, broken down by type of expenditure.

Department of Human Services
Child Welfare Expenditures [1]
Fiscal Years 2002 Through 2006

	Fiscal Year					Percent Change, FY02-06
	2002	2003	2004	2005	2006	
Administration						
Department Admin	$2,218,000	$2,353,000	$1,661,000	$1,915,000	$2,296,000	3.5%
County 100% Admin [2]	$21,905,000	$24,115,000	$24,683,000	$25,141,000	$25,647,000	17.1%
County 80/20% Admin [2]	$93,151,000	$84,620,000	$89,463,000	$92,840,000	$108,674,000	16.7%
Total Administration	$117,274,000	$111,088,000	$115,807,000	$119,896,000	$136,617,000	16.5%
Out-of-Home Allocation[3]	$78,352,000	$81,122,000	$76,255,000	$73,038,000	$74,427,000	-5.0%
RTC Allocation[3]	$50,646,000	$52,013,000	$54,510,000	$53,489,000	$56,889,000	12.3%
Core Services[4]	$44,416,000	$40,717,000	$37,660,000	$42,429,000	$46,204,000	4.0%
Subsidized Adoption[5]	$31,451,000	$36,957,000	$39,980,000	$40,827,000	$41,848,000	33.1%
CHRP Allocation[6]	$6,988,000	$7,795,000	$7,400,000	$6,781,000	$6,296,000	-9.9%
Child Welfare-Related Child Care[7]	$4,205,000	$3,276,000	$2,885,000	$3,600,000	$2,959,000	-29.6%
Case Services[8]	$3,473,000	$3,171,000	$2,176,000	$871,000	$999,000	-71.2%
Child Welfare - BHO[9]	$0	$6,836,000	$5,987,000	$3,111,000	$210,000	N/A
Total Child Welfare Services	$336,805,000	$342,975,000	$342,660,000	$344,042,000	$366,449,000	8.8%

Source: Department of Human Services' County Financial Management System and the Colorado Financial Reporting System (COFRS).

[1] Child welfare expenditures in this table include expenditures paid through the Child Welfare Block Grant and Core Services. This table does not include other expenditures related to child welfare, such as Title IV-E eligibility determinations, Title XX caseworker training, Promoting Safe and Stable Families (Title IV-B), Title IV-E Independent Living Program, Family-to-Family Grant, Integrated Care Management Program, and Division of Child Care expenses.

[2] County 100% and County 80/20% both refer to county administration costs. The Department reimburses some administrative costs at 100 percent, instead of the normal 80 percent, due to a lawsuit against the Department in the 1990s alleging that child welfare caseloads were too high. As part of the lawsuit settlement, the Department agreed to expand the number of child welfare caseworkers and to fund these additional caseworkers at 100 percent. The County 100% and County 80/20% line items do not include any additional county-only funds spent on child welfare services.

[3] The Out-of-Home allocation covers the cost of foster care placements including those at Residential Treatment Centers (RTCs). The separate RTC allocation line covers additional psychiatric services provided to children in placement.

[4] Core Services are designed to prevent out-of-home placements, facilitate reunification with the family, or allow children to move to less restrictive placement settings.

[5] Subsidized Adoption provides financial assistance to families which adopt children that are difficult to place because of age, membership in a sibling group, or medical needs.

[6] Children's Habilitation Residential Program, which provides residential services to children and youth in foster care who have developmental disabilities and extraordinary needs.

[7] Foster parents automatically qualify for the Child Care Assistance Program. This category captures these expenses.

[8] These are child welfare services that counties are required to provide by statute but are not included in Core Services. These include medical exams for children involved in child welfare cases and arranging subsidized adoptions (but not the subsidy itself).

[9] Reimbursements to Behavioral Health Organizations (BHOs) for providing mental health services to foster children placed by child placement agencies. As of November 2004, the federal Centers for Medicare and Medicaid Services disallowed these reimbursements because these services are already included in the BHOs' capitation payments under the Medicaid program.

As the table shows, overall child welfare expenditures increased about 9 percent between Fiscal Years 2002 and 2006, and expenditures for Department and county administration increased about 4 percent and 17 percent, respectively. Overall, total administrative expenditures represented between 32 and 37 percent of child welfare expenditures during Fiscal Year 2002 through 2006.

In Fiscal Year 2006 the federal government funded about 35 percent of the State's child welfare expenditures, the counties funded about 15 percent, and the remaining 50 percent came from the state general funds. As mentioned earlier, our audit focused on out-of-home placements and Core Services. Expenditures for out-of-home placements declined 5 percent, and expenditures for Core Services increased about 4 percent during the same period.

Previous Child Welfare Audits

Including this audit, the Office of the State Auditor has conducted four performance audits related to the child welfare system since 1990. Although the current audit did not specifically follow up on all previous findings and recommendations from the previous audits, this audit generally includes areas of concern from earlier reports. Throughout this audit report, we identify those issues where we previously made recommendations.

Performance Audit Scope

Our performance audit focused on foster care provided through family foster homes, group homes, kinship care, and receiving homes. We did not examine more institutionalized forms of out-of-home care such as residential treatment centers (RTCs), therapeutic residential child care facilities (TRCCFs), and psychiatric residential treatment facilities (PRTFs). (TRCCFs and PRTFs replaced RTCs in July 2006.) Overall, our audit evaluated the Department's supervision of foster care services administered by the counties and CPAs. Specifically, we reviewed the Department's oversight of county abuse or neglect investigations, foster parent recruitment and retention rates, and foster parent certification. We also looked at the Department's methods for ensuring that counties and CPAs meet applicable statutory and regulatory requirements. In addition, we analyzed accountability data to determine if the Department is meeting federal standards for foster care. Finally, we evaluated the effectiveness of the Core Services program, which provides services designed to prevent out-of-home placements or facilitate a child's return to home.

During our audit we visited eight counties: Alamosa, Arapahoe, Boulder, Denver, El Paso, Mesa, Pueblo, and Weld. We interviewed staff to determine how their

counties administer foster care services and reviewed data related to Core Services, foster parent certification, and abuse or neglect investigations.

This is the first of two reports related to our evaluation of foster care in Colorado. The second report will focus on financial issues affecting the foster care system.

Safety of Foster Children

In Colorado, about 13,600 children were in foster care for some period during Fiscal Year 2006 because county departments of human/social services had determined that the children had experienced abuse or neglect in their homes, were beyond the control of their parents, were voluntarily placed, or were court-ordered into foster care through delinquency hearings. While in foster care, children may live in a variety of placement settings ranging from family and group foster homes (the focus of our audit) to institutional environments, such as therapeutic residential child care facilities. Although counties administer foster care services in Colorado, under both state and federal laws and regulations, the Colorado Department of Human Services (Department) is ultimately accountable for ensuring the safety, well-being, and stability of children who have been removed from their homes. For example, federal regulations say that states are accountable for having in place a federally approved state child welfare plan that addresses the safety of foster children.

Ideally, when children are removed from their homes, they are placed in foster homes that keep them safe and stable and help them overcome obstacles that may prevent them from thriving. To promote the well-being of foster children, the United States Department of Health and Human Services (DHHS) developed minimum standards for assessing the safety and stability of children in foster care. We evaluated the Department's success in achieving these key federal benchmarks related to safety and found that, as of December 2006, the Department is not meeting some of these standards. More specifically:

- Abuse or neglect. The national standard is that no more than 0.57 percent of foster children will experience abuse or neglect in foster care. During Calendar Year 2006, 94 children in out-of-home placement (0.71 percent of all Colorado children in placement) experienced a substantiated case of abuse or neglect while in foster care.

- Change in placement. The Department's negotiated goal with the federal government is that no more than 24 percent of foster care placement changes will be for reasons unrelated to achieving the child's permanency goal. Over the six-month period of July through December 2006, about 45 percent of Colorado's foster care placement changes were unrelated to the child's

permanency goal. For these 800 children, placement changes were due to reasons such as abuse by the foster parent, a request by the foster parents to move the child, a decision by the family to no longer be foster parents, or the child's needing a more restrictive placement.

- Face-to-face visits. The Department's negotiated goal with the federal government is that at least 90 percent of foster children will receive monthly face-to-face visits with their caseworkers. The Department reviewed a sample of about 5,800 case files for children who were in foster care during the six-month period of July through December 2006 and found that about 4,900 foster children, or about 84 percent of those who were in placement for this six-month period, did receive monthly face-to-face visits with their caseworkers while another 900 did not receive a visit in at least one month.

Children who are removed from their homes are often leaving a disruptive, chaotic environment, and the foster home placement is key to reestablishing order and stability at a critical time in the child's life. Therefore, high-quality foster homes are crucial to ensuring that children who are removed from their homes are in a safe environment and that no further exposure to abuse or neglect occurs.

Counties and child placement agencies (CPAs) have a direct role in ensuring children placed in foster homes have an opportunity to thrive. High-quality foster care begins with safe homes and well-trained foster parents. Counties and CPAs are responsible for recruiting foster parents and ensuring they are certified in accordance with state law and Department regulations. County caseworkers are expected to meet face-to-face with their assigned foster children at least once per month to assess the child's progress and monitor the safety of the child's home environment. Also, the counties and CPAs may assign a staff member, separate from the caseworker, who visits with the foster parent at least once per month to provide training and support, monitor the safety of the home, and help address specific problems or concerns. Additionally, the counties and CPAs conduct home studies and annual updates to assess the ongoing safety and quality of each foster home during the recertification process. Finally, in instances where a child may have been abused or neglected in either a county- or CPA-certified foster home, counties are responsible for conducting an investigation to address the immediate safety of the child, determine whether the abuse or neglect actually occurred, and take action as appropriate.

The Department also has a role in ensuring that children are placed in high-quality foster homes that promote the child's safety and well-being. More specifically, the Department oversees county and CPA practices for certifying foster homes and county practices for recruiting and retaining quality foster homes. The Department also tracks and follows up on critical incident reports from counties and CPAs. A critical incident is an event that poses a threat to a foster child's safety and well-

being and can include not only abuse or neglect but also other circumstances such as a fire at the foster home, the death of a caregiver, or an accidental injury to the foster child. When allegations of child abuse or neglect occur at either a county- or CPA-certified foster home, the Department reviews the quality, thoroughness, and appropriateness of the county's abuse or neglect investigations. Finally, as discussed later in more detail, the Department conducts regular monitoring of county and CPA foster care services to ensure compliance with federal and state laws and regulations and to identify areas for improvement.

We reviewed the Department's practices for overseeing the safety and stability of children in foster care. We found problems with the Department's monitoring of (1) foster care certifications by counties and CPAs and (2) foster care recruitment and retention practices by counties. We also found the Department's oversight of county abuse or neglect investigations and critical incident reporting was insufficient. These problems, which are some of the same issues identified in the Office of the State Auditor's Foster Care Program Performance Audit (June 2002), diminish the Department's ability to ensure that children placed in foster care are in safe and stable
environments.

Quality of Foster Homes

According to the Department, several factors have contributed to the State's failure to meet the federal standard for preventing child abuse or neglect in foster homes, including (1) certification of inappropriate homes, (2) inappropriate placements (i.e., poor match between child and foster parents), (3) placing too many children in a single foster home, and (4) lack of support for foster homes. County and CPA practices for certifying foster homes—which assess the background, skills, training, and finances of the foster parent and the physical safety of the home—are paramount to ensuring that foster homes provide high-quality care and services to address the children's needs. Additionally, recruitment and retention strategies are key to ensuring a sufficient number of quality foster homes are available to provide for the number of children in need of placement.

We evaluated county and CPA practices for certifying foster homes and county practices for recruiting and retaining foster parents. We identified problems in both of these areas, as described in the next two sections.

Foster Parent Certification

Colorado Revised Statutes and Department rules set forth the requirements that both counties and CPAs must follow to certify foster parents and foster homes. Counties

and CPAs evaluate a range of factors during certifications, including assessing whether (1) the foster parent has sufficient skills, background, and training; (2) the foster home meets physical, safety, and accessibility requirements; and (3) the foster parents are financially stable and have sufficient resources to perform their responsibilities. Our audit evaluated county and CPA certification practices that specifically affect child safety in the foster home. We reviewed a total of 128 foster parent files: 88 for parents certified by eight counties and 40 for parents certified by four CPAs. Overall, we found that 103 of the 128 files reviewed (80 percent) were missing key documentation related to foster parent training requirements, criminal history checks, and involvement in family case planning. Our findings suggest that the counties and the CPAs are not adhering to basic procedures for certifying quality foster homes and that the Department is not providing sufficient oversight of these certification programs. The problems we found are described below.

Training. Statute requires that foster parents receive 27 hours of initial training. This includes 12 hours of pre-placement core training that follows Department curriculum guidelines and an additional 15 hours that must be completed within three months of child placement in the home. In addition, statute requires foster parents to complete 20 hours of ongoing training during the first year of certification and each year thereafter. Finally, Department rules require foster parents to complete CPR/First Aid training.

Overall, we found that 55 of the 128 files (43 percent) reviewed did not have evidence that foster parents had met these training requirements (some files contained more than one type of problem). Specifically:

- 5 files were missing documentation that the foster parents completed the 12 core training hours required before a child can be placed in the home.

- 28 did not have evidence that the foster parents completed the additional 15 hours of training required within three months of a child being placed in their home.

- 25 files did not have evidence that foster parents completed all 20 hours of ongoing training annually.

- 14 were missing a current Training Development Plan that documents the foster parent's annual training needs.

- 18 files did not have adequate documentation of CPR/First Aid training.

Training of foster parents plays an important role in preventing abuse or neglect of children, providing quality care for children in foster care, and helping to prevent

both burn-out for the foster parents and placement disruption for the child. During our site visits, we found that counties vary on how much training they offer and whether they prioritize training for their foster homes. Some counties emphasized that quality training was a key factor in retaining foster homes, while others viewed the training requirements as onerous barriers to retention.

Background Checks. Statute requires all foster parents to undergo fingerprint-based criminal history checks through the Colorado Bureau of Investigation and checks for previous abuse or neglect allegations through Trails before their initial certification to help ensure they are suitable foster parents. Furthermore, as of May 2001, statute [Section 26-6-107, C.R.S.] requires the Department to instruct counties to conduct a comparison background check in ICON to help determine the disposition of any charges. An ICON search identifies events that would not be flagged by a fingerprint check, such as a restraining order. The Department reports it did not start requiring ICON checks on foster homes until May 2004, three years later than required by statute.

Our audit reviewed county and CPA compliance with the criminal history and ICON checks required by the statutes. We found that for our sample of 128 files, 50 homes were initially certified after May 2004, and 18 of these (36 percent) did not undergo an ICON check. One county told us it did not know it had access to the database. Another claimed it was unaware of this requirement, although it had conducted ICON checks on some of its families. The Department verifies that counties are meeting background check requirements during its reviews of county foster care programs. However, we did not find that the Department had identified the problem with the ICON checks during these reviews. The Department should ensure that counties are aware of the ICON requirement and that county certification workers are properly trained in completing the background check.

Case Planning. Department regulations require counties to involve foster parents in each child's Family Services Plan (Plan), including CPA-certified foster parents. The Plan addresses the child's needs for safety, permanency, and well-being, and documents the specific services the foster parent will provide, along with the expected outcomes for the child. Foster parents are required to sign the Plan as evidence of involvement, and the Plan is updated periodically to reflect changes in needs.

We reviewed a sample of 100 Plans at eight counties and four CPAs and found instances where both county- and CPA-certified foster parents were not involved in developing the Plan or were not given specific guidance for caring for their foster children. Specifically:

- 20 Plans did not include the foster parents as participants.
- 26 Plans were not signed by the foster parents.
- 18 Plans were missing the signature page, so we could not determine if the foster parents had signed them.
- 53 Plans did not identify the specific actions the foster parents were expected to take to meet the needs of the children in their care. Rather, the Plans included only broad goals, such as, "the foster home will meet all of the child's physical, medical, and emotional needs."

The CPAs we visited reported that county departments rarely involve CPA foster parents in the Plan development. CPAs also reported that counties do not consistently provide copies of Plans when CPAs request them. During our review we found that CPAs did not have Plans available for 24 (44 percent) of the 54 children in our sample that were placed in CPA-certified homes. If counties do not make Plans available to CPAs and foster parents, the parents will not know what services they are expected to provide to foster children, and CPAs will not have information to make appropriate foster care placements or monitor foster home services.

We were unable to determine why counties do not always provide Plans to CPAs or involve foster parents in their development. However, two of the eight counties we visited report that in some cases county attorneys and judges prohibit sharing the Plans with foster parents because of concerns over confidential birth parent information. Counties can provide important information about a child's needs and behaviors and include foster parents in the Plan without revealing confidential parent information. The Department should require counties to provide Family Services Plan information to CPAs with which they have placed children and to foster parents. The Department should work with the counties, as needed, to find a solution for providing information about the foster child without violating court orders or confidentiality restrictions.

The Department needs to ensure that counties and CPAs comply with regulations related to foster home certification, particularly in areas related to child safety. Currently the Department requires CPAs to attest that their foster parents are qualified in accordance with applicable requirements as part of the annual licensing process. However, some requirements, such as documentation of the annual 20 hours of ongoing foster parent training, are not included in the attestation. In addition, it is not clear that the Department requires CPAs to review foster parent files to verify qualifications as a basis for the attestation. Further, the Department does not have a similar attestation requirement for counties. The Department could

require both counties and CPAs to annually desk audit a sample of their foster parent files to ensure that the parents are fully qualified and that their qualifications are documented. The counties and CPAs could use this audit process as a basis for certifying that their foster parents meet all certification requirements. The Department could then verify a sample of desk audits through its county and CPA monitoring. The Department should also have mechanisms in place to sanction counties and CPAs when it finds discrepancies between the attestations and the actual qualifications of foster parents.

Strong county and CPA certification practices are crucial for ensuring foster parents have the skills, training, and involvement necessary to provide high-quality services to the children in their care. These children are in foster care because they have already experienced abuse or neglect; ensuring that certification reviews focus on promoting high-quality foster care is fundamental for preventing future abuse or neglect of foster children and improving the State's compliance with federal foster care standards.

(CFDA No. 93.658, Foster Care Title IV-E, Eligibility. Classification of Finding: Control Deficiency.)

Recommendation No. 95:

The Department of Human Services should improve its oversight of the foster parent certification process by:

a. Requiring county departments of human/social services and child placement agencies to conduct periodic (e.g., annual) desk audits of their certified foster parents to ensure that the parents meet all applicable requirements and that their qualifications are documented in their files. The Department should require the counties and child placement agencies to attest to the Department each year on the basis of the audits that their foster parents are qualified in accordance with all applicable requirements.

b. Developing and applying sanctions when the Department finds discrepancies between county and child placement agency attestations and actual foster parent qualifications.

c. Requiring that county departments of human/social services provide Family Service Plan information to child placement agencies with which they have placed children and ensuring that county-certified foster parents also receive Family Service Plan information.

d. Working with county departments of human/social services to develop a solution for providing relevant child information to foster parents without violating confidentiality requirements.

Department of Human Services Response:

a. Agree. Implementation date: July 2008.

The Department will require that county departments of human/social services and child placement agencies conduct periodic desk audits, thus allowing them to better self-monitor, verify, and correct any noncompliance issues as a means to ensure that foster home records are in compliance with all applicable requirements. This will include attestation annually from the governing agency that foster homes are qualified in accordance with all applicable requirements.

The Department will work with county departments of human/social services and child placement agencies to develop a rule requiring they complete the desk audit and the annual attestation. It is anticipated that this will take approximately four to six months given other projects the Department is statutorily required to complete. The rules will be introduced to the State Board of Human Services' process by no later than January 2008.

b. Agree. Implementation date: July 2008.

The Department agrees to develop a sanction policy as a part of a progressive discipline policy that will be applied when discrepancies between attestations from counties and child placement agencies' foster home files are found. The Department will work with county departments of human/social services and child placement agencies to develop a rule-based policy. It is anticipated that this will take approximately four to six months given other projects the Department is statutorily required to complete. The rules will be introduced to the State Board process by no later than January 2008.

c. Agree. Implementation date: July 2008.

The Department agrees that county departments of human/social services should comply with providing Family Services Plan (Plan) information to child placement agencies. The Department agrees to review current rules by September 2007 and to modify them if necessary. Additionally, the Department agrees to review the child placement agency contract and

will clarify the need to provide the Plan to any placement provider that the county contracts with for placement. If a rule change is needed, it is anticipated that this will take approximately four to six months given other projects the Department is statutorily required to complete. The rules will be introduced to the State Board process by no later than January 2008.

d. Agree. Implementation date: October 2008.

The Department agrees to comply with this recommendation and will develop a solution for providing information to foster parents without violating confidentiality. The Department will convene a series of meetings to discuss with county departments of human/social services, child placement agencies, and foster parents how to best solve this matter. If rule changes are necessary to support decisions, then the Department will complete the process necessary to ensure that all parties are involved in the rule-making process, which takes a minimum six months after the conclusion of the meetings.

Institutional Abuse or Neglect

Children in foster care are a particularly vulnerable population because they have experienced abuse or neglect prior to removal from their homes. When a foster child experiences abuse or neglect again in the foster home, the consequences may be tragic. Consequently, prompt and effective responses to allegations of abuse or neglect are crucial for keeping foster children safe.

Under federal and state law, the Department is responsible for ensuring that all children receive protection from abuse or neglect. In Colorado, counties are the "first responders" to abuse or neglect allegations. According to statute, counties are responsible for investigating allegations of intra-familial and institutional abuse or neglect. With respect to children in foster care, counties conduct institutional abuse, or Stage I, investigations when allegations of abuse or neglect occur in a foster home. Department regulations require counties to initiate Stage I investigations within 24 hours of receiving the allegation and to submit a written report of the investigation to the Department within 60 days of the date the incident was first reported. The county's investigation may conclude that (1) the allegation is founded (i.e., substantiated), (2) the allegation is unfounded, or (3) the evidence is inconclusive. The counties conducted 1,520 Stage I investigations during Fiscal Years 2002 through 2006 and determined that abuse or neglect was substantiated in 231 cases (15 percent).

The federal Child Abuse Prevention and Treatment Act requires the Department to evaluate "the extent to which state and local child protection system agencies are effectively discharging their child protection responsibilities" by examining the policies, procedures, and practices of these agencies as well as specific cases. To that end, the Department has established an Institutional Abuse Review Team (Review Team or Team), made up of Department, county, and community representatives to review every county abuse or neglect investigation. In Fiscal Year 2006 there were 18 members and 4 alternates on the Review Team. Counties submit their investigation reports to the Review Team and the Team determines if it agrees with the county's conclusions and assesses whether the county conducted the investigation appropriately. Specifically, individual Team members review five to eight cases each month and discuss their findings at the Team's monthly meeting. The Team then provides the county with a report detailing any deficiencies in the investigation and suggests the county take follow-up action, such as increased monitoring of foster homes, if applicable. In accordance with federal law, the Team also prepares an annual report with recommendations to the Department for improving the state and local child protection systems. There are no state laws or Department regulations defining the Review Team's duties. However, Department staff indicated that the Review Team operates similarly to county child protection teams required by statute [Section 19-3-308, C.R.S.]. Statute requires the counties' child protection teams to review investigations of suspected child abuse, including institutional abuse, and report "any lapses and inadequacies in the child protection system and if they have been corrected."

If in the course of its review, the Team determines that a CPA's or foster home's practices may have contributed to an abuse or neglect incident, the Review Team may also recommend that a Stage II investigation take place. If the Stage II investigation determines that the CPA or foster home is culpable for the abuse or neglect incident, negative sanctions such as fining or suspending the CPA's license or closing the foster home can occur.

We reviewed the Department's methods for overseeing abuse or neglect incidents at county- and CPA-certified foster homes. We found the Department needs to strengthen these processes to better ensure the safety of foster children as described below.

Quality of Stage I Investigations

We analyzed the Institutional Abuse Review Team's reviews of county Stage I investigations involving family foster homes and group homes for Fiscal Years 2002 through 2006. We found the Team is not an effective mechanism for ensuring that counties conduct thorough and accurate investigations and thereby protect the safety of foster children. We found that the Team's review process identifies deficiencies and errors in the counties' Stage I investigations; however, the Department does not follow up sufficiently on these deficiencies and errors to ensure that they are corrected. As a result, the time and effort devoted to the Team by Department and county staff, which staff estimated to be about 6-10 hours per month per person, provides relatively little benefit. We discuss the problems we identified in the next three sections.

County Findings

Our audit compared the results of Review Team reports with findings from county Stage I investigations for Fiscal Years 2002 through 2006. We found that, overall, counties do not appear to accurately identify all instances of abuse or neglect. More specifically, we found that the Review Team disagreed with the conclusion drawn by county investigators for 389 (26 percent) of the 1,520 Stage I cases involving family foster homes and group homes. Although the rate of the Review Team's disagreement trended downward from 28 percent in Fiscal Year 2002 to 18 percent in Fiscal Year 2006, it is still of concern. For 331 of the 389 cases with a disputed conclusion, the Review Team did not agree with the county investigation's conclusion that the abuse or neglect was unfounded or that the evidence was inconclusive. For 133 of the 331 cases, the Review Team concluded that the abuse or neglect likely occurred.

We also found that when the Team disagrees with the county's conclusions about whether abuse or neglect occurred, the Department does not routinely take further action to resolve these disagreements. Therefore, for the 133 cases where the Team concluded that abuse or neglect likely occurred and reported its results to the counties, the State has no assurance that the counties resolved the issues or that the practices leading to the abuse or neglect were addressed. Furthermore, counties may continue to place children in these foster homes, putting children at greater risk of harm.

Our review of the Review Team's records for Fiscal Years 2002 through 2006 illustrates this concern. We identified 205 foster homes during the period that were subject to multiple abuse or neglect allegations. For nine of these homes, we found that confirmed incidents of abuse or neglect against foster children may have been

prevented if the Review Team had sufficiently followed up on earlier abuse or neglect allegations against the homes in which the Team disagreed with the county's conclusion that abuse or neglect was either unfounded or that the evidence was inconclusive. In one case, a foster parent severely abused a child after the county concluded that a prior abuse allegation was unfounded. The Review Team disagreed with the county's conclusion that the prior abuse was unfounded, but the Team could not substantiate that the abuse actually occurred because according to the Team's report, the county did not conduct a thorough investigation. The Team noted that the county's investigation report failed to address all pertinent issues, interview all essential parties, and include the results of the child's medical exam. If the county had conducted a complete investigation, it may have concluded that the foster parents had committed abuse in the first incident and were no longer suitable for fostering children, including the one later abused. One of the foster parents was convicted of felony child abuse for the latter incident and sentenced to 15 years in prison.

Department staff reported that they follow up on the most egregious cases in which the Review Team disagrees with the county findings through phone calls and emails to the county requesting further information. However, without consistent follow-up by the Department, issues of abuse or neglect may remain unresolved, children may continue to be harmed, and the Review Team's effectiveness is questionable. Although federal law does not specifically require the Department to resolve differences in conclusions between the Review Team and counties, federal law does hold the Department accountable for curbing foster home abuse or neglect and ensuring the safety of foster children. The Department should implement a formal process for following up on all cases in which the Review Team reaches a different conclusion than the county about whether abuse or neglect occurred. The process should ensure that the Department identifies any deficiencies in the county's investigation, that the county takes steps to address the deficiencies, and that the county provides adequate information to the Department to explain its conclusion. If a county cannot provide information to support its conclusion, the Department should determine if further review or investigation is needed.

County Corrective Actions

As discussed previously, each time the Review Team completes a review of a Stage I investigation, the Department provides the county with a written report of the review results. The reports include recommendations to the county for corrective action when appropriate, such as providing additional training to foster parents, to help reduce the risk of abuse or neglect in the future. During Fiscal Years 2002 through 2006, the Review Team recommended the counties take further action on 345 of 527 Stage I investigations it reviewed involving county-certified homes.

We reviewed the Department's database that tracks the counties' implementation of the Review Team's recommendations and found two problems. First, the Department's database contained no information on the implementation status of about 32 percent of the 345 cases recommended for follow-up. As a result, the Department does not know, and we could not confirm, whether counties complied with the Team's recommendations in these cases. Second, for the 235 cases for which the database did have information on the implementation status of recommendations, data indicated that counties implemented key recommendations for corrective action against the foster homes less than half the time. According to Department data, counties only implemented about 19 percent of recommendations to reevaluate the suitability of a home for foster care, 44 percent of recommendations calling for extra training, and 47 percent of recommendations for additional monitoring of the foster home.

We also found that Department staff do not follow up with the counties to determine why they have not implemented the Review Team's recommendations. The Department reports that it does not have enough staff to track county progress in implementing the recommendations. In its most recent five-year plan for complying with federal Title IV-B, the Department stated that implementation of the Review Team's recommendations was a key measure for ensuring the safety of children in foster care. However, by failing to ensure that counties implement these recommendations, the Department undermines the effectiveness of this mechanism. Counties may be putting foster children at greater risk by failing to follow the Review Team's recommendations to help prevent future abuse or neglect incidents. In addition, State, county, and community resources are wasted because the time devoted by the Team's 18 members does not lead to improvements.

The Department needs to work with the Review Team to ensure the Team provides more detailed recommendations to the counties, ensure information on the recommendations are entered in the Department's database, and then follow up with counties on whether the recommendations were implemented. If the Department's resources are not sufficient to follow up on all of the recommendations made to counties, the Department should identify the most high-risk issues and ensure staff prioritize those recommendations for follow-up.

County Investigative Deficiencies

In addition to identifying cases in which counties need to take corrective action related to a particular foster home, the Review Team often notes problems with a county's investigative practices. During Fiscal Years 2002 through 2006, the Team cited investigative deficiencies in about 35 percent of the Stage I reports it reviewed. Problems identified included the omission of key information from the report, the failure to consider all essential issues or interview all essential parties, or the

submission of a report that was hard to follow or contained unimportant information. The Review Team includes these deficiencies in the written report it provides to the county after each review. In addition, as required by the federal Child Abuse Prevention and Treatment Act, the Team includes a list of recommendations, based on the reviews conducted throughout the year, in an annual report. The recommendations in the annual report may be directed to the counties, the Department, or both.

We found that neither the annual reports nor the individual reports to counties are helping to improve county investigative practices. According to some county staff, one reason counties may not be implementing the Review Team's recommendations regarding investigative practices is that the Team's recommendations do not include sufficient information or explanation for the counties to determine how to address the problems identified in the review. Similarly, we found the Team's recommendations in the annual reports were not specific enough to be effective. For example, the Team's Fiscal Year 2006 annual report recommended that the counties improve their investigation practices and apply rules consistently when conducting their investigations. However, the report did not identify the specific steps counties should take to improve their investigations or explain how the rules were applied inconsistently. Furthermore, the Department does not follow up with counties on the recommendations contained in either the Team's annual or individual county reports to ensure the counties improve the quality of their investigations.

Both the Review Team's individual and annual reports could be valuable tools for informing the counties about deficiencies, providing guidance for correcting them, and ensuring the improvements are made. However, without specific recommendations and follow-up on their implementation, the time and resources devoted to the review process are not being used effectively. The Department should require the Review Team to make specific recommendations for addressing deficiencies in Stage I investigations in its annual reports and then develop steps to ensure that the recommendations are implemented.

(CFDA No. 93.658, Foster Care Title IV-E, Reporting. Classification of Finding: Not a Control Deficiency.)

Recommendation No. 96:

The Department of Human Services should improve its oversight of institutional abuse or neglect (i.e., Stage I) investigations of children in foster care by:

a. Implementing a formalized and documented process to follow up with counties on disagreements between the conclusions of the Institutional Abuse

Review Team and the county departments of human/social services regarding abuse or neglect investigations. The process should ensure that the counties take steps to address any investigative deficiencies and provide adequate information to the Department to explain their conclusions. If a county cannot provide information to support its conclusion, the Department should determine if further review or investigation is needed.

b. Ensuring that the Institutional Abuse Review Team provides detailed recommendations to county departments of human/social services for corrective actions related to specific Stage I investigations and that Department staff follow up on the Review Team's recommendations to ensure that counties comply with them.

c. Requiring the Institutional Abuse Review Team to provide specific recommendations in its annual Child Abuse Prevention and Treatment Act report for correcting deficiencies identified during its review of county abuse or neglect investigations and ensuring that the recommendations are implemented.

The Department should seek statutory revisions as needed to implement these changes.

Department of Human Services Response:

a. Agree. Implementation date: July 2008.

The Department will develop a system to ensure that a county response is received when the investigation/assessment was deficient. This will include promulgating rules to formalize the process. In the case of a disagreement with the finding, the Department will follow up with the county and request additional clarifying information. It is anticipated that this will take approximately four to six months given other projects the Department is statutorily required to complete. The rules will be introduced to the State Board of Human Services process by no later than January 2008.

b. Agree. Implementation date: July 2007.

The Department agrees that the Institutional Abuse Review Team will provide detailed recommendations to county departments related to specific Stage I investigations. Staff performing Foster Care Program Reviews will utilize the information from the Review Team when monitoring county compliance. Counties found to be out of compliance

with the Review Team's recommendations will be placed on corrective action.

c. Agree. Implementation date: September 2009.

The Institutional Abuse Review Team, in its capacity as a federal Child Abuse Prevention and Treatment Act (CAPTA) State Citizen Review Panel, will annually list specific deficiencies noted in investigations and recommendations for corrections and improvements. The Department will ensure that CAPTA recommendations are implemented during the current five-year state plan.

Quality of Care

The State's child welfare system, including foster care, is intended to protect abused and neglected children from future harm, strengthen the family's ability to care for its children, and ensure that children have stable, permanent homes. In 2000 the U.S. Department of Health and Human Services (DHHS) established national standards to measure whether states' child welfare programs were in conformity with requirements under Titles IV-B and IV-E of the federal Social Security Act that ensure the safety, permanency, and well-being of foster children. In addition to protecting children, the standards are designed to promote continuous improvement by the states. DHHS also developed on-site Child and Family Service Reviews to monitor whether states are meeting the minimum national standards.

The federal reviews evaluate state performance in terms of providing for the safety, permanency, and well-being of children in the child welfare system and the administrative systems in place to serve these children. The reviews comprise two main components. First, DHHS evaluates the state's achievement of six statewide quantitative standards, such as the percentage of children in the child welfare system that experience abuse or neglect. DHHS has established specific benchmarks for each of these standards. Second, DHHS assesses whether the state is meeting 23 qualitative indicators, such as whether permanency goals were established in a timely manner. DHHS concludes on the qualitative indicators by reviewing a sample of actual case files. If 90 percent of the files reviewed meet the criteria, the state is considered to be compliant. This standard rises to 95 percent when a state undergoes subsequent federal reviews.

DHHS conducted a Child and Family Services Review of the Colorado Department of Human Services (Department) in June 2002. The August 2002 final report showed that the Department was not achieving two of the six quantitative standards–one related to the number of children that are abused in foster care and one related

to the number of times children reenter foster care. The Department also failed to meet 15 of the 23 qualitative factors.

As a result of the 2002 federal review, DHHS and the Department negotiated a Performance Improvement Plan (Plan) to correct the Department's deficiencies. The Plan, finalized in October 2003, contained 19 compliance goals related to the federal quantitative and qualitative indicators. DHHS set a deadline of March 2007 for the Department to meet these goals or face possible fiscal penalties.

We reviewed data from the Department and found that as of December 2006, the Department's performance relative to the federal standards had declined in key areas. First, the State was not meeting three of the six quantitative national standards—the number of children that are abused in foster care, the number of times children reenter foster care, and the stability of foster care placements (measured by the number of children who have been placed in no more than two different foster homes in a 12-month period). Second, the State's performance on three of the six quantitative indicators—repeat maltreatment, length of time to achieve reunification, and the stability of foster care placements—had worsened since the 2002 federal review. Finally, the Department had not met 6 of the 19 goals (32 percent) in its Performance Improvement Plan as of December 2006, just three months before the Plan ended.

The Department has a number of processes in place to oversee both counties and child placement agencies (CPAs) to promote continuous improvement in performance, achieve the federal standards, and thereby ensure that the foster care system provides for the safety, stability, and well-being of foster children. These processes include the development and implementation of improvement plans intended to bring the State into compliance with federal standards in the future, periodic reviews of county foster care programs, licensing and monitoring of CPAs, routine reviews of all foster care cases in accordance with federal requirements, and oversight of county procedures for managing any type of grievance related to a child welfare case. We identified weaknesses in all of these processes that hinder the Department's ability to meet minimum national standards for promoting the safety, permanency, and well-being of foster children.

Oversight of Counties

The Department currently has two primary mechanisms to oversee the counties in fulfilling their foster care responsibilities. First, the Department is monitoring the implementation of individual corrective action plans for 21 of the largest counties that manage about 93 percent of the State's foster care cases. The counties developed these plans in August 2005 after the Department evaluated the counties to determine if they were meeting the aforementioned federal standards. The county plans, along with the statewide Performance Improvement Plan, are intended to bring the counties, and therefore the State, into compliance with federal child welfare standards. Second, the Department conducts periodic on-site reviews of all county foster care programs. The reviews include assessments of the counties' foster parent certification processes, institutional abuse investigations, and foster care services provided. The Department details its findings from each review in a written report, and the county provides a corrective action plan for addressing its respective findings.

We reviewed the corrective action plans developed in August 2005 by the 10 largest counties as well as Department reports and corrective action plans submitted by the 22 counties that underwent on-site reviews by the Department between September 2002 and April 2005. We found weaknesses in both types of corrective action planning processes that prevent the counties, and therefore the Department, from achieving the federal standards relating to the safety, permanency, and well-being of children in the child welfare system. The problems we identified are described below.

Specific strategies for correcting problems. Neither the Department nor the counties develop strategies in their improvement and corrective planning processes to clearly and directly address the problems in the system. For example, the statewide Performance Improvement Plan noted that making inappropriate placements (i.e., making a poor match between the foster child and the foster home) and placing too many children in foster homes contributed to the Department's failure to meet the federal data standard for abuse in foster care. These placement problems could be due to a number of deficiencies, such as inadequate training of case workers in the area of making placement decisions. Although the Plan included additional training at the county level, the training did not appear to be focused on ensuring that caseworkers make a good match between foster children and foster homes. In addition, the Plan noted that inaccurate data entry by the counties was partially responsible for the Department's failure to meet the federal standard for foster care reentries. However, the plan did not include any action steps for addressing this problem.

Similarly, counties do not include specific steps to correct deficiencies in their corrective action plans. For example, in a recent county review the Department found that the county did not have evidence that some foster parents met all requirements prior to being certified, but the corrective action plans did not contain steps to ensure this problem would be fixed. This is because the Department did not require the county to conduct case-specific reviews or other analyses to determine whether (1) the parents actually did not meet all requirements, (2) the parents did meet requirements but their qualifications had not been documented, or (3) the parents' qualifications had been documented but the documentation was missing at the time of the review. Making this type of determination is important because the steps needed to address each of these problems would be different. Because neither the Department nor the counties research the elements that lead to deficiencies, the Department's review process is not effective in promoting improvement in county practices.

Use of sanctions and ongoing corrective actions. The Department does not use ongoing corrective actions or fiscal sanctions to compel counties to correct problems and improve their achievement of the national standards. For the 10 counties we reviewed that implemented corrective action plans in August 2005 to improve their performance related to the federal standards, the compliance rates for nearly 60 percent of the items in the plans had actually declined as of December 2006. Further, 9 of the 10 large counties fell out of compliance with a performance standard that was not specifically covered by their corrective action plans. However, the Department does not impose additional corrective actions to address these declines in county performance. In addition, although Department rules allow the withholding of funds from counties for failing to meet state laws and regulations (the rules state that counties will be reimbursed for child welfare expenditures "when state program and fiscal requirements are met"), the Department has not denied any reimbursements to counties that are repeatedly noncompliant with state requirements. The Department could apply this rule more strictly or seek regulatory or statutory change, as necessary, to establish a comprehensive system of progressive discipline to use when counties are noncompliant with statutes or regulations.

Timely correction of problems found in periodic county reviews. One staff member at the Department monitors the counties' correction of problems identified through the county review process. For reviews conducted between September 2002 and April 2005, it has taken an average of 2.7 years for the Department to confirm that counties completely implemented their corrective action plans. As of April 2007, the Department was still monitoring plans for five counties (23 percent of the counties reviewed during this period), an average of nearly three years after the on-site reviews were completed. This means that nearly three years after the Department completed the reviews, it did not have evidence that all of the problems had been corrected. We could not determine whether these delays were due to the

counties' not implementing the plans in a timely manner or the Department's failure to follow up promptly. We did find that the Department has not scheduled subsequent reviews of counties to determine their ongoing compliance with applicable requirements. All of the 10 largest counties were initially reviewed between September 2002 and January 2003 and have not been formally reviewed since.

Examination of files in periodic county reviews. The Department sends a review team of four to six staff to spend several days on each county review. The team conducts interviews, reviews policies and procedures, and examines a sample of case files. The focus of the visits appears to be on conducting staff interviews and reviewing policies and procedures. Extensive interviews and policy reviews may be reasonable the first time the Department visits a county, but we believe subsequent visits would be more effective if the Department de-emphasized the standard interviews and policy reviews in favor of more extensive file reviews to determine if county practices comply with Department rules and to identify the causes of any noncompliance problems found. This approach would also allow the Department to spend less time performing the reviews.

Reviewing county practices and implementing corrective action plans to address deficiencies are important components of the Department's general oversight of counties to ensure they are providing for the safety and well-being of children in the child welfare system. Our review of the foster home certification process and abuse or neglect investigation procedures, demonstrates that counties are noncompliant in key areas related to child safety. Therefore, developing mechanisms to motivate improvement by the counties is critical.

Further, the national standards are intended to ensure that states have adequate procedures in place to protect children from abuse or neglect, promote permanency and stability in their living situations and family connections, and ensure that families can provide for their children's needs. Not meeting these standards can put children at greater risk for abuse, neglect, or otherwise not having their basic needs met. In addition, the Department faces possible sanctions if it has not met all Performance Improvement Plan goals for at least two consecutive quarters between October 2003 and March 2007. In November 2006 the Department estimated to the Joint Budget Committee that the potential penalty would be $2.2 million, which would reduce the amount of funds available for child welfare services. The Department expects another Child and Family Services Review in Federal Fiscal Year 2008. Therefore, it is vital for the Department to put processes in place now to improve the system to protect children and avoid penalties.

(CFDA Nos. 93.658, 93.667; Foster Care Title IV-E, Social Services Block Grant; Subrecipient Monitoring. Classification of Finding: Control Deficiency.)

Recommendation No. 97:

The Department of Human Services should strengthen its oversight of county foster care programs to ensure a high-quality foster care delivery system by:

a. Including specific strategies in its corrective action plans to address county noncompliance with federal foster care standards and state and federal requirements. The strategies should be based on analyses by the counties of reasons for noncompliance. Such analyses could include conducting case-specific reviews to identify the reasons for noncompliance with federal and state standards and assessing the general strengths and weaknesses of the counties' programs.

b. Developing and implementing a system of ongoing or recurring corrective action and progressive sanctions, up to and including withholding reimbursement of county child welfare expenditures, to use when county departments of human/social services are noncompliant with statutory or regulatory requirements or federal standards. The Department should seek statutory or regulatory change if necessary to implement this system.

c. Improving the monitoring of counties' implementation of corrective action plans to ensure problems are corrected in a timely manner.

d. Modifying the procedures followed in periodic reviews of county foster care programs to focus more resources on case file reviews rather than on interviews and policy reviews.

Department of Human Services Response:

a. Agree. Implementation date: December 2008.

   The Department will implement corrective action for noncompliance with federal foster care standards and requirements consistent with federal Program Improvement Plan requirements.

b. Agree. Implementation date: July 2008.

   The Department will work with county departments to develop a rule-based progressive discipline policy. It is anticipated that this will take approximately four to six months given other projects the Department is

statutorily required to complete. The rules will be introduced to State Board of Human Services by no later than January 2008.

c. Agree. Implementation date: Ongoing.

The Department will monitor current corrective action plans to completion with the staff person currently assigned. The Department will increase monitoring of corrective actions contingent on securing additional resources.

d. Agree. Implementation date: October 2007.

The Department will conduct initial reviews on approximately 15 counties over the next three years based on existing resources. In counties where re-reviews will be conducted, the Department will focus on case file reviews and practices relevant to the federal Child and Family Services Review.

Oversight of Child Placement Agencies

In addition to supervising county foster care programs, the Department has two primary methods of overseeing Child Placement Agencies (CPAs). First, under statute [Section 26-6-104, C.R.S.] CPAs must be licensed by the Department. The Department's Division of Child Care issues licenses and renews them annually after visiting the CPAs to assess compliance with applicable statutes and regulations. Second, the Department's 24-Hour Monitoring Unit in the Division of Child Welfare conducts periodic on-site monitoring visits to the CPAs to assess compliance with laws and regulations, determine the quality of care provided by the CPA, and evaluate the CPA's financial stability.

Staff of the Division of Child Care and of the 24-Hour Monitoring Unit review information and documentation related to several important CPA activities during their licensing and monitoring site visits. Specifically:

- Both licensing and monitoring staff review CPA records related to abuse or neglect investigations. This type of review is important because a high number of investigations may indicate that the CPA is certifying unqualified foster parent applicants, not ensuring that its foster parents are receiving enough training, or not providing sufficient support to its foster parents.

- Monitoring staff conduct a financial review to evaluate whether the CPA's expenditures are reasonable and whether the CPA is passing along to foster

parents the entire child maintenance payment, which covers the cost of providing food, shelter, clothing, and daily supervision of the foster child. These financial reviews are critical; our 2002 audit identified questionable CPA payments to foster care providers, CPA employees and contractors, and family members of a CPA owner. In addition, during our current audit we identified one CPA that loaned a foster parent about $5,700 out of foster care funds during Fiscal Year 2005, which is not allowed under Department regulations. According to the CPA, one purpose for the loan was to help the foster parent make rental payments on a house, which suggests that this individual did not have the required financial resources to be a suitable foster parent.

- Monitoring staff review CPA placement decisions to determine how effectively CPAs match foster parents with children. If CPAs do not place a foster child in an appropriate setting, it increases the risk that the child will have to be moved. The Department is currently out of compliance with the federal standard for stability of foster care placements.

We reviewed the Department's licensing process and its on-site monitoring of CPAs. Specifically, we reviewed the licensing and monitoring schedules along with reports from a sample of 8 licensing and 11 monitoring visits completed during Fiscal Years 2003 through 2006. We noted concerns, as described below, relating to the adequacy of these processes as oversight mechanisms to ensure that CPAs are placing foster children in safe and stable homes and providing the services children need to maintain their health and well-being.

Delays in renewing CPA licenses by the Division of Child Care. Department regulations require CPAs to submit applications to renew their licenses to the Division of Child Care (Division) at least 90 days before their current license expires. Once a renewal application is received, licensing staff conduct on-site visits to assess the CPA's compliance with Department rules. The Division's goal is to complete the license renewal process before the old license expires. Statute allows the prior license to remain active until the Department approves or denies the renewal application as long as the CPA submits the application on time.

We reviewed the most recent license renewal for a sample of eight CPAs and found the Department visited all of them on or after the date the current license had expired or a new one was issued, with visits to three CPAs occurring more than 30 days after the previous license had expired. This is a concern because the Department identified a combined total of 15 violations related to child safety during seven of the eight late reviews, as follows:

- Five CPAs did not adequately supervise foster homes, including failing to follow up sufficiently on violations found during foster home inspections and not making all required supervisory visits to the foster home.

- Five CPAs did not provide evidence of required foster parent background checks.

- Four CPAs had insufficient foster parent training records, including lack of individual training plans for foster parents and a missing CPR certification.

- One CPA did not provide evidence of required staff background checks.

These violations are consistent with problems we found in our review of the foster care certification process. We also found that in Fiscal Year 2006 the Division took an average of 75 days after the expiration date to issue renewal licenses to CPAs that certify foster homes, resulting in an average renewal cycle of about 14.5 months, rather than 12. The Division renewed half of the licenses more than three months after the previous license had expired. Of these, 12 were issued five months or more after the expiration date. These delays mean that some CPAs are operating for long periods while they have outstanding child safety violations because their licensing visits have not occurred.

We identified two main reasons for the delays in the license renewal process. First, Department staff report that the Division does not send out renewal materials to a CPA 90 days before its license expires, so it is not possible for the CPAs to then submit their renewal applications on time. Second, the Department does not use a risk-based licensing system to use resources more efficiently and complete renewals on time. As of January 2004, statute [Section 26-6-104, C.R.S.] authorized the Department to develop risk classifications that could be used for a risk-based approach to CPA licensing. The Department reported it has not developed risk classifications, because it wanted to gather several years of data before developing the schedule. Three years have passed since the statute was enacted; therefore, the Department should have adequate data to develop risk classifications. Risk indicators could include factors such as the number of foster children placed by each CPA, the number of institutional abuse investigations involving foster homes certified by each CPA, and the number of previous licensing violations incurred by each CPA.

Insufficient monitoring of high-risk CPAs by the 24-Hour Monitoring Unit. Currently there are no statutory or regulatory criteria for how often monitoring visits should be conducted. According to staff of the 24-Hour Monitoring Unit (Unit), monitoring visits are scheduled based on factors such as the number of Stage II investigations and critical incidents associated with each CPA and feedback from

Department and county staff and parents. We reviewed the Unit's monitoring schedule for Fiscal Years 2002 through 2006 and found several CPAs that appear to be high-risk but that did not receive monitoring visits for long periods. For example, during this period there were 17 CPAs with at least 20 investigations each for alleged abuse or neglect involving foster homes they certified. We found that 5 of the 17 (29 percent), including the two CPAs with the most investigations, have gone at least four years without a monitoring visit, including one that received no visits. Conversely, seven CPAs with fewer than five investigations over the same period have been monitored multiple times since Fiscal Year 2002. The Unit reported that some high-risk CPAs did not receive frequent monitoring visits because they had undergone multiple on-site visits in connection with Stage II investigations and critical incidents (discussed in previous section). However, unlike monitoring visits, Stage II and critical incident visits do not provide a comprehensive review of the CPA. Furthermore, frequent Stage II investigations and critical incidents may indicate serious systemic deficiencies on the part of the CPA that need to be identified and corrected.

Lack of documentation. We found poor documentation of some elements of both the licensing and monitoring reviews. For example, neither licensing nor monitoring staff could provide documentation of the information they reviewed related to abuse or neglect investigations or the conclusions reached in this area for any of the 8 licensing and 11 monitoring visits we sampled. In addition, the 24-Hour Monitoring Unit generally does not maintain supporting documentation of any of its on-site monitoring reviews. The Unit could not provide checklists for any of the 11 monitoring visits in our sample or the final monitoring report and Report of Inspection for 1 of these visits. Finally, the Unit had no evidence that it had determined whether foster child payments were appropriate or that it had reviewed revenues and expenses for 9 of the 11 visits in our sample. Due to the lack of documentation, we could not determine if staff properly followed procedures during licensing and monitoring visits to adequately assess all areas, resolve concerns, and identify issues requiring corrective action.

Duplication. We found similarities between the licensing and monitoring visits made to CPAs that may indicate some duplication of effort and resources. Specifically, both licensing and monitoring teams are required to review CPA staff, foster parent, and foster children files, as well as records related to abuse or neglect investigations, during their on-site visits. In addition, monitoring and licensing staff use the same checklists to capture information from their visits. Licensing and monitoring staff indicated that the primary difference between their respective visits is that monitoring visits are more in-depth. Specifically, licensing reviews are limited to examining required documents (e.g, evidence of staff qualifications, background checks for staff and foster parents, and sufficient training for foster parents), while monitoring staff review files to determine if the CPA is managing its

cases appropriately and following up with training or corrective action when the CPA identifies problems with one of its foster parents. However, we found no evidence in the monitoring reports indicating that monitoring staff are reviewing files in more depth than licensing staff. As a result, it appears that licensing and monitoring staff are duplicating their procedures. The Department stated that the visits are coordinated to occur at the same time to minimize duplication.

Since Fiscal Year 2002, CPAs have received between $34 million and $46 million annually to provide foster care services to about 20,000 children. Therefore, it is important for the Department to implement effective CPA licensing and monitoring procedures. Specifically, the Department should send out license renewal materials to CPAs far enough in advance so that the CPAs can meet the 90-day deadline for submission, implement risk-based schedules for conducting both licensing and monitoring visits, fully document the areas reviewed and the results of the reviews for both licensing and monitoring visits, maintain documentation for a specified period, and evaluate the licensing and monitoring processes to minimize duplication. Improving and streamlining the licensing and monitoring reviews of CPAs will help to ensure the safety of foster children and increase accountability for state expenditures.

(CFDA No. 93.658, Foster Care Title IV-E, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 98:

The Department of Human Services should improve oversight of child placement agencies for the foster care program by:

a Establishing risk-based schedules for licensing and monitoring child placement agencies. This should include developing criteria for determining risk levels, classifying all child placement agencies by risk level, and revising these classifications, as necessary, on a periodic basis.

b. Revising procedures for renewing child placement agency licenses to ensure that the agencies receive renewal materials in time to submit them at least 90 days before their licenses expire.

c. Establishing and implementing policies to fully document all key areas reviewed during licensing and monitoring visits and retaining the supporting documentation.

d. Evaluating current licensing and monitoring procedures to identify and eliminate duplication.

Department of Human Services Response:

a. Agree. Implementation date: October 2007.

The Department formed a work group in April 2007 to develop a risk-based model for licensing and monitoring child placement agencies. The Department will further comply with this recommendation to improve oversight of child placement agencies by submitting a Trails Change Request by October 2007 that will allow identification of risk factors. Trails enhancements will be made based on pending priorities, which include federal Statewide Automated Child Welfare Information System (SACWIS) and Adoption and Foster Care Analysis and Reporting System (AFCARS) compliance. The Department will utilize the information made available by reports provided through the Trails enhancement on a regular basis.

b. Agree. Implementation date: Implemented.

The Department has implemented a policy to conduct timely child placement agency visits 120 days prior to the renewal date. This process began January 2007. Staff is also responsible for sending out a 90-, 60-, and 30-day notice to the agency until the renewal application has been received even if the Department has completed its site visit.

c. Agree. Implementation date: January 2008.

The Department is currently identifying reasons for noncompliance and will work to ensure that all key areas are documented and information is maintained with the appropriate forms.

d. Agree. Implementation date: January 2008.

The Department will continue evaluating the monitoring and licensing practices to identify and eliminate duplication in efforts.

Federally Required Foster Care Reviews

In addition to overseeing the quality of the foster care operations of counties and CPAs through the licensing and monitoring functions, the Department conducts reviews of individual foster care cases. The federal Social Security Act requires states to review the cases of all children in out-of-home placement at least once every six months. The general purpose of the reviews is to have an entity that is independent from the service provider (e.g., the county or CPA) assess whether children are being placed in safe settings that are the least restrictive, most appropriate available, and consistent with the best interests of the child. In addition, the reviews provide frequent oversight to help ensure the safety of the children, the continuing necessity for and appropriateness of the placements, the extent of compliance with the case plans, and the progress made toward alleviating the conditions that led to the placements. The Department's Administrative Review Division in the Office of Performance Improvement is responsible for conducting these reviews.

The federal government's Adoption and Foster Care Analysis and Reporting System (AFCARS) allows a one-month grace period for meeting this six-month requirement. In addition, states have up to 60 days after the review to enter the review date into AFCARS, meaning that a case is flagged as noncompliant if it was not reviewed within seven months and the date of review was not entered within nine months. According to federal regulations, a state that completes and documents less than 90 percent of its six-month reviews within the required time frames may be assessed a penalty based on the amount of funds the state receives under Titles IV-B and IV-E. More importantly, when a state fails to conduct the reviews on time, some foster children's cases do not receive sufficient independent oversight to determine if the child is safe and still needs to be in placement.

We reviewed the Department's progress in completing the federally required reviews of foster care cases and identified two problems. First, according to data submitted by the Department through AFCARS, cases are not always reviewed within required time frames. Between March 2002 and March 2006 an average of 17 percent of foster care cases were not reviewed and recorded within the nine-month period allowed by the federal government. The table below shows that the percentage of foster care cases reviewed late, based on AFCARS' nine-month tracking, has declined over the last five years from 20 percent to 14 percent. The Department has not previously received any penalties for noncompliance in this area but could owe a penalty of about $99,000, based on Fiscal Year 2006 data, for noncompliance in this area.

Department of Human Services
Percentage of Foster Care Cases Not Reviewed On Time[1]
Fiscal Years 2002 Through 2006

	March 2002	March 2003	March 2004	March 2005	March 2006	Percent Change FY02-06
Reviews Required	11,200	10,900	11,600	10,800	11,000	-2%
Reviews Not Completed on Time	2,200	2,000	2,100	1,500	1,500	-32%
Percentage Not Reviewed on Time*	**20%**	**18%**	**18%**	**14%**	**14%**	**-30%**

Source: Office of the State Auditor's analysis of data from the Department of Human Services.
[1] A case is considered to be reviewed on time if it was reviewed within the nine-month time frame allowed by the federal Adoption and Foster Care Analysis and Reporting System.

In Fiscal Year 2006 the Department began tracking the timeliness of case reviews in a separate database. To more precisely monitor its progress in completing the six-month reviews, the Department focuses on whether the case was reviewed within seven months. According to the Department's own data, 39 percent of cases were not reviewed within the seven-month time frame as of March 2006.

The second problem we found with the federally required reviews is that once a case review is delayed beyond the nine-month window allowed by federal requirements, the Department does not prioritize the case to ensure it is reviewed immediately. According to Department data, in September 2006 there were 628 cases, or about 24 percent of all late cases, that had not been reviewed for more than a year, instead of within six months.

The Department indicated that staff reductions as a result of budget cuts is a primary reason for reviews not being conducted on time. The number of FTE appropriated to the Administrative Review Division declined from 31 to 20 between Fiscal Years 2002 and 2006. To counteract the effects of the staff reductions, the Department took steps to increase the timeliness of the six-month reviews. First, in July 2003 the Department reduced the number of questions on the six-month review instrument to increase the number of reviews each staff was able to complete. Between Fiscal Years 2002 (before this change) and 2006, the Department increased the number of reviews completed annually per reviewer by about 50 percent, from about 370 to about 560 each year. Second, the Department curtailed the research activities conducted by the Administrative Review Division that were not specifically related to the federal case reviews.

As of July 1, 2006, the Department was appropriated an additional 2.2 FTE for the Administrative Review Division. It appears that the Department's changes and the

additional staff will be adequate to bring delayed reviews current and maintain timely case reviews. Specifically, once new staff are trained, the Department estimates that each FTE can complete 58 reviews per month, which means the 17 FTE currently performing the reviews can do about 11,800 reviews annually, or more than the current demand.

As the Department makes progress toward increasing the timeliness of its foster care reviews, it needs to focus on expediting the review of cases that have exceeded the nine-month deadline. This should include tracking the time elapsed since the last review, establishing a process to prioritize reviews that have not been completed within a pre-determined period of time, such as a year, and reallocating resources to immediately complete those reviews. Completing the reviews on time is important to make sure that children remain in the foster care system only as long as is necessary and that the placement is still safe and appropriate.

(CFDA No. 93.658, Foster Care Title IV-E, Subrecipient Monitoring. Classification of Finding: Significant Deficiency.)

Recommendation No. 99:

The Department of Human Services should track the timeliness of all federally mandated foster care case reviews by monitoring how long reviews are delayed once they have gone beyond the federal deadline. The Department should also establish a process to prioritize reviews that have not been completed within a predetermined period, such as a year, and reallocate resources to immediately complete those reviews.

Department of Human Services Response:

Agree. Implementation date: July 2008.

The Department agrees with tracking how late reviews are currently monitored and using this in scheduling reviews.

Core Services

Sections 26-5.3-101, et seq., C.R.S. and 26-5.5-101, et seq., C.R.S., establish programs intended to preserve families and prevent children from being placed outside their homes. The Colorado Department of Human Services (Department) has implemented these statutes through the Core Services program administered by the counties. The purpose of the program is to limit out-of-home placements and their cost by preventing the removal of children from their homes, facilitating reunification between children and their families, or helping children move to a less restrictive out-of-home placement setting.

The list below describes the types of Core Services provided by the counties and the percentage of county service authorizations represented by each type of assistance in Fiscal Year 2006.

- **Substance abuse treatment.** Diagnosis and/or therapy to assist in developing the case plan; to assess and/or improve family communication, functioning and relationships; and to prevent further abuse of drugs or alcohol (23 percent).

- **County-designed services.** Optional services tailored by each county to meet the needs of families in the community, such as adolescent mentoring, multisystemic therapy, and services to improve family functioning (20 percent).

- **Mental health services.** Diagnosis and/or therapy to assist in developing the case plan, and to assess and/or improve family communication, functioning, and relationships (18 percent).

- **Life skills.** Teaching of household management, effective access of community resources, parenting techniques, and family conflict management (10 percent).

- **Intensive family therapy.** Therapeutic intervention, typically with all family members, to improve family communication, functioning, and relationships (8 percent).

- **Home-based intervention.** Services such as therapeutic and crisis intervention provided primarily in the home (8 percent).

- **Special economic assistance.** Emergency financial assistance of not more than $400 per family per year to pay expenses such as rent, food, or clothing (6 percent).

- **Sexual abuse treatment.** Therapeutic intervention designed to address issues and behaviors related to sexual abuse victimization, sexual dysfunction, sexual abuse perpetration, and prevention of further sexual abuse and victimization (5 percent).

- **Day treatment.** Comprehensive, highly structured services that provide education to children and therapy to children and their families (2 percent).

About 60 percent of Core Services are provided to families with children still in their own homes when services begin, while the other 40 percent of services are provided to families with children in out-of-home placement. For Fiscal Year 2006 the General Assembly appropriated about $43.5 million for Core Services, of which about $36.6 million came from state general funds, about $4.9 million from the counties, and about $2 million from federal Title IV-E funds. The table below shows Core Services expenditures, number of children served, and number of services provided for Fiscal Years 2003 through 2006.

Department of Human Services
Core Services Program
Fiscal Years 2003 Through 2006

	Fiscal Year				Percent Change, FY03-06
	2003	2004	2005	2006	
Expenditures (millions)	$40.7	$37.7	$42.4	$46.2	14%
Children Served	13,400	16,100	17,800	18,800	40%
Expenditure per Child Served[1]	$3,000	$2,300	$2,400	$2,500	-17%
Number of Services Provided	22,200	34,800	39,100	45,000	103%

Source: Office of the State Auditor's analysis of data from the Department of Human Services.
[1] Because children may receive Core Services in more than one fiscal year, this figure does not represent total Core Services expenditures per child for the life of the case.

As the table shows, expenditures for Core Services have increased by about 14 percent since Fiscal Year 2003, while the number of children served has increased by about 40 percent and the number of services has more than doubled. The Department reported that counties are providing more Core Services with their own staff, which increases the number of children served and services provided but does not increase the amount of expenditures charged to their Core Services programs.

We reviewed the Core Services program to determine its effectiveness in meeting the goals of preventing out-of-home placements, helping families reunify, and allowing children to move to less restrictive placements. We identified concerns with the methods used by counties to document the need for Core Services and with the methods used by the Department to measure the cost-effectiveness of these services. As a result, we question whether the Core Services program is serving children and their families effectively and meeting intended goals. This section discusses ways in which the Department can better ensure that counties focus these services on those who need them and then determine if the services are successful.

Eligibility

Department policy requires that families must be at "imminent risk of out-of-home placement" to be eligible for Core Services. Statute defines imminent risk as "without intercession, a child will be placed out of the home immediately." In November 2004 the Department mandated that counties document a family's eligibility prior to the start of Core Services and every six months thereafter through the Imminent Risk Checklist, which is part of the Family Services Plan used to document the services needed to address the child's safety, permanency, and well-being. The agency letter issued by the Department announcing this requirement noted that imminent risk "is often not adequately documented in the current version of the Family Services Plan" and that use of the form is "necessary to assure compliance with state and federal funding requirements." The importance of accurately identifying and thoroughly documenting the need for Core Services is also emphasized through Department regulations. Department regulations stipulate that the Department reimburses counties only when their case records contain required program documentation and allow fiscal sanctions to be imposed when a county provides Core Services to an ineligible family.

The Imminent Risk Checklist has three major sections. The first section asks the caseworker to select from a list of conditions present in the family that may put it at risk and to describe how those conditions result in imminent risk. The second section asks the caseworker to explain why alternatives to Core Services-funded programs (e.g., services paid for by the family's private insurance, programs run by nonprofits, and other government services) are not being used. The third section asks the caseworker to explain why Core Services are the best option for the family.

Department policy also states that "the documentation on the form must explain the reason or circumstances that warrant the determination of imminent risk of out-of-home placement." We reviewed files for 79 families who received Core Services in our eight-county sample and found an overall lack of documentation to show that Core Services were warranted. First, files for 33 of the families (42 percent) did not contain any completed Imminent Risk Checklists, so there was no

evidence to show Core Services were needed. All but one county in our sample was missing at least one checklist, with two counties almost never completing the checklist. Of the 46 files that did contain Imminent Risk Checklists, we identified problems in all but 2 of the files, as follows (some files exhibited more than one problem):

- 34 Imminent Risk Checklists either did not explain why Core Services were the best choice for the family, or the explanations provided were insufficient.

- 25 Imminent Risk Checklists did not provide information about the non-Core Services alternatives available to the family, or the information provided was insufficient.

- 11 Imminent Risk Checklists did not sufficiently explain why the family was considered to be at imminent risk, as required by the statute. Of these, seven included descriptions that were too vague (e.g., one stated that a teenager was "out of control" but did not specify how the teenager's behavior was a risk to preserving the family), and two contained no description of the situation that placed the child at imminent risk. Two other checklists identified conditions that did not appear serious enough to create an imminent risk. For example, one checklist stated the child "is not at imminent risk," yet the family received Core Services.

- 12 Imminent Risk Checklists were not completed until after Core Services began, in violation of Department policy.

- In 23 cases where services lasted longer than six months, 14 files did not contain subsequent Imminent Risk Checklists as required by Department regulations.

Finally, 12 of the Imminent Risk Checklists were completed more than a month in advance of services. Although this does not violate Department policy, such gaps are not consistent with the urgency of the imminent risk definition in the statute.

The results of our file review raise concerns about whether counties are providing services to families that are truly at-risk. If some of these families are not at-risk, substantial state general funds are being used inappropriately to provide these families with Core Services. Furthermore, if not all families served are really at-risk, the Department's statistics on the number of out-of-home placements prevented by Core Services are overstated. The Department reported that the Core Services program prevented placements for 88 percent of participants in Fiscal Year 2006.

To better ensure that counties adequately determine and document imminent risk and the need for Core Services, the Department should increase its monitoring and oversight of county Core Services programs. Currently the Department does not review county files to verify that they only provide Core Services to children and families that meet the imminent risk criteria. In addition, the Department was not aware of the two counties in our sample that never complete the Imminent Risk Checklist. According to these two counties, staff were not completing the checklist because they did not know about the requirement. The Department's Administrative Review Division has authority to apply sanctions when counties do not sufficiently document the need for Core Services, but staff indicated that they have not applied these sanctions.

(CFDA Nos. 93.645, 93.658, 93.667; Child Welfare Services State Grants, Foster Care Title IV-E, Social Services Block Grant; Eligibility. Classification of Finding: Not classified—not an internal control issue.)

Recommendation No. 100:

The Department of Human Services should increase monitoring and oversight of Core Services programs provided by county departments of human/social services to ensure counties provide these services only to families with children at risk of out-of-home placement. Specifically, the Department should:

a. Implement procedures to review samples of county files during on-site visits to verify that counties are only providing Core Services to children and families that meet the imminent risk criteria.

b. Develop written policies to impose fiscal sanctions and/or require repayment of funds from county departments of human/social services for cases in which Core Services eligibility has not been adequately documented.

c. Provide training and technical assistance to the counties to ensure that counties understand how to document eligibility for Core Services and that counties are aware of available Department sanctions if documentation is not sufficient.

Department of Human Services Response:

a. Agree. Implementation date: November 2007.

The Department will implement a sample-based review of county files to verify that children and families receiving Core Services meet imminent risk criteria.

b. Agree. Implementation date: July 2008.

The Department will work with county departments to develop a rule-based progressive discipline policy. It is anticipated that this will take approximately four to six months given other projects the Department is statutorily required to complete. The rules will be introduced to State Board of Human Services by no later than January 2008.

c. Agree. Implementation date: July 2008.

The Department agrees to provide technical assistance during reviews of sample cases in county departments, and training will occur with Core Service Program Coordinators. The Department will work with county departments of human/social services to develop a rule-based progressive discipline/sanction policy. It is anticipated that this will take approximately four to six months given other projects the Department is statutorily required to complete. The rules will be introduced to the State Board process by no later than January 2008.

Information and comments below are from the second performance audit the Office of the State Auditor conducted on the Foster Care program, *Foster Care Financial Activities Performance Audit*, Report No. 1770, dated September 2007.

Overview of Colorado's Foster Care Financial Activities

This is the second of two reports related to our evaluation of foster care in Colorado. The first report (*Foster Care Services Performance Audit*, May 2007) focused on how the State (1) keeps children safe in foster care; (2) ensures high-quality foster care; and (3) provides Core Services, which are designed to prevent or shorten foster care placements or keep children in less restrictive placements. The first report also provided more general background information on how the foster care system works. This second report on foster care discusses the State's efforts to ensure the cost-

effective use of funds spent on foster care and related activities. The State spent about $65 million on foster care placements in Fiscal Year 2007. The State also spent about $152 million on direct services and staff salaries to administer the child welfare system, including overseeing foster care.

Colorado's child welfare system typically provides services for children under the age of 18 who need protection, are in conflict with their families or communities, or require other specialized services. Under statute [Sections 26-1-111 and 118, C.R.S.], the system is supervised by the Colorado Department of Human Services (Department) but is directly administered by county departments of human/social services. If the county believes foster care is the only way a child can be kept safe, it must petition the court for an order to take custody of the child. Once a child has been removed from the home, the counties authorize payments for foster care services each month based on rates either set by the Department or negotiated between the county and the provider. Providers include family foster homes, which care for up to four foster children at any time; kinship care, which are family foster homes operated by relatives of the foster child; receiving homes, which provide temporary foster care until a permanent placement can be found; and institutional providers, such as:

- **Child placement agencies (CPAs).** These are private entities that contract with county departments of human/social services to certify some foster homes, including group homes.

- **Group homes.** Certified by either counties or CPAs, these foster homes are approved to care for 5 to 11 foster children at a time in a family home-type setting.

- **Residential child care facilities (RCCFs).** RCCFs provide 24-hour residential group care and treatment for five or more children. These include therapeutic RCCFs (TRCCFs), which provide Medicaid fee-for-service therapeutic 24-hour care for foster children in a structured environment.

- **Psychiatric residential treatment facilities (PRTFs).** PRTFs are residential child care facilities that serve foster children with the most severe mental health needs. These facilities are paid on a per diem basis by Medicaid.

TRCCFs and PRTFs replaced residential treatment centers in July 2006.

Federal Oversight

The federal Adoption and Safe Families Act and Titles IV-B and IV-E of the federal Social Security Act govern child welfare activities, including foster care, at the federal level. The U.S. Department of Health and Human Services (DHHS) establishes federal regulations for child welfare, including foster care. It also provides oversight of states' child welfare programs through periodic reviews that determine state compliance with federal requirements. For example, DHHS conducts audits to determine if states are correctly determining eligibility for Title IV-E. The federal government awards funds under Titles IV-B and IV-E to the state agencies designated to oversee child welfare and holds the state agencies accountable for meeting federal regulations. For State Fiscal Year 2007, the Department received about $114 million in federal funds for child welfare activities.

State Responsibilities

In addition to generally requiring that the Department supervise the State's child welfare system, several statutes define the Department's role for ensuring that child welfare funds are used cost-effectively, as follows:

- Section 26-5-104(3)(a), C.R.S., requires the Department to develop formulas for a capped child welfare allocation for each county based on caseload and any other factor determined to directly affect the population of children in need of child welfare services.

- Section 26-5-104(6), C.R.S., allows counties to negotiate child welfare rates, services, and outcomes with providers only if they have a method for negotiating rates "that is acceptable to the (Department)."

- Section 26-5-104(7), C.R.S., allows the Department to reallocate unexpended capped funds to those counties that exceeded their allocation because of increases in caseload. Statute does not allow counties to receive additional funds if they exceeded their allocations because of increased administrative and support costs.

In addition, House Bill 07-1025 requires the Department to promulgate rules governing the methodology that counties may use to negotiate rates, services, and outcomes with providers and to review these methodologies every two years. Finally, the federal Office of Management and Budget *Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations* requires the Department to monitor subrecipients of federal funds, such as those provided by Titles IV-B and IV-E, to ensure compliance with federal laws and regulations.

County Responsibilities

Under statute [Section 26-1-118, C.R.S.], counties serve as agents of the State and are charged with the administration of child welfare activities in accordance with regulations established by the Department. A county typically becomes involved with a family when the county receives a referral about possible abuse or neglect of a child. The counties perform various assessments to determine if the abuse or neglect occurred, whether the county should provide services to the family and, if so, the type and level of services to be provided. County services typically include:

- Case plan development and management to prevent future abuse or neglect and to ensure permanent living arrangements for children.
- Foster care placement for those children who cannot remain home safely.
- Therapy, skills training, or other types of services, known as Core Services, to prevent or shorten foster care placements, achieve permanency, or allow for less restrictive placements.
- Subsidized adoption, which reduces financial barriers to adoption of special-needs children in the custody of the counties by providing subsidies to adoptive families and Medicaid coverage for the adopted child.
- Independent living skills training for children who will emancipate from the foster care system without being adopted.

Counties are responsible for providing child welfare services by either contracting with outside providers or using their own staff. For example, counties may choose to provide foster care through foster homes they have certified and/or establish contracts with CPAs to use CPA-certified homes.

Funding

The General Assembly appropriates funding for all child welfare services, including foster care, through the child welfare block grant. The Child Welfare Allocation Committee, comprised of Department and county representatives, determines how funding should be distributed among the counties. The Department funds child welfare services, including foster care, with a mixture of state general funds, local funds, and federal funds. Under statute, the Department reimburses counties for 80 percent of their expenditures, up to their allocated amount, with a combination of state and federal funds. Counties can choose to spend more of their own funds once they have exhausted their allocation of state and federal funds. In Fiscal Year 2007

the federal government funded about 29 percent of the State's child welfare expenditures, the counties funded about 16 percent, and the remaining 55 percent came from state general funds.

The table on the next page shows total child welfare expenditures, including foster care, for Fiscal Years 2003 through 2007, broken down by type of expenditure.

Department of Human Services
Child Welfare Expenditures [1]
Fiscal Years 2003 Through 2007

	Fiscal Year					Percent Change FY03-07
	2003	2004	2005	2006	2007	
Administration						
Department Admin	$2,353,000	$1,661,000	$1,915,000	$2,296,000	$2,425,000	+3.1%
County 100% Admin [2]	$24,115,000	$24,683,000	$25,141,000	$25,647,000	$26,479,000	+9.8%
County 80/20% Admin [2]	$84,620,000	$89,463,000	$92,840,000	$108,674,000	$123,231,000	+45.6%
Total Administration	$111,088,000	$115,807,000	$119,896,000	$136,617,000	$152,135,000	+36.9%
Out-of-Home Allocation[3]	$81,122,000	$76,255,000	$73,038,000	$74,427,000	$64,774,000	-20.2%
Residential Mental Health[3]	$52,013,000	$54,510,000	$53,489,000	$56,889,000	$60,444,000	+16.2%
Core Services[4]	$40,717,000	$37,660,000	$42,429,000	$46,204,000	$45,901,000	+12.7%
Subsidized Adoption[5]	$36,957,000	$39,980,000	$40,827,000	$41,848,000	$43,029,000	+16.4%
CHRP Allocation[6]	$7,795,000	$7,400,000	$6,781,000	$6,296,000	$5,430,000	-30.3%
Child Welfare-Related Child Care[7]	$3,276,000	$2,885,000	$3,600,000	$2,959,000	$4,432,000	+35.3%
Case Services[8]	$3,171,000	$2,176,000	$871,000	$999,000	$1,042,000	-67.1%
Child Welfare - BHO[9]	$6,836,000	$5,987,000	$3,111,000	$210,000	$0	N/A
Title IV-E Independent Living[10]	$1,363,000	$1,488,000	$1,578,000	$1,726,000	$1,805,000	+32.4%
Total Child Welfare Services	**$344,338,000**	**$344,148,000**	**$345,620,000**	**$368,175,000**	**$378,992,000**	**+10.1%**

Source: Department of Human Services' County Financial Management System and the Colorado Financial Reporting System (COFRS).

[1] Child welfare expenditures in this table include expenditures paid through the child welfare block grant, Core Services, and the Title IV-E Independent Living Program. This table does not include other expenditures related to child welfare, such as Title IV-E eligibility determinations, Title XX caseworker training, Promoting Safe and Stable Families (Title IV-B), Family-to-Family Grant, and the Integrated Care Management Program.

[2] County 100% and County 80/20% both refer to county administration costs. The Department reimburses some administrative costs at 100 percent, instead of the normal 80 percent, due to a lawsuit against the Department in the 1990s alleging that child welfare caseloads were too high. As part of the lawsuit settlement, the Department agreed to expand the number of child welfare caseworkers and to fund these additional caseworkers at 100 percent. The County 100% and County 80/20% line items do not include any additional county-only funds spent on child welfare services.

[3] The Out-of-Home allocation covers the cost of foster care placements including those at therapeutic residential child care facilities (TRCCFs). The Residential Mental Health allocation line covers additional psychiatric services provided to children in placement.

[4] Core Services are designed to prevent out-of-home placements, facilitate reunification with the family, or allow children to move to less restrictive placement settings.

[5] Subsidized Adoption provides financial assistance to families which adopt children that are difficult to place because of age, membership in a sibling group, or medical needs.

[6] The Children's Habilitation Residential Program provides residential services to children and youth in foster care who have developmental disabilities and extraordinary needs.

[7] Foster parents automatically qualify for the Child Care Assistance Program. This category captures these expenses.

[8] These are child welfare services that counties are required to provide by statute but are not included in Core Services. These include medical exams for children involved in child welfare cases and arranging subsidized adoptions (but not the subsidy itself).

[9] Reimbursements to Behavioral Health Organizations (BHOs) for providing mental health services to foster children placed by child placement agencies. As of November 2004, the federal Centers for Medicare and Medicaid Services disallowed these reimbursements because these services are already included in the BHOs' capitation payments under the Medicaid program.

[10] The Title IV-E Independent Living Program, also known as the John H. Chafee Foster Care Independence Program, provides federal funding that states use to help foster children prepare for self-sufficiency after they emancipate from foster care.

As the table shows, overall child welfare expenditures increased about 10 percent between Fiscal Years 2003 and 2007, and expenditures for Department administration increased about 3 percent. County administrative expenditures increased about 10 percent for 100 percent Admin and about 46 percent for 80/20 percent Admin, for an overall average increase of 38 percent in county administration. Overall, total administrative expenditures represented between 32 and 40 percent of child welfare expenditures during Fiscal Years 2003 through 2007.

Performance Audit Scope

Our performance audit focused on foster care provided through family foster homes, group homes, kinship care, and receiving homes. We did not examine more institutionalized forms of out-of-home care, such as TRCCFs and PRTFs. Overall, our audit evaluated the Department's methods for ensuring that foster care funds are used cost-effectively. We analyzed the process for setting rates used to pay for foster care and for distributing child welfare funds, including those used for foster care. We also reviewed foster care transactions to determine if they complied with applicable federal and state requirements. In addition, we interviewed county staff to determine how counties set rates for foster care services and reviewed data related to rate-setting and foster care transactions. Counties we visited included Alamosa, Arapahoe, Boulder, Denver, El Paso, Mesa, Pueblo, and Weld. We contracted with Clifton Gunderson LLP to review CPA foster care expenditures and to analyze the Department's oversight of foster care rates as determined through base rate methodologies and county rate negotiation practices. We also analyzed how the child welfare allocation model distributes funds to counties and reviewed expenditures for the Core Services and independent living programs to determine if they complied with applicable federal and state requirements.

Foster Care Costs

Child welfare services, including foster care, are intended to help families care for their children in a safe environment. When children cannot remain home safely, county departments of human/social services pay foster homes certified by counties or child placement agencies (CPAs) to care for these children while the county provides services to the families to resolve the issues that led to the children's being removed from their homes. Because the funds available for child welfare services, including foster care, are limited, it is important that the Colorado Department of Human Services (Department) and the counties have processes in place to ensure that the counties are providing needed services to families and children cost-effectively. The General Assembly has passed legislation in the last decade to encourage the Department and counties to maximize the benefit received from child welfare funds, including:

- Senate Bill 97-218 created a capped child welfare block grant that is allocated annually to counties. The bill allowed counties to use their child welfare allocations for approved purposes without categorical restrictions. Counties must use county-only funds if they wish to spend more than their allocation. The bill also prohibited the Department from seeking supplemental appropriations unless the increase was based on an increase in caseload. Finally, it gave counties the authority to negotiate foster care rates with providers.

- Senate Bill 01-012 required the Department to annually analyze and evaluate expenditures for foster care services reported by CPAs and to compare the CPAs' expenditures with the cost of foster care services provided by counties. Such a comparison could help the Department and counties determine whether foster care services provided by counties are more cost-effective than services provided by CPAs or vice versa.

- House Bill 07-1025 mandated that the Department develop rules governing the methods by which counties negotiate rates, services, and outcomes and review the counties' negotiating methodologies every other year. Through these rules and reviews, the Department can ensure that county rate negotiation methods maximize the cost-effectiveness of child welfare services.

While the General Assembly has emphasized the importance of cost containment and efficient use of child welfare funds, Colorado's child welfare system has seen substantial increases in expenditures. We reviewed the changes in total child welfare costs in Colorado and in the specific foster care rates paid to providers and found indicators which raise questions about whether the State is paying more than it should for foster care services. For example:

- **Total spending on child welfare services has grown faster than inflation and the child population since 2000.** The appropriation to cover child welfare services, including foster care, grew about 31 percent between Fiscal Years 2000 and 2006, from about $241 million to about $316 million. During the same period, the rate of inflation nationally was about 22 percent, local inflation was about 17 percent, and the child population in the State grew about 6 percent.

- **Provider rates for foster care grew more than local inflation over the last five years.** We found that the average daily rate paid to CPAs and group homes for foster care administration (administrative maintenance) increased about 18 percent between Fiscal Year 2003 and the first half of Fiscal Year 2007. Similarly, the average daily rate paid to foster parents for providing

for the child's needs (child maintenance) increased about 11 percent. Both of these rate increases are significantly higher than the 7 percent inflation rate occurring in the Denver metropolitan area for the same period. We estimate the State spent about $2.2 million more for foster care services in Fiscal Year 2007 than it would have if increases in these provider rates had been consistent with the rate of inflation since 2003.

- **The average rate paid to foster parents for covering the cost of raising a child (child maintenance) exceeds the U.S. Department of Agriculture's (USDA's) cost to raise a child.** The USDA compiles an annual report on how much families spend to raise their children, broken down by region and income level. The USDA's cost of raising a child for lower- and middle-income families in the urban West (i.e., income of $75,600 or less annually) was about 13 percent lower overall than the child maintenance rates paid in Colorado in Calendar Year 2006. We estimate the State could have saved about $3.1 million in Calendar Year 2006 if the Department had used the USDA standard cost for raising a child for lower- and middle-income families as a basis for this rate.

We recognize that our analysis does not definitively prove that the State spends more than necessary for child welfare services and, specifically, for foster care. For example, the above measures do not account for any changes in the level of services needed by children served through the child welfare system. In addition, Department staff reported that the 1994 Child Welfare Settlement Agreement, which resolved a lawsuit filed against the Department for inadequate care of foster children, required the Department to provide increased services to children and their families. However, the Department does not have a reliable method for capturing information about a child's level-of-care requirements; therefore, it is not possible to conclude whether increases in rates and spending reflect the need for more intensive child welfare services.

Further, while the Settlement Agreement may have resulted in justifiable increases in services, we found that the mechanisms used by the Department and counties are not adequate to ensure that child welfare services, including foster care, are provided at a cost that makes the most use of limited funds. Overall, we found that the Department does not compile enough information, perform sufficient analysis, or provide adequate oversight to determine whether child welfare funds, including those spent on foster care, are being used efficiently and cost-effectively by counties and CPAs to provide the necessary services to children.

This report discusses three aspects of the Department's efforts to control child welfare costs and ensure appropriate levels of service are provided to children and their families. In this section, we evaluate the Department's cost containment efforts

as they relate to the foster care rate-setting process, including the methods used to link rates with services provided. The following sections discuss the effectiveness of the Department's processes for allocating child welfare funds to counties and claiming federal reimbursements for foster care and review the Department's procedures for ensuring that counties and CPAs spend foster care funds in accordance with federal and state requirements. All of the sections suggest ways in which the Department can better maximize the use of child welfare funds, improve controls over spending, and ensure funds are used to serve children cost-effectively.

Foster Care Rates

Federal law requires that states receiving federal funding for foster care have a state plan that sets forth the methods used to (1) pay for foster care services and (2) periodically review those payments to ensure their continued appropriateness. In Colorado, child welfare funds are allocated to counties and the counties, in turn, contract with county-certified foster and group homes and with CPAs to provide foster care services. Counties pay these CPAs and county providers on a monthly basis for each child placement. Monthly payments are based on a daily rate that includes three main components:

- **Child Maintenance,** which covers the costs of raising a foster child, including food, clothing, shelter and, when necessary, funding for additional time spent parenting children that are more difficult to care for. Foster parents certified by either CPAs or counties receive child maintenance payments.

- **Administrative Maintenance,** which covers CPA or group home administrative costs, such as staff, overhead, supplies, and fixed facility expenses. Only CPAs and group homes receive administrative maintenance payments.

- **Administrative Services**, which covers the cost of providing direct therapy or other treatments, as well as recreational or educational services, to the child. Only CPAs and residential child care facilities receive administrative services payments. (For the purposes of the cost comparisons in some parts of this section, we omit analysis of administrative services rates because the basis for calculating these rates changed significantly during the period. Specifically, in November 2004 the federal government disallowed the use of administrative services payments for mental health services to foster children placed by CPAs through Behavioral Health Organizations [BHOs] because these services were included in the BHOs' capitated Medicaid payments. Administrative services daily rates decreased about 43 percent

between Fiscal Years 2003 and the first half of Fiscal Year 2007, from $12.32 to $6.98, largely due to this change in allowable use.)

In addition to the three components above, foster care payments may include funds to cover respite care, which provides foster parents with temporary relief from caring for the child; a clothing allowance; and the additional costs of serving a child with a physical or mental disability.

We evaluated the rates paid by counties for foster care services, including provider rate increases implemented by the Department and the counties. Overall, we found the Department does not have sufficient mechanisms in place to ensure that the State is paying optimal rates for these services or that foster care rates reflect the child's needs.

Controls Over Rate-Setting

Foster care rate-setting controls should ensure payments are reasonable and sufficient to cover the costs of delivering quality services in accordance with the needs of the child. To that end, we reviewed the Department's two primary rate-setting controls, which are intended to ensure the State is paying appropriate and optimal rates for foster care services:

- **Base anchor rates,** which are rates set by the Department that counties may choose to use to pay for foster care services. The base anchor rates are intended to provide either a standard rate which counties may pay or a basis on which they may negotiate rates individually.

- **Department review of county-negotiated rates,** which are rates that counties may determine through their own rate-setting practices and negotiation with providers as authorized by the statutes.

We found that these controls are not adequate to ensure that the Department and counties are maximizing child welfare dollars. Specifically, the base anchor rates and the county-negotiated rates are not based on objective data about the reasonable costs of providing foster care services in the State and have little correlation to the needs of the child. Knowing the reasonable costs for providing an appropriate level of service is critical to ensure that counties do not pay higher rates for foster care services than necessary. As supervisor of the child welfare system, the Department is primarily responsible for making sure that its rate-setting controls are working effectively. The specific control weaknesses we identified, as described below, may contribute to foster care rates rising faster than inflation and exceeding objective measures like the USDA's cost of raising a child.

Base Anchor Rates

The Department sets daily foster care base anchor rates for counties to use when purchasing foster care services from CPAs, foster parents, and group homes. Counties are not required to use these base anchor rates; however, the base rates provide guidance to counties for conducting negotiations with CPAs and other providers. According to the Department, 25 counties primarily use the Department's base anchor rates to pay for their foster care services. We recommended in the Office of the State Auditor's *Foster Care Program Performance Audit* (June 2002) audit that the Department develop base rates using the CPAs' cost experiences. The Department uses biennial self-reported CPA and group home expense report information to determine unique base administrative rates, which include the administrative maintenance and administrative services components, for each individual CPA or group home every two years. The Department established the current daily child maintenance base rates, which range from $11.47 to $13.91, depending on the age of the child, in May 1999.

We contracted with a firm to evaluate the Department's formula for setting the base administrative anchor rates for foster care services. We found that the formulas for setting the base rates for the two administrative rate components—administrative maintenance and administrative services—were flawed, causing the Department to set base rates that were significantly higher than they should have been. Specifically, the Department included some child maintenance costs in the administrative maintenance and administrative services components, which increased the rates for those components. As a result, the base rates reflected higher administrative costs than the CPAs had actually reported. Based on our 2002 audit recommendation, the Department should have only included the CPAs' administrative cost experiences when calculating each CPA's base administrative rates.

We recalculated the total administrative base rates, including only administrative maintenance and administrative services costs for a sample of four CPAs. As the table below shows, for three of the four CPAs, the recalculated rate is about half the rate set by the Department.

Department of Human Services Analysis of Foster Care Administrative Base Rates[1] Fiscal Year 2006			
Child Placement Agency	**Department Base Rate**	**Recalculated Rate**	**Excess of Base Rate Over Recalculated Rate**
#1	$27.74	$12.96	$14.78
#2	$43.57	$22.79	$20.78
#3	$57.48	$44.85	$12.63
#4	$35.51	$17.82	$17.69

Source: Office of the State Auditor contractor's analysis of four CPA expense reports and base rate calculations provided by the Department of Human Services.

[1] Administrative maintenance and administrative services rates were combined to perform this analysis.

Twenty-seven counties purchased foster care services from these four CPAs in Fiscal Year 2006, including all 10 of the largest counties. For three of the four CPAs listed in the table above, we estimate the counties could potentially have saved about $316,000 in Fiscal Year 2006 in administrative services and administrative maintenance payments to these CPAs (or about 30 percent of the $1.07 million actually paid to these CPAs), if the counties had paid the CPAs our recalculated base rates instead of their own negotiated rates, which were lower than the Department's inaccurate base rates but higher than the accurate rates we recalculated. (The fourth CPA subsidizes its foster care services through private donations.) We would expect a similar cost savings if we recalculated the base rates for the remaining 57 CPAs in the State. The Department was unaware of the problem with its base anchor rates until we brought this concern to the Department's attention.

With respect to the child maintenance base rates, we found that the current rates do not have a reasonable basis because the Department has not adjusted them since May 1999. As a result, counties are not using the base rates to pay for foster care child maintenance. We evaluated the child maintenance rates paid for foster care services during Fiscal Year 2006 and found that counties paid an average daily child maintenance rate of $27.85, or about twice the amount of the base rates ($11.47 to $13.91) set by the Department. In addition, the USDA's cost for raising a child is about 13 percent lower than these average county-negotiated child maintenance rates, as previously noted.

County-Negotiated Rates

The statutes [Section 26-5-104(6), C.R.S.] authorize counties to negotiate rates, services, and outcomes for foster care, subject to approval by the Department. The intent of the statutes is for the Department to provide a critical check on county rate-negotiating practices and to ensure negotiated rates are reasonable and cost-effective. The Department requires counties to report whether they use the base anchor rates

or negotiate their own rates. Counties that negotiate rates must submit their negotiation methodology to the Department for review. Some counties develop their own rate schedules to assist them with the negotiation process. Counties may negotiate their rates on a per-provider or per-child basis. According to the Department, 19 counties report negotiating rates regularly.

We examined documentation related to the Department's approval of county rate negotiation methodologies and found no evidence that the Department reviewed the methodologies to determine if they are acceptable. Further, the Department has no criteria or process for evaluating or approving these methodologies. Rather, the Department accepts all rate methodologies submitted by counties without review or comment. As a result, there is no check on the reasonableness of the rates counties negotiate for foster care services. We also found that the average foster care rates paid by counties varied significantly. For example, the average daily rate paid by the 10 largest counties for child maintenance ranged from $23.26 to $35.80 in Fiscal Year 2007. Similarly, the average daily rate for administrative maintenance paid by the 10 largest counties ranged from $3.99 to $23.09 during the same period. Finally, the Department does not ensure that all counties either submit their rate negotiation methodologies or notify the Department that they will use the base anchor rates. As of February 2007, 20 counties had not reported to the Department on whether or not they planned to negotiate rates for Fiscal Year 2007, as required by Department policy.

Department Oversight

The problems discussed above demonstrate that controls over foster care rates are not working as intended. The Department lacks a reasonable basis for the foster care base rates it sets and the Department does not provide oversight to ensure that county methodologies for negotiating rates are appropriate. The Department needs to take comprehensive steps to strengthen its role in ensuring that foster care payments are based on reasonable costs and that the rates provide sufficiently for the needs of the children served. Specifically, the Department should:

Conduct analysis. The Department should conduct regular analysis (e.g., annually) of foster care rates and provider costs to determine if the rates being paid by counties are optimal. This analysis could include comparing rates paid for foster children with similar service needs or comparing rates against benchmarks. The analysis could also be incorporated into the child welfare allocation process discussed later. For example, if the Department's analysis determines that some counties are paying higher rates than other counties for the same level of services, the Department could use the allocation process to ensure that the excessive portion of those rates are paid with county-only funds. We did not find evidence that the Department has ever conducted this type of comparative analysis. This type of analysis would provide

valuable information that the Department and counties could use to ensure that counties are maximizing the services they provide to foster children while minimizing the costs of those services.

Revise base rates. The Department should revise the methods for setting base child maintenance, administrative maintenance, and administrative services base anchor rates for CPAs and county foster home providers. The Department should ensure that the rates are based on accurate information on the reasonable costs of these services. For example, the Department should base the CPAs' administrative rates only on the CPAs' administrative cost experiences. The Department should advise the counties to reevaluate the current rates they are paying for foster care services in light of the new, accurate base rates and adjust their rates accordingly.

Provide more supervision. The Department needs to provide more supervision of the counties' rate-setting processes. House Bill 07-1025 provides the Department with more specific authority to promulgate rules governing the methodology by which counties may negotiate rates, services, and outcomes with child welfare providers. The bill also requires the Department to review county methodologies every other year. At the end of our audit, the Department was in the process of developing rules related to House Bill 07-1025. Department staff should use the rule-making process to define standards for reviewing and approving county methodologies and determine appropriate consequences when counties either (1) do not submit their methodology or (2) submit a methodology that does not meet Department standards.

Identify alternative rate-setting methodologies. Finally, the Department should consider implementing alternative rate-setting methodologies based on objective data. For example, the Department could identify benchmarks, such as the rate of inflation or the USDA's standard for the cost of raising a child, that the Department and counties can use to evaluate provider rates and guide rate negotiations. The Department could also consider adopting the USDA's standard for child maintenance rates with add-ons available for children who need more than the basic level of care. Additionally, the Department could also establish administrative maintenance and services rates for CPAs and group homes on something other than their reported expenditures. Since these expenditures are self-reported and are not verified for accuracy or reasonableness, they are not a reliable source for rate-setting. Furthermore, rate-setting methodologies that are expenditure-based may increase overall costs, since providers have an incentive to increase their expenditures so that their rates will also increase. One alternative the Department could consider would be to determine CPA and provider market rates for key administrative components, such as staff positions (e.g., executive director, case manager, and certification worker) and overhead costs (e.g., building rental expenses and utilities). The

Department could survey counties, CPAs, and other independent sources for these data.

Using objective data to help set base rates would also give counties a stronger position for negotiating rates with CPAs. The Department and counties report a lack of competition among foster care providers, which has created a CPA and provider market in which providers demand high rates. Eight out of ten counties we interviewed reported that they are often forced to pay rates higher than what county staff deem reasonable for placements due to lack of competition. Counties also report that CPAs and county foster homes will often refuse to accept children below a certain level of care because the providers want to receive higher rates. We acknowledge that there are a limited number of private entities willing to provide foster care services. However, if the Department collects better information about the reasonable costs of foster care services and helps the counties base their rates on objective data, the counties would have a stronger bargaining position for negotiating rates and be better able to provide needed services cost-effectively..

(CFDA No. 93.658, Foster Care Title IV-E, Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 101:

The Department of Human Services should improve accountability for child welfare expenditures and foster care rates to ensure funds are used cost-effectively by:

a. Analyzing the foster care rates being paid to providers, including county-certified providers, against provider costs and benchmark information on a periodic (e.g., annual) basis to determine if the rates being paid by county departments of human/social services are reasonable.

b. Revising the formula for setting base administrative maintenance, administrative services, and child maintenance rates for CPAs and group homes and ensuring costs allocated to each component are accurate. The Department should then provide this information to county departments of human/social services and advise counties to consider these revised base rates in their rate negotiations with CPAs going forward.

c. Improving supervision and oversight of the counties' rate-setting and negotiating process by ensuring that counties submit documentation on their rate-setting practices, setting and implementing standards for reviewing county rate negotiation methodologies and rate levels, and following up to

make sure that counties do not use their new rate negotiation methodologies until the Department determines that the new methodologies are acceptable.

d. Identifying and considering implementing alternative rate-setting methodologies that rely on objective cost data, such as benchmarks on child care and administrative costs, to pay for foster care services. Benchmarks and other comparative data should also be provided to county departments of human/social services to assist these counties with negotiating foster care rates.

Department of Human Services Response:

a. Partially agree. Implementation date: July 2008.

The Department agrees that analysis of rates would provide valuable information to the Department and counties. However, a comprehensive review of provider rates including analysis of costs and benchmarks would require more resources than the Department has available. It is estimated that this level of oversight would drive the need for approximately one FTE. In lieu of this, the Department agrees to periodic reviews of rates for a sample of cases to determine if the rates were set according to the county's rate-setting methodology accepted by the Department. The Department will explore potential resources such as the National Resource Centers.

b. Agree. Implementation date: July 2009.

The methodology implemented by the Department for determining "base anchor rates" was established in response to the 2002 Foster Care Performance Audit. The methodology was established to assure equity of base rates for the child maintenance component between county and CPA foster care providers. The Department does not agree that there were over-payments. However, the Department does agree to explore alternative formulas and implement a rate methodology to improve rate-setting for base anchor rates. It is important to the Department that any change in methodology does not create unintended disincentives that might deter potential foster parents from choosing to be a county foster care provider. The base rates paid for child maintenance should be equitable for both county foster homes and CPA foster homes. Counties will be advised of any changes in the methodology used by the Department in setting base anchor rates.

c. Agree. Implementation date: December 2008.

The Department has statutory authority under Section 26-5-104(6), C.R.S., to determine if rate-setting and negotiation methodologies reported to the State by counties are acceptable. Rules have been drafted for approval by the State Board of Human Services to implement the requirements of House Bill 07-1025 establishing minimum standards for negotiated rate methodologies. The Department will assure that methodologies used by counties to set negotiated rates meet the minimum standards as promulgated in rule. The Department will implement controls to assure that county rate negotiation methodologies are acceptable before negotiated rates are added to the Trails system.

d. Partially agree. Implementation date: December 2008.

The Department will consider alternate rate-setting methodologies for determining base anchor rates. However, USDA costs of raising a child cannot be adequately compared to costs of caring for a foster child. Extra expenses due to the particular needs of children in foster care given trauma they have experienced should be taken into consideration when determining appropriate rates of foster care. For example, foster children often need more services, which result in additional transportation expenses.

The Department is engaged within available resources in researching and considering benchmarks for these alternatives. Many states have dedicated units of staff to perform rate-setting and oversight functions. However, the Department lacks adequate staffing and expertise in the area of rate-setting. Since there are no dedicated staff for these purposes, functions could be addressed through contract services if funding is available. The Department will explore potential resources, such as the National Resource Centers, for technical assistance.

Level-of-Care Assessments

One of the goals of foster care is to place children in a safe environment that addresses their needs. Level-of-care assessment tools allow counties to quantify the service needs of the children they serve and help determine appropriate rates to pay for those services. Typically, rates for children with more intense service needs are higher than rates for children with less intense service needs. The 1994 Child Welfare Settlement Agreement, which resolved a lawsuit filed against the Department for inadequate care of foster children, required the State to use level-of-

care tools in determining placements and corresponding rates for foster care. Additionally, a Department agency letter from June 1998 emphasized the importance of using a level-of-care tool to determine if the needs of the child require the payment of higher foster care rates. Most counties that negotiate rates reported using a level-of-care assessment tool to evaluate the child's behaviors and to determine the level of services needed to serve each foster child appropriately.

Level-of-care assessments are an important control for ensuring that rates reflect the needs of the child. We found that neither the methodologies for determining the Department's base anchor rates nor the methodologies for determining county-negotiated rates sufficiently consider the assessed needs of the child. In addition, we found problems with the level-of-care assessment tools used by the counties. With respect to the base anchor rates, the Department does not capture information on the level-of-care needs of the children served by CPAs and group homes and therefore, does not consider these data when setting the base administrative rates. Consequently, the Department cannot compare base anchor rates among providers that serve children with similar level-of-care needs to determine if rates appear reasonable. As the State's supervisor of the child welfare system, the Department should be performing analysis like this to ensure that children are served appropriately and foster care funds are used to deliver the level of services required at a reasonable cost.

With respect to county-negotiated rates, we found that counties also do not consistently use information from level-of-care assessments as a basis for determining appropriate foster care services and optimal payments. We interviewed staff and analyzed level-of-care tools and negotiation methodologies at 10 counties. We also reviewed a total of 78 child files at five of these counties and identified the following problems with county application of level-of-care assessments:

- **Missing level-of-care documentation.** Of the 78 files reviewed, 31 files (40 percent) did not contain any level-of-care assessments, even though the counties negotiated the rates for these children. Additionally, we did not find a level-of-care tool or other documentation for 128 of the 508 rate adjustments (25 percent) we reviewed. As a result, it is impossible to conclude whether the negotiated rates in these cases properly reflected the needs of the child.

- **Rates unsupported by level-of-care assessments.** Of the 102 level-of-care assessments we reviewed, 69 assessments (68 percent) contained an identified level of care that did not support the rate paid to the provider or the CPA. In one instance, a provider was paid at a level 4 rate (0 being the lowest level and 4 being the highest) for a child assessed at a level 1. In another instance, a foster care provider received $32.33 per day to serve a

child assessed at a level 3, but one month later, when the child was moved to another home, the new provider received a daily rate of $97.97, even though the child's assessment level was the same. About 18 months later, the child's level of care decreased to 1.5, and the daily rate increased to $114.41. In the following month, the child's level of care increased to 3.5, but the provider's daily rate decreased to $14.80. It is clear from this example that rates are not always reflective of the level of care the child requires.

- **Inadequate level-of-care tools.** Of the 10 counties we contacted, none have validated their level-of-care tool in Colorado, although one county reported that its tool was validated in Michigan. Validated tools improve the consistency and accuracy of assessment results. In addition, not all counties have mechanisms for consistently converting level-of-care ratings to rate levels. For example, 3 of the 10 counties use tools that rate levels of care between 0 and 3, but categorize their rate levels from 0 to 4. These counties do not have a crosswalk that converts the level-of-care score to a corresponding rate level. Finally, 9 of the 10 counties do not use tools that weight the child behaviors or needs that are most likely to drive service intensity. For example, certain behaviors (e.g., property destruction/setting fires) require more intensive or costly services than other behaviors (e.g., bed-wetting). Since behavior or service intensity is not being captured or weighted on most of these tools, there are increased risks that the level-of-care assessment will not identify the services actually needed or the rates that should be paid to cover the cost of these services.

These problems indicate that neither the Department nor the counties are consistently using level-of-care information to determine the rates paid for foster care. As a result, there are risks that rates are not based on the needs of the child and that child welfare funds are not being used strategically to address the differing levels of need of foster children. Furthermore, providers may be over- or underfunded for foster care services, and there is no assurance that all children are receiving the services they need. Similarly, because the Department does not systematically track level-of-care information, the Department does not know if services are resulting in positive outcomes (e.g., the child's level-of-care needs decrease) in the system over time.

The Department has not conducted an analysis of county level-of-care tools or verified that counties are consistently matching assessed levels of care with appropriate rates. Currently the Department does not require counties to record a child's level of care in Trails, its automated case-management system, so the Department cannot easily conduct this type of analysis. The Department should update the Trails system to allow it to track the child's level of care and should require counties to enter level-of-care assessments in the system. The Department

could then use this level-of-care data in the rate analysis we recommended in the previous section to determine if the counties' rates correlate with the assessed levels of care. If the Department finds that a county's level-of-care assessments do not support the rates paid to providers (e.g., providers regularly receive level 3 rates for children assessed at level 1 or vice versa), this would suggest that the county's rate methodology is not working as intended and should be reviewed by the Department. As noted previously, House Bill 07-1025 requires the Department to review county rate methodologies every other year.

The Department should also work with the counties to identify and implement a standard, validated level-of-care tool for statewide use. A statewide tool would promote consistent rate-setting among counties that negotiate rates and provide the Department with valid data for analyzing whether rates are adequately reflecting the level of services needed. Validating a statewide tool would also be more economical for the State than validating tools separately for each county that negotiates rates.

(CFDA No. 93.658, Foster Care Title IV-E, Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 102:

The Department of Human Services should ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by:

a. Working with counties to develop and implement a validated, statewide level-of-care assessment tool.

b. Updating the Trails system to include fields for recording the child's level of care and requiring counties to include this information in Trails whenever they enter new provider rates.

c. Conducting periodic file reviews at counties and analysis of actual rates paid by counties to ensure they are using level-of-care tools to assist with setting and negotiating appropriate foster care rates.

Department of Human Services Response:

a. Partially agree. Implementation date: January 2009.

The Department agrees to work with counties to explore whether there are validated level-of-care tools nationally that could be adapted to Colorado's system to assist counties in identification of children's needs and determining appropriate rates based on those needs. If validated tools do not exist, then the Department agrees to work with counties within existing resources to use a standardized tool statewide. Resources do not exist for the Department to validate exiting tools, so the Department does not agree to implement a validated level-of-care assessment tool if it is financially unfeasible to do.

b. Agree. Implementation date: March 2009.

The Department will make appropriate Trails modifications consistent with whatever level-of-care tool is used.

c. Agree. Implementation date: June 2009.

The Department agrees within available resources to conduct periodic reviews through a sampling of files to determine if counties are using level-of-care instruments when using level-of-care rates.

Child Welfare Funding

Colorado has spent over $340 million on child welfare services each year since Fiscal Year 2003, and as noted previously, growth in child welfare spending since Fiscal Year 2000 has exceeded the rate of inflation. Historically, child welfare expenditure growth has been of concern to both the Colorado Department of Human Services (Department) and the General Assembly. Prior to Fiscal Year 1998, the Department's allocations to counties were expenditure- or formula-based. According to the Department, many counties significantly overspent their allocations under the expenditure-based system and the Department reimbursed those overexpenditures, regardless of the counties' reasons for overspending.

In response, the General Assembly created a capped block grant for child welfare services under Senate Bill 97-218. The legislation's goal was to contain child welfare costs by tying county allocations to caseloads. The statutes [Section 26-5-104(4), C.R.S.] allow counties to spend their capped allocation for approved

purposes without restriction, thereby providing the counties maximum flexibility in determining the amount and types of services that best meet the needs of the children and the communities they are serving.

Under Colorado's state-supervised, county-administered child welfare system, the Department is responsible for managing the allocation of child welfare funds to the counties. The statutes [Section 26-1-111(2)(d), C.R.S.] also require the Department to obtain federal matching funds for foster care services. Maximizing federal reimbursements is crucial to leveraging state and local funds and ensuring sufficient funds are available for serving children while in foster care, when reuniting children with their families, or when pursuing adoption or other permanent placement options for the child.

We evaluated the Department's practices for allocating child welfare funds and claiming federal reimbursements for foster care and identified problems with the Department's methods for accurately tracking and classifying child welfare expenditures. These weaknesses hinder the Department's ability to ensure that child welfare funds are spent cost-effectively, allocate funds to counties equitably, and maximize federal reimbursements. This sections suggests ways that the Department can improve its management of allocations and reimbursements to ensure counties have the necessary funds to provide needed services to children.

Child Welfare Allocation Model

Counties use their block grant allocations for handling child abuse reporting and investigations, out-of-home placements, adoptions, and case management, as well as for the administrative costs related to providing these services. The statutes [Section 26-5-104(3), C.R.S.] require the Department to develop a caseload-based formula for allocating the block grant to the counties. The statutes also require the Department to consider each county's allocations and expenditures from the previous three fiscal years and prevent the Department from reducing a county's allocation based on a county's cost savings. These statutory safeguards are intended to provide some stability to a county's allocation by preventing unexpected sharp increases or decreases in the amount of funds allocated to the counties. The statutes [Section 26-5-103.5, C.R.S.] also created the Child Welfare Allocations Committee (Allocation Committee), which includes Department and county representatives (specifically, four commissioners and one human services director), to make recommendations to the Department regarding the methodology for the allocation formula. Historically, the Department has agreed with the Allocation Committee's recommendation. However, if the Allocation Committee and the Department should disagree about the allocation formula, then the statutes direct the Joint Budget Committee to choose between the Department's and the Allocation Committee's recommendations.

From Fiscal Years 1998 through 2001, counties received capped allocations based on expenditures from prior years and on demographic factors such as total child population and the percentage of children below the poverty level. For Fiscal Year 2002' allocation, the Department hired an outside contractor to develop a new allocation model that is still being used. According to the Department, the purpose of the current model is to create an allocation process based on tangible cost drivers that allow the counties to compare their practices and reach consensus on acceptable variations or ranges, identify those costs that are within management control, and allocate funds in a fair and cost-effective manner.

Allocations are based on each county's case rates, caseload, and cost data from the most recent fiscal year for which complete information is available. In practice, this means the data are from two years prior to the allocation year for each county (e.g., the Fiscal Year 2008 allocation was based on Fiscal Year 2006 data). Case rates measure the rate at which children enter different parts of the child welfare system, as explained below. The model works by using past case rates and costs and applying them to the projected child population of each county in the allocation year. The model currently consists of eight active drivers that capture caseload levels and the associated costs of delivering the child welfare services. Drivers that are based on county case rates include:

- **Child abuse or neglect referrals per thousand child and adolescent population.** A referral is any call received by counties alleging abuse or neglect of a child.

- **Assessments as a percentage of referred children.** Counties perform various assessments (e.g., safety, risk, and needs) when a child abuse or neglect referral is judged to be credible.

- **Total new involvements as a percentage of assessments.** Counties open "involvements" (i.e., cases) when their assessments determine that a child's safety is at risk and child welfare services are needed.

- **Out-of-home involvements as a percentage of total open involvements.** For some cases, counties determine that the child cannot remain safely at home and must arrange for an out-of-home placement.

Drivers based on county cost data include:

- **Average days per year for out-of-home involvements.** This driver calculates the average length of out-of-home placements within each fiscal year.

- **Average cost per day for out-of-home involvements.** These costs include child maintenance payments made to county- and CPA-certified foster parents and administrative maintenance and administrative services payments made to CPAs, group homes, and residential child care facilities.

- **Program services cost per open involvement.** Program services include county case management, administrative costs, and case services.

- **Average cost per day for subsidized adoption.** These costs reflect subsidies paid to families that adopt special-needs children.

For each driver, the model is intended to contain costs by establishing a maximum and minimum range of expenditures (e.g., average county cost per day for out-of-home involvements) or services (e.g., child abuse referrals) for which the Department is willing to reimburse the counties. Counties that are above the maximum of the range for a driver must pay for these extra costs or services with funds other than child welfare block grant moneys. Counties that are below the low end of the range for a driver are given additional funding under the presumption that they should be providing a minimum level of services.

We reviewed the Department's child welfare allocation model to determine if it apportions funds in a cost-effective and fair manner based on county caseloads. We found that the Department could improve the model in areas related to administrative costs, county overexpenditures, and funding for smaller counties. Additionally, we found the Department needs to improve its management of the allocation process.

County Administrative Spending

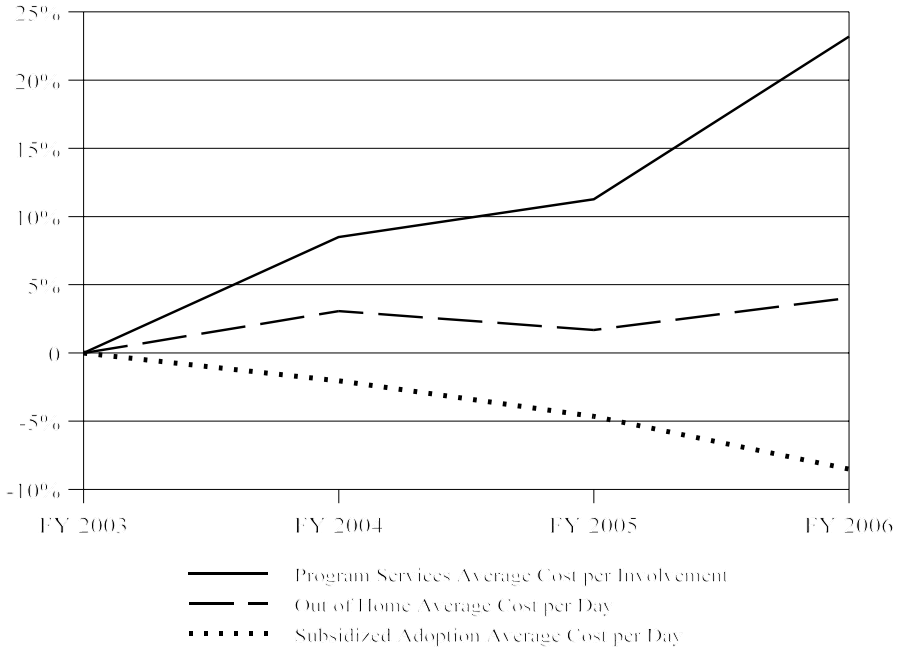
We reviewed the cost drivers in the child welfare allocation model and found that one of the eight drivers, program services cost per open involvement (program services), is increasing at a disproportionate rate and therefore does not appear to be adequately controlling costs. The program services driver includes all county child welfare administrative and case management costs but does not include payments made to CPAs and foster parents. Program services receives the largest part of the allocation under the model, or about $122 million out of the total child welfare allocation of $311 million in Fiscal Year 2006. Specific concerns that we identified include:

- **Program services costs account for an ever-increasing percentage of total child welfare expenditures.** The share of total county child welfare grant expenditures attributable to program services increased from 38 percent in Fiscal Year 2003 to 43 percent in Fiscal Year 2006.

- **Program services costs are increasing at a faster rate than corresponding caseload increases.** Total caseload (referrals, assessments, and open involvements) associated with program services increased about 9 percent from Fiscal Years 2003 through 2006. However, total expenditures for program services increased substantially faster, at about 21 percent.

- **Program services costs are increasing at a much higher rate than other cost drivers.** The average cost per involvement for program services increased about 23 percent since Fiscal Year 2003. By comparison, the average cost per day for out-of-home placements increased about 4 percent and the average cost per day for subsidized adoption decreased about 9 percent over the same period. The following graph illustrates the dramatic increase in average program services costs relative to out-of-home placement and subsidized adoption costs.

Department of Human Services
Change in Average Cost for Selected Child Welfare Allocation Model Drivers
Fiscal Years 2003 Through 2006



Source: Office of the State Auditor's analysis of trends data from Trails provided by the Department of Human Services.

It is unclear whether the relatively large increase in program services costs is due to increases in county case management costs (i.e., for direct services to families), increases in county administrative costs, or both. The Department does not currently capture cost data in a manner that allows either the Department or the counties to determine which type of expenditure is driving the increases in program services. As a result, the Allocation Committee has been reluctant to apply cost control mechanisms to the program services driver, such as shrinking the range of acceptable average costs or capping program services expenditures, because these mechanisms could impair a county's ability to provide an appropriate level of case management services. Without better information on the costs driving program services, the Department and the Allocation Committee lack information to inform the allocation process and thus the Department cannot determine whether county practices drive increases in administrative costs in some counties and case management costs in others.

The Department could improve the model by separating out administrative and case management costs in the program services cost driver. Legislation passed in 1998 [House Bill 98-1137] required the Department to define "administrative and support functions" and to develop a method for identifying these costs, which would allow the Department to track these expenditures separately from case management and create a cost driver for each. The Department defined administrative and support functions in an agency letter issued in September 1998. These functions include rent, legal services, travel, and conducting public hearings, but do not include costs for case management. However, in the nine years since this legislation passed the Department has not developed a method for identifying and tracking these costs.

The Department's inability to separate out administrative (including support) and case management costs significantly weakens accountability over the funds allocated for program services. The percentage of the State's child welfare funds allocated to the program services cost driver will likely continue to grow because the Department is considering implementing a child welfare service model statewide that expands the use of case management to keep children at home and avoids placing them in foster care. Without a method for separately capturing the administrative costs and case management costs that make up program services, the Department and the Allocation Committee cannot monitor changes in expenditures that result from implementing this new child welfare services model or determine if the new model is cost-effective.

Staff reported that the Department's current systems are not designed to track administrative and case management costs separately for each county. For example, the Department's County Financial Management System (CFMS) captures county-level expenditures but does not break out certain costs by program (e.g., CFMS does not specifically identify "foster care administration costs"). The Department should

work with the counties to identify and evaluate options for using its systems to track administrative and case management costs separately for the counties. For example, the Department currently uses a federally-approved sampling method for tracking administrative, case management, and other costs for reimbursement. The sampling process creates statewide statistics on the percentage of time that county staff spend on various job duties. One option would be for the Department to use this sampling methodology to create county-specific cost allocation statistics that could be used in the model. This sampling methodology may also be useful for tracking foster care-specific administrative costs, which would help the Department conduct the foster care cost comparison analysis discussed in the previous section. Another option would be for the Department to identify and use proxies for tracking administrative and case management costs. Possible proxies suggested by the Department include measuring the number of children receiving in-home and out-of-home services or measuring the number of caseworkers.

(CFDA No. 93.658, Foster Care Title IV-E, Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 103:

The Department of Human Services should improve information for evaluating county administrative and case management costs in the child welfare allocation model by:

a. Working with counties to identify and evaluate options for using or modifying existing systems to improve cost information. Options could include (1) using the federally-approved sampling methodology to create county-specific cost allocation statistics to estimate county administrative and case management costs and (2) identifying and tracking proxies to explain increases in administrative and case management costs.

b. Using the improved cost information to analyze administrative and case management costs in the program services cost driver and considering allocating funds for administrative and case management costs in the child welfare allocation model separately.

Department of Human Services Response:

a. Partially agree. Implementation date: October 2009.

The Department does not agree that it is cost-effective to track administrative costs separately. This would require a very costly and labor-intensive change to 100 percent time reporting by workers. It is also not cost-effective to implement a county specific sampling process that would be statistically valid for individual counties. County-specific sampling is not federally compliant and therefore two sampling system would need to be implemented which is burdensome and costly. Implementing dual sampling or 100 percent time reporting would also mean that more resources would be pulled away from service provision to children. However, the Department does agree to explore other methods available, such as proxies, to evaluate increases in program services costs.

The Department's focus and efforts are on achieving positive outcomes for children and families. We are interested in identifying trends in practice changes that improve systems and services to children. The Department supports the flexibility that is provided through the child welfare blocked funding, because is allows for innovative child welfare service provision that can be tailored to the needs and values of the local communities. The Department does not support prescribing where counties must spend the blocked funding because it limits creativity and is contrary to current efforts like the collaborative management practices authorized through House Bill 04-1451.

b. Disagree. Implementation date: Not applicable.

The child welfare services appropriation provides blocked funding to county departments of social services. Counties are provided a capped allocation that can be spent without categorical restriction. Counties are allowed to spend flexibly within their block allocation. This flexibility allows counties to design services and programs to the specific needs of their community. This recommendation proposes to take away that flexibility and there is no statutory authority for imposing such restriction. The Department supports the use of flexible funding so that decisions regarding the best means of providing for child welfare service provision can be made at the local level.

The Department supports the benefits that this flexible funding provides, allowing counties to implement innovative practice changes that are aimed at achieving better outcomes for children involved in the child welfare System.

Auditor's Addendum:

This recommendation focuses on identifying meaningful cost information for use in allocating scarce funds through the child welfare allocation model. Meaningful cost information will help the Department and counties assess the cost-effectiveness of and outcomes from new service delivery models, such as in-home services, and help ensure child welfare allocations are apportioned equitably.

Federal Reimbursements

Title IV-E of the Social Security Act provides federal funding to help states pay the costs of providing foster care to eligible children from low-income families. According to the Department, two foster care rate components—child maintenance and administrative maintenance—qualify for Title IV-E reimbursement. The Department's third foster care rate component—administrative services—does not qualify. To identify qualifying expenditures, Department regulations define the costs that should be allocated to each rate component. The Department requires counties to allocate these costs and record the payments made to CPAs, foster parents, and group homes for each rate component in Trails, and these data are uploaded into CFMS. The Department extracts the expenditure data from CFMS for the child maintenance and administrative maintenance rate components for Title IV-E–eligible children and submits the expenditures to the federal government for reimbursement. The State receives a 50 percent match on qualifying expenditures. During Fiscal Year 2007, the Department received a total of $66.7 million in federal reimbursements for foster care provided to Title IV-E–eligible children.

Colorado law encourages the Department to be proactive and thorough in accessing all available Title IV-E funds. According to the statutes [Section 26-1-109(4.5), C.R.S.], the Department shall "undertake necessary measures to obtain increased federal reimbursement moneys available under the Title IV-E program." We analyzed the Department's process for claiming Title IV-E expenditures and found that in some instances, the Department is not claiming all eligible expenditures for federal reimbursement and in other instances, is submitting ineligible Title IV-E expenditures for reimbursement. We discuss these issues in the next two sections.

CPA Case Management Expenditures

According to federal regulations, case management expenditures for Title IV-E–eligible children qualify for reimbursement. Although the Department claims reimbursement for case management services provided by counties, we found that the Department is not claiming expenditures for case management services provided

by CPAs or group homes. We identified problems in two areas that impair the Department's ability to collect reimbursement for CPA and group home case management:

Base rates for CPAs and group homes. As discussed previously, the Department reports that 25 counties primarily use the Department's base rates to purchase foster care services from CPAs and group homes. We found that when the Department develops these base rates, it does not allocate case management costs to the administrative maintenance component, one of the two cost components that the Department submits for federal reimbursement. Instead, the Department allocates case management to the administrative services component, the cost component that the Department does not submit for federal reimbursement. Consequently, when the Department extracts CFMS expenditures for child maintenance and administrative maintenance and submits them for reimbursement, the Department is not including any of the qualifying case management costs paid by the 25 counties that use the Department's base rates to purchase foster care services. The Department was not aware of this until we identified this issue in our audit. We were not able to quantify the effect of this error because Trails does not identify when counties are using base rates or negotiating their own rates.

County-negotiated rates. Department regulations do not specifically include CPA and group home case management expenses in either the administrative maintenance or administrative services rate components. As a result, some counties allocate CPA and group home case management expenses to administrative maintenance, which the Department submits for federal reimbursement, and other counties allocate it to administrative services, which the Department does not submit for reimbursement. We reviewed county practices for allocating case management costs for a sample of 10 counties and found that 4 counties classify case management as an administrative maintenance expense and 4 counties classify case management as an administrative services expense. The remaining two counties reported that they rarely use CPAs or group homes. We conducted further analysis on case management expenses for the four counties that allocate case management to the administrative services cost component. On the basis of expense reports provided by a sample of four CPAs that each do business with at least one of these four counties, we determined that case management expenses accounted for about 69 percent of these four CPAs' administrative services expenses. By applying this same percentage to the total administrative services expenses for Title IV-E–eligible children served by these four counties, we estimate that if these expenses had been allocated to the correct rate component, the Department could have potentially claimed additional case management reimbursements totaling approximately $4.5 million between July 2002 and December 2006, or about $1 million annually. Instead, these case management expenses were paid for by state general funds and the counties.

The Department has expressed concerns that federal guidance with respect to claiming federal reimbursements for CPA and group home case management costs is not clear. The Department should seek guidance from the U.S. Department of Health and Human Services on the appropriate methods for classifying and claiming reimbursement for CPA and group home case management expenses.

Incorrect Cost Allocations

As discussed previously, the Department requires counties to enter payments to CPAs and group homes for all three foster care rate components—child maintenance, administrative maintenance, and administrative services—into Trails. We found that counties do not always enter their payments into the correct rate component. As a result, when the Department extracts expenditures for the child maintenance and administrative maintenance rate components and submits them for reimbursement, the amount of the reimbursement request is not always accurate.

Our contractor reviewed county payments related to 106 foster parents at three CPAs totaling $173,000 and found that payments associated with 13 foster parents (12 percent) allocated expenditures to the incorrect rate component. Child maintenance costs for these three CPAs were understated by about $5,700 and administrative maintenance and services costs were overstated by about $1,000 and $4,400 respectively. We also identified one county which did not have a process for ensuring that staff allocate CPA and group home payments to the correct rate component. As a result, one of its staff members arbitrarily assigned these payments to the rate components, which created inaccurate claims for Title IV-E reimbursements.

In addition, we found that some counties incorrectly report bed reservation fees, which are daily rates used to hold beds at family foster homes or group homes for emergency or high-needs placements, as Title IV-E-reimbursable costs. Title IV-E specifies that rates are to be paid on behalf of children served, not bed reservations. However, we found two counties that increase the rate paid for a child already in placement with a provider as a way of reserving additional beds with that provider. If that child is Title IV-E–eligible, these higher payment rates are reported for reimbursement to the federal government, even though they are not being paid on behalf of actual children in placement. For example, we reviewed the file of one Title IV-E–eligible child whose provider should have received $80 per day in child maintenance payments but instead received up to $332 per day in child maintenance payments to reserve other bed space. As a result, the county overstated Title IV-E child maintenance costs for this child by almost $33,000 over seven months. The Department has established a code in Trails for entering bed reservation rates, and this code is not used to claim federal reimbursements. The Department should

ensure that counties enter the bed reservation rate into Trails correctly so that the Department does not improperly claim federal reimbursements for them.

In Fiscal Year 2006, 46 percent of all foster care payments were made on behalf of low-income children that qualify for federally reimbursable services under Title IV-E. To ensure that the Department receives full reimbursement for all qualifying expenditures and that the expenses submitted for federal reimbursement are accurate, the Department needs to implement procedures to ensure counties allocate costs properly and enter rate payments into the correct rate category. For example, the Department already monitors whether counties correctly determine that children are Title IV-E–eligible. These reviews could be expanded to evaluate whether counties are allocating foster care payments accurately. If the Department identifies reimbursements for county payments that did not qualify for reimbursement, the Department should require the county to repay the Department, and the Department should submit the correction to the federal government. Additionally, the Department should review the incorrect payment allocations identified during our audit, require the affected counties to pay back any federal funds that did not qualify for Title IV-E reimbursement, and make appropriate adjustments on reports to the federal government.

(CFDA No. 93.658; Foster Care Title IV-E; Activities Allowed or Unallowed, Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 104:

The Department of Human Services should ensure it is claiming Title IV-E–eligible reimbursements for foster care appropriately by:

a. Contacting the U.S. Department of Health and Human Services (DHHS) to determine whether all case management costs qualify for federal reimbursement and should be included as part of administrative maintenance costs.

b. Ensuring Department staff and county departments of human/social services record and classify case management services in accordance with the direction provided by DHHS in part “a.”

c. Implementing procedures for verifying that counties are entering rate information into Trails accurately, including bed reservation rates, and for ensuring that payments to counties reflect adjustments for any federal funds claimed incorrectly for reimbursement under Title IV-E. The Department should report adjustments to the federal government as appropriate.

d. Reviewing the incorrect payment allocations identified during our audit, requiring the affected counties to pay back any federal funds that did not qualify for Title IV-E reimbursement and making appropriate adjustments on reports to the federal government.

Department of Human Services Response:

a. Agree. Implementation date: December 2008.

The Department agrees to explore federally acceptable alternatives for claiming Title IV-E funding for case management activities provided through child placement agencies and pursue changes that are federally compliant.

b. Agree. Implementation date: December 2008.

Counties will be provided with instructions regarding appropriate methods for recording and classifying case management services provided through child placement agencies to assure federal compliance and maximization of federal revenue as allowed.

c. Agree. Implementation date: December 2008.

The Department agrees to conduct a larger sample to determine if data entry errors for county negotiated rates exceed a reasonable margin of error. The Department will determine the appropriate course of action in assuring that rates are entered correctly and federal funds are claimed appropriately. The Department will provide guidance to counties regarding the procedures for entering bed reservation rates.

d. Agree. Implementation date: December 2007.

The Department will assure that adjustments are made for errors in federal claiming of Title IV-E as determined appropriate for the records sampled in this audit.

Controls Over Expenditures

The Colorado Department of Human Services (Department) spent about $379 million on child welfare services in Fiscal Year 2007. These funds include state expenditures related to administrative costs for county departments of human/social services, foster care payments to child placement agencies (CPAs) and county-certified foster homes, and expenditures for services designed to prevent or shorten out-of-home placements and help foster children transition from foster care after turning 18. Strong controls over these expenditures are important for ensuring that taxpayer funds are being used to deliver high-quality foster care services in an economical manner.

We tested the Department's controls over expenditures in three areas: CPA foster care administrative expenses and payments to foster parents; county payments for Core Services; and county payments for the federal John H. Chafee Foster Care Independence Program (Chafee), which helps older children in foster care transition to self-sufficiency. We reviewed CPA expenditures because the Office of the State Auditor's *Foster Care Program Performance Audit* completed in June 2002 identified numerous problems with CPA expenditures, including more than $1.1 million in questioned costs. We reviewed the Core Services and Chafee programs because these programs include a high volume of small-dollar transactions, which increase the risk of fraud or abuse if sufficient internal controls are not in place. Finally, we evaluated the data integrity controls in Trails and the County Financial Management System to determine how the Department prevents duplicate or inaccurate payments to foster care providers.

Overall, we found that the Department should improve the controls over CPA foster care expenditures and county Core Services and Chafee spending. This section describes ways in which the Department can better ensure accountability for these funds.

CPA Expenditures

As noted previously, CPAs receive payments from county departments of human/social services based on three main rate components: child maintenance, administrative maintenance, and administrative services. Between Fiscal Years 2002 and 2006, CPAs received between $34 million and $46 million annually to provide foster care services to about 20,000 children over the five-year period.

Counties that contract with CPAs must use a standard Department contract. The contract requires CPAs to comply with federal cost principles, such as the Office of Management and Budget's (OMB's) *Circular A-122: Cost Principles for Non-Profit*

Organizations and Department regulations related to allowable expenditures. Both generally require that expenditures be reasonable, prudent, and necessary for effective program administration and that they be adequately documented. OMB *Circular A-122* provides a specific list of allowable (e.g., administrative overhead) and unallowable (e.g., alcohol) expenditures. Department regulations also list allowable expenditures but do not specifically list expenditures that are unallowable. Rather, Department regulations state that any expenditure is unallowable if it does not meet the Department criteria for allowability.

We hired a contractor to review expenditures made by a sample of eight CPAs from funds received from the counties in Fiscal Years 2005 through 2007. The purpose of the review was to determine if CPAs expended these funds in accordance with federal and state requirements. Overall, our current audit did not uncover the high volume of questioned costs identified during our 2002 audit; however, we found a substantial number of noncompliant transactions, indicating that while progress has occurred, the Department needs to further improve controls over CPA expenditures. We discuss these areas in the next two sections.

Administrative Expenditures

As noted previously, CPAs may use administrative maintenance and administrative services payments from the counties for many purposes, including staff salaries, administrative overhead, and therapy services. We reviewed 620 administrative transactions that were funded by foster care payments from the counties to eight CPAs and totaled about $431,000. We found exceptions in about 15 percent of the transactions, totaling about $46,400 (11 percent) in questioned costs for our original sample. For some of the exceptions, we expanded our testing to determine if there were additional questioned costs. As described in detail below, we identified $23,200 in additional questioned costs; this resulted in total questioned costs of $69,600. Federal regulations define questioned costs as those that (1) appear unreasonable and do not reflect the actions a prudent person would take in the circumstances; (2) are unallowable under statutory, regulatory, contractual, or grant requirements; and (3) are not supported by adequate documentation. Examples of questioned costs identified during our review include:

- **Unreasonable expenditures.** In our sample, we identified 19 expenditures totaling about $8,900 that did not reflect the actions a prudent person would take in the circumstances. For example, one CPA paid a county rebates to encourage that county to place more foster children with the CPA. Our original sample identified about $1,500 in rebate payments. Further testing found that the CPA paid an additional $5,700 in rebates from March to December 2006. We brought this issue to the attention of the Department, which indicated that it will seek recovery of these funds from the county.

In addition, two CPAs made loans and/or advance payments to foster parents or group homes totaling about $5,900 in our sample. We conducted further work and found that the two CPAs loaned or advanced an additional $12,500 to foster parents during our review period. For example, one CPA loaned a foster parent about $5,700 during Fiscal Year 2005. Loans or advance payments to foster parents may indicate that they do not have the necessary financial stability to qualify as foster parents. We also found that the CPAs withheld portions of the foster parents' future child maintenance payments as repayment on these loans and advances. This is a concern because (1) Department regulations require CPAs to pass along the entire child maintenance payment received from the county to the foster parents and (2) withholding a portion of the payment may jeopardize the foster parents' ability to provide adequate care to their foster children.

- **Unallowable expenditures.** In our sample, we found six expenditures totaling about $800 for items that CPAs are prohibited from purchasing with foster care funds under statutory, regulatory, contractual, or grant requirements. For example, our original sample included donations of about $600 made by a CPA to a church. We conducted further work and found that the CPA donated an additional $5,000 during Fiscal Year 2005 to the church. OMB *Circular A-122* specifically prohibits contributions and donations regardless of the recipient.

- **Unsupported expenditures.** Adequate supporting documentation includes an invoice or contract specifying the amount of the transaction and its business purpose. In our sample, we found 67 expenditures totaling about $36,700 for which CPAs could not provide sufficient documentation at the time of our audit.

Since our 2002 audit, the Department has implemented several new procedures to improve oversight of the allowability and appropriateness of CPA expenditures. For example, the Department added a contract provision requiring CPAs to comply with federal cost principles. In addition, the Department's Field Audit Section began conducting audits of the CPAs in Calendar Year 2003. These audits were discontinued in April 2004 as a result of budget cuts that reduced the number of Field Audit staff. The problems we found with CPA administrative expenses indicate a continued need for greater Department oversight, particularly since counties do not provide oversight of CPA expenditures. We believe oversight could be strengthened in several ways, as described below.

OMB *Circular A-133* Audit Requirements. The Department should ensure that CPAs comply with OMB *Circular A-133: Audits of States, Local Governments and Non-Profit Organizations'* (OMB *Circular A-133's*) audit requirement, which

requires non-federal entities that expend $500,000 or more in federal funds annually to submit to an annual audit. The purpose of the audit is to determine if the entity's financial statements are stated fairly, assess the entity's internal controls over federal funds, and test compliance with federal requirements.

OMB *Circular A-133's* audit requirements apply to subrecipients of federal funds but not to vendors. We reviewed the criteria in OMB *Circular A-133* and concluded that the substance of the relationship between the Department and CPAs is that of a subrecipient. For example, the *Circular* defines subrecipients as having responsibility for programmatic decision making and having their performance measured against whether the objectives of the federal program are being met; both of these are true for CPAs providing foster care services. The Title IV-E grant agreement between the Department and the federal government requires the Department to determine if CPAs are subrecipients or vendors for purposes of complying with this *Circular*. The Department received an informal opinion from the Attorney General's office concluding that CPAs are not subrecipients. However, this opinion did not evaluate CPAs against the subrecipient and vendor criteria included in OMB *Circular A-133*. Department staff should evaluate the substance of the relationship between counties and CPAs and determine, based on the OMB *Circular A-133* criteria, whether CPAs are subrecipients. As stated above, we believe the CPAs qualify as subrecipients under the *Circular*.

The Department already requires CPAs with annual foster care expenditures over $100,000 to submit to annual independent financial audits, and the CPAs are reimbursed for the costs of these audits in their rates. As noted earlier, only the largest CPAs (i.e., those that spend more than $500,000 in federal funds annually) would be subject to the additional requirements of OMB *Circular A-133* audits. We estimate that seven CPAs, which received about 44 percent of all foster care payments, met this threshold in Fiscal Year 2006 on the basis of foster care payments provided to them. The Department would need to establish a method for identifying and notifying CPAs that they are subject to the OMB *Circular A-133* audit requirement. If the Department determines that CPAs are vendors and not subrecipients, the Department could still review audits submitted by the CPAs and follow up on any problems identified, such as a qualified opinion.

On-site reviews. The Department should evaluate options for conducting on-site reviews of CPA expenditures. One option would be for the Department to incorporate procedures for reviewing CPA expenditures into the CPA monitoring visits currently conducted by the Department's 24-Hour Monitoring Unit. The 24-Hour Monitoring Unit performs routine on-site reviews of financial and programmatic issues to ensure CPAs comply with all applicable requirements once they have been licensed by the Department. The Department would need to provide training to monitoring staff on conducting transaction testing and applying federal

and state requirements for allowable costs. Another option would be for the Department to have Field Audit staff accompany 24-Hour Monitoring Unit staff on site visits to provide financial expertise and support to the monitoring team. Finally, the Department should strengthen its regulations regarding unallowed costs (i.e., expenditures not permitted in the program). As noted previously, the Department's regulations currently do not specify the types of expenditures that are not allowed. As a result, CPAs appear to have considered the loans, advances, and rebates as allowable, since the expenditures were not specifically prohibited by the Department. The Department should include examples of unallowable expenditures in its regulations, such as the loans and advance payments to foster parents and rebates from CPAs to counties.

As our June 2002 audit and the results of this audit show, CPAs present significant risks that funds will not be spent in accordance with federal requirements. OMB *Circular A-133* audits, increased expenditure monitoring, and clearer rules regarding unallowed costs would provide the Department with additional coverage of CPA expenditures and better ensure that CPAs are accountable for the foster care funds they spend.

(CFDA No. 93.658; Foster Care Title IV-E; Activities Allowed or Unallowed, Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 105:

The Department of Human Services should improve controls over administrative foster care funds expended by child placement agencies (CPAs) by:

a. Evaluating the substance of the relationship between counties and CPAs based on OMB *Circular A-133* criteria and concluding on whether CPAs should be considered vendors or subrecipients.

b. Implementing requirements for audits of CPAs in accordance with the determination suggested in part "a" of the recommendation. If the Department concludes that CPAs are subrecipients, it should develop a process to identify those CPAs with annual expenditures of federal funds of $500,000 or more and notify those CPAs that they must submit OMB *Circular A-133* audits each year.

c. Establishing procedures to review the CPA audits and follow up on any findings identified.

d. Evaluating options for reviewing the allowability and appropriateness of CPA expenditures made with child welfare funds, which could include incorporating procedures into the periodic CPA monitoring visits conducted by the 24-Hour Monitoring Unit or having Field Audit staff participate on and provide support to the monitoring team. Training on transaction testing and federal cost principles would need to be provided to monitoring staff.

e. Including examples of unallowable costs in regulations. The Department should ensure that loans and advance payments to foster parents and rebates to county departments to encourage placements are cited as examples of unallowed costs.

Department of Human Services Response:

a. Agree. Implementation date: July 2008.

The Department will re-evaluate the substance of the relationship between counties and CPAs based on OMB *Circular A-133* criteria and produce a written conclusion about its determination of whether CPAs are vendors or subrecipients.

b. Agree. Implementation date: December 2008, if determined necessary.

If the Department determines that CPAs are subrecipients, the Department agrees to identify those CPAs with annual expenditures of federal funds of $500,000 or more and notify those CPAs that they must submit OMB *Circular A-133* audits each year.

c. and d. Partially agree. Implementation date: December 2009.

In the State Fiscal Year following the last audit, the Department lost FTE, some of whom were working on provider financial monitoring. This reduction eliminated the resources responsible for these monitoring functions. Implementing the recommendations outlined in parts "c" and "d" would require taking funds that are currently directed to services to children and families, and the Department does not agree with diverting resources from services. However, the Department does conceptually agree that establishing procedures to review CPA audits and providing follow-up resulting from findings is important and would implement these if resources were made available. The Department will explore the feasibility of implementing procedures and identify necessary resources to implement. However, until such resources are made available to the Department, this recommendation cannot be implemented.

e. Agree. Implementation date: January 2008.

The Department will offer clarification of existing regulation through agency letter.

Payments to Foster Parents

Counties sign contracts with CPAs to provide foster care services for some of the children in the county's custody. The contract specifies the services the CPA will provide and the rates the county will pay to the CPA for administrative maintenance, administrative services, and child maintenance. Foster parents also receive a standard respite care payment to hire temporary child care for their foster child. Each month counties are required to authorize and pay the CPAs the agreed-upon child maintenance payment, which is then to be paid to the CPA-certified foster parent. According to Department regulations, CPAs must pass the full amount of the child maintenance payment along to the foster parents who are providing the care for the child. This regulation ensures that foster parents have the necessary resources to provide quality care and support to foster children. In Fiscal Year 2006 counties authorized a total of about $25 million in child maintenance and respite payments to be paid to foster parents at CPA-certified foster homes.

We reviewed child maintenance and respite payments made by counties to a sample of eight CPAs and from the eight CPAs to their foster parents in Fiscal Years 2005 through 2007. The purpose of our review was to determine whether the CPAs received the correct payment from the counties and then passed the payments along to their foster parents. Overall, we identified substantial numbers of payment discrepancies indicating that the controls over child maintenance and respite payments need to be strengthened significantly. Specifically, we identified the following concerns:

- **County payments to CPAs.** Of the 522 payments reviewed, the CPAs should have received about $532,000 total in child maintenance, administrative maintenance, and administrative services payments. We identified 149 payments to CPAs (29 percent) that did not match the contracted amounts. Specifically, there were 45 payments totaling about $10,000 more than the contracted amount and 104 payments totaling about $22,000 less than the contracted amount.

- **CPA payments to foster parents.** We performed two tests of payments from the CPAs to the foster parents. First, we compared the child maintenance payments made by the CPAs with the remittance advices from the counties to determine if foster parents received the amount paid by the

counties. We performed this test for payments to 255 foster parents that totaled about $372,000. The remittance advice records the cash actually paid by the counties to the CPAs for child maintenance, and should agree with the amount set forth in the contract and the amount received by the foster parents. We found that for 118 foster parents (46 percent), the CPAs did not pass along the specific amount the CPA received for child maintenance, as required by Department regulations. In particular, there were 73 foster parents who received payments totaling about $35,000 more than the remittance advice and 45 foster parents who received payments totaling about $6,000 less than the remittance advice. One CPA made two payments to a foster parent that were substantially more than the CPA received from the county: one for $1,700 more than the remittance advice was made in October 2004 and another for $1,500 more than the remittance advice was made in March 2005.

We also compared whether the amount received by the foster parents matched the amount on the contract between the county and CPA. We performed this test for payments to 255 foster parents that should have totaled about $361,000 according to the contracts. The number of payments reviewed in this test was lower because the CPAs did not have contracts in their files for all the payments in our sample. We found 68 payment discrepancies (27 percent) that did not match the contracted amounts. There were 40 payments totaling about $10,000 more than the amount contracted and 28 payments totaling about $5,000 less than the amount contracted.

In addition, we found that one CPA consistently underpaid foster parents of children in the Children's Habilitation Residential Program (CHRP), which provides residential services to children who have developmental disabilities and extraordinary needs. We tested payments for five CHRP children in four random months in Calendar Year 2006. Payments for this period should have totaled about $12,500. We found that the CPA only paid the foster parents about $10,500 in CHRP payments, or 16 percent less than the CPA received from the Department.

According to the CPAs, when they pay foster parents more than the contracted amount or the amount on the county's remittance advice, the excess is funded through the administrative maintenance and services payments received from the counties. If the CPAs can afford to spend some of their administrative fees for foster care services, this may indicate that CPAs are receiving higher reimbursements for their administrative costs than necessary.

We discussed the payment discrepancies with the eight CPAs and were unable to resolve them. Overall, we concluded the Department has not provided sufficient oversight of CPA payments to foster parents to make sure that foster parents receive

the full and correct amount of the child maintenance payment, as required by Department regulations.

The payment discrepancies we identified at CPAs during our audit are of concern. Inaccurate payments either take scarce funds away from other needs in the child welfare system or affect foster parents' ability to provide quality care to their foster children. The Department needs to ensure that CPAs are correctly passing along the child maintenance payment to foster parents. We also identified this issue in our June 2002 audit report. In responding to our 2002 recommendation, the Department agreed to randomly sample foster care providers to determine if CPAs are accurately passing along child maintenance payments to their foster parents. However, we did not find evidence that the Department has implemented this recommendation in the five years since the last audit.

The Department could include procedures to review and reconcile CPA payments to foster parents as part of its regular monitoring reviews performed by the 24-Hour Monitoring Unit or Field Audit staff, as discussed previously in this section. If the Department identifies problems with CPA payments to foster parents as part of this review, it will need to establish a process for ensuring that incorrect payments are resolved by counties and CPAs, overpayments to CPAs and foster parents are recovered, and underpayments to CPAs and foster parents are remedied.

(CFDA No. 93.658; Foster Care Title IV-E; Activities Allowed or Unallowed, Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 106:

The Department of Human Services should ensure that child placement agencies (CPAs) pass along the correct child maintenance payments received from county departments of human/social services to foster parents by:

a. Implementing routine, periodic reviews of the payments made from CPAs to foster parents to ensure that they match the payments received from counties.

b. Following up on identified over- or underpayments to foster parents to determine why the incorrect payments were made and to require that counties and CPAs rectify all incorrect payments.

Department of Human Services Response:

a. Agree. Implementation date: October 2008.
The Department agrees to conduct periodic reviews for a sample of payments made from CPAs to foster parents within existing resources.

b. Agree. Implementation date: July 2008.

The Department will follow-up with counties and providers to make corrections regarding identified errors discovered through this audit in foster parent payments as appropriate.

Chafee Independent Living Program

The purpose of the federal John H. Chafee Foster Care Independence Program (Chafee) is to provide funding to states to help children who are likely to remain in foster care until age 18 transition to independent living. The Chafee program helps these children learn independent living skills; receive the education, training, and services necessary to obtain employment; and receive ongoing financial, housing, and counseling support to help them achieve self-sufficiency. A foster child is eligible to receive Chafee services beginning at age 16 if the county has determined that the child is likely to remain in foster care until age 18. The child may continue to receive services until age 21 if he or she was in foster care when turning 18. Although foster children do not have to participate in the Chafee program, counties must develop an independent living plan for each foster child at age 16 to help them transition from foster care.

In Fiscal Year 2006 the Department spent about $1.7 million to serve about 1,200 foster children in the Chafee program. The Chafee program is entirely federally funded. Counties typically spend their funds on coordinating and providing services to youth, such as group counseling sessions on independent living skills and training, or to furnish cash assistance to the youths. Counties may use cash assistance to help youth with rent payments if the youths are aged 18 to 21 or to provide "Youth Direct Services." Youth Direct Services is an incentive program that helps the youth make progress toward emancipation. Through this program, youth may receive rewards (e.g., gift cards) for completing goals or obtain other support to help them move toward independence, such as funding for household items (e.g., linens or furniture). We reviewed 141 Chafee transactions for Fiscal Year 2006 totaling about $118,000 at the eight counties we visited to determine if they complied with applicable federal cost principles, which state that costs must be reasonable and necessary for the proper and efficient performance and administration of the federal grant, and must be adequately documented. The cost principles also discuss the allowability of

selected types of expenditures. For example, expenses for alcohol or entertainment cannot be charged to federal grants.

We found exceptions with 71 (50 percent) of the Chafee transactions tested. Each of the eight counties we reviewed had at least two exceptions. For most of the exceptions, there was inadequate documentation to support the amount of the expenditures. However, we also found nine examples of unallowable expenditures. Unallowable expenditures included payments for (1) rental assistance for youth under the age of 18, (2) advertising expenses, and (3) library fines. Questioned costs totaled about $48,000 of the $118,000 tested (41 percent).

In addition to the questioned costs, we also found significant weaknesses in the controls counties maintain over Chafee funds. Specifically:

- **Lack of segregation of duties.** Department regulations require that counties maintain sufficient segregation of duties over the funds they manage. We found that one county maintains its Chafee funds in a bank account that is not reported in the County Financial Management System (CFMS). The county's Chafee worker has complete authority, without supervisory approval of each transaction, to make and receive purchases and pay for them out of this account, which violates the Department's regulation on segregation of duties. For Fiscal Year 2006, the county was allocated about $44,000 in Chafee funds for expenditures (e.g., Youth Direct Services and room/board) that were paid for out of this account. The county reported that it reconciles bank statements for this account monthly. However, reconciliation procedures, which could detect the misuse of funds after the fact, are not as effective as preventing the misuse of funds with adequate internal controls.

- **Payments to participants.** Best practices require that counties pay vendors directly to ensure that Chafee funds are spent for their intended purpose. For 20 of the 141 (14 percent) transactions, we found that checks were written to youth participants instead of to vendors. We did not find evidence that counties followed up to ensure that the youth participants spent the funds appropriately.

- **Inventories.** Six of the eight counties did not maintain sufficient inventories of gift cards or household items purchased with Chafee funds, significantly increasing the risk of theft or misappropriation of these items.

- **Coding errors.** Federal law prohibits a state from spending more than 30 percent of its Chafee funds on rental assistance. We found that five of the eight counties coded rental assistance expenses as Youth Direct Services in the CFMS instead of as rental assistance. The coding errors indicate a lack of controls to ensure that counties are spending Chafee expenditures correctly. Therefore, we could not determine whether total funds spent on rental assistance exceeded the federal limits.

- **Receipt of goods by youths.** To ensure that Chafee funds are spent for their intended purpose, counties should document that youths receive goods purchased with Chafee funds. For 15 of the 141 (11 percent) transactions, we did not find evidence (e.g., youth's signature indicating receipt of the good) that youths received goods such as computers, printers, and gift cards bought by county staff for the youth.

The federal government requires the Department to monitor federal grant subrecipients (e.g., counties) to ensure compliance with laws and regulations. The federal Chafee law also requires the Department to establish and enforce "standards and procedures to prevent fraud and abuse" in the program. The Department began monitoring Chafee programs in Fiscal Year 2006. However, the Department's monitoring does not include reviewing Chafee transactions for compliance with federal cost principles on allowability or appropriateness or evaluating the counties' internal controls over Chafee funds. If controls are not sufficient, there are risks that Chafee funds could be misspent or misappropriated and that the Department will be required to repay any unallowable costs to the federal government.

(CFDA No. 93.674; Chafee Foster Care Independence Program; Activities Allowed or Unallowed, Allowable Costs/Cost Principles. Classification of Finding: Yellow Book Compliance.)

Recommendation No. 107:

The Department of Human Services should improve internal controls over federal Chafee funds by:

a. Establishing procedures to review samples of Chafee expenditures made by county departments of human/social services for allowability and appropriateness.

b. Ensuring that the county identified during this audit adheres to proper internal controls, including segregation of duties, as set forth in Department regulations. If the county maintains a separate bank account for Chafee

funds, the Department should verify that the county maintains the same internal controls over expenditures, such as supervisory review prior to disbursement, for the separate bank account as it does for its normal operating account.

c. Requiring that counties track inventories of goods (e.g., gift cards and household items) purchased with Chafee funds.

d. Providing training and technical assistance to counties to strengthen the controls over Chafee expenditures, including the proper coding of rental assistance costs and having counties document that youths receive goods purchased with Chafee funds.

Department of Human Services Response:

a. Agree. Implementation date: December 2008.

The Department has established procedures and reviews expenditures of county departments participating in the Chafee program with a standard instrument developed January 2006. The Department will improve monitoring by reviewing a sample of transactions for allowability and appropriateness, which includes making sure there is adequate documentation to support the transaction (e.g., invoices or receipts).

b. Agree. Implementation date: December 2008.

The Department will discuss this issue with the county in question and will verify that the county either maintains its Chafee funds in its normal operating account or applies the same internal control procedures, including segregation of duties, over the separate Chafee account as it does over its normal operating account.

c. Agree. Implementation date: December 2008.

The Department currently requires county departments to document the use of funds in the client's case file as defined in 7.416.1 E (3) (a) and (b). The Department agrees to convene a workgroup to develop criteria to track inventories of goods purchased with Chafee funds.

d. Agree. Implementation date: December 2008.

The Department agrees to provide training and technical assistance to counties to strengthen the controls over Chafee expenditures, including the proper coding of rental assistance costs and further agrees to provide training and technical assistance involving documentation that demonstrates that the youth received the goods purchased with Chafee funds. The training and technical assistance will be provided during county reviews and regularly scheduled accounting and program groups.

During Fiscal Year 2007 the Office of the State Auditor conducted the *Business Enterprise Program, Performance Audit,* Report No. 1880, dated September 2007. The information and comments below were contained in that report.

Business Enterprise Program Background

The United States Randolph-Sheppard Vending Stand Act of 1936 (20 U.S.C., Chapter 6A, Section 107) authorizes blind individuals licensed under the provisions of the Act to operate business enterprises--such as cafeterias, snack bars, convenience stores, vending machines, copy machines, and coin-operated laundry machines--on federal properties. The purposes of the Act include "…providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimulating the blind to greater efforts in striving to make themselves self-supporting." The Act requires that, wherever feasible, one or more business enterprises are to be established on "all federal property to the extent that any such facility or facilities would not adversely affect the interests of the United States." Federal law also stipulates that the income or commissions generated from the operation of vending machines on federal property accrue to those individuals licensed under the Act, even if the vending machines are operated by a private company and are not operated by a licensee.

Until 1977, the requirements of the Randolph-Sheppard Vending Stand Act only applied to federal properties. However, in 1977, the Colorado Legislature extended the Act's requirements, including a legislative purpose identical to the purpose set forth in the federal Act, to most state-owned properties. The Business Enterprise Program Act (Article 8.5 of Title 26 of the Colorado Revised Statutes) authorizes individuals licensed under the provisions of the Randolph-Sheppard Vending Stand Act to operate business enterprises on state properties, except for any property owned, leased, or occupied by any institution of higher education or the Board of Commissioners of the Colorado State Fair Authority. The Business Enterprise Program Act also requires state agencies, when feasible, to include a satisfactory site or sites for the location and operation of business enterprises when constructing;

acquiring by ownership, rent, or lease; or altering or renovating any building. Furthermore, statutes prevent state agencies from charging business enterprises for the use of state-furnished space, maintenance or janitorial services, repairs, or other building services. Similar to federal law, the Business Enterprise Program Act also requires the commission income from vending machines operated on state property to accrue to those operators licensed under the federal and state Acts, even if a private company, rather than a licensee, operates the vending machines.

To be licensed under the federal and state Acts, an individual must be legally blind and a citizen of the United States. According to federal and state law, licenses are issued to qualified individuals for an indefinite period of time and can only be suspended or terminated if, after providing the individual an opportunity for a full evidentiary hearing, it is determined that the business enterprise is not being operated according to federal and state requirements.

Business Enterprises

In Colorado a business enterprise is an independent business opportunity or site made available through the provisions of the Randolph-Sheppard Vending Stand and Business Enterprise Program Acts. Business enterprises (cafeterias, snack bars, convenience stores, and vending machine routes) are located on federal and state properties. Business enterprises are managed by licensed operators who maintain full control over the business enterprise's operations, including purchasing replenishment inventory and supplies, hiring and paying personnel, as well as paying all related business and employment taxes, withholdings, and workers' compensation insurance. The operators of the business enterprises are not employees of the State and do not receive wages or salaries. Rather, the operators are considered independent contractors and earn the income generated by the business enterprises. If a business enterprise is unprofitable, the operator receives no compensation. Business enterprises are awarded to operators through a competitive bid process.

As of April 2007, 48 business enterprises were operating on federal and state properties in Colorado, with 45 of these enterprises managed by 28 operators and three enterprises managed by Colorado's Business Enterprise Program. Of these 48 business enterprises 30, or 63 percent, were located on federal properties and 18, or 37 percent, were located on state properties. The 48 business enterprises included 18 cafeterias, 16 vending machine routes, and 14 snack bars and/or convenience stores. As the table below shows, for Fiscal Year 2007 (through April 2007), the 28 operators reported total combined sales of more than $5.3 million for the 48 business enterprises, including sales from the three Program-operated enterprises.

Colorado Department of Human Services
Business Enterprise Program
Revenue, Expenses, and Net Proceeds for all Business Enterprises
As Reported by Operators
Fiscal Years 2005 – 2007[1]

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007 (10 months)
Sales	$6,065,000	$6,293,000	$5,346,000
Other Revenue[2]	$255,000	$229,000	$224,000
Total Revenue	$6,320,000	$6,522,000	$5,570,000
Total Expenses	$5,107,000	$5,295,000	$4,522,000
Net Proceeds	$1,213,000	$1,227,000	$1,048,000
Assessment Owed to Program[3]	$159,000	$165,000	$150,000
Operator Earnings[4]	$1,054,000	$1,062,000	$898,000

Source: Office of the State Auditor analysis of operator financial data reported to the Colorado Department of Human Services.

Note:

[1] Fiscal Year 2007 information is for the first 10 months of the fiscal year.

[2] Other revenue is the vending machine income paid by private vending machine companies and distributed to operators.

[3] The assessment is a federally authorized levy against the net proceeds of each operator that must be paid to the Program. The Program is authorized to use the assessment for certain expenditures. The assessment is discussed in more detail under the Program Administration section of this report.

[4] Operator earnings is the amount remaining after all expenses and the Program assessment are deducted from total operator revenue.

Program Administration

The Business Enterprise Program (the Program) is an organizational unit within the Colorado Department of Human Services' Division of Vocational Rehabilitation. Under state statutes, the Program is the designated State Licensing Agency responsible for the administration of both the Federal Randolph-Sheppard Vending Stand and Colorado Business Enterprise Program Acts. As the State Licensing Agency, the Business Enterprise Program is responsible for establishing business enterprises, including capital improvement projects, on federal and state properties and promulgating rules and regulations to implement the provisions of the federal and state laws. According to federal law, the Program is also required to provide licensed operators with the initial inventory and equipment necessary to operate each business enterprise. The Program maintains ownership of the equipment purchased and requires operators to maintain inventory levels at the amounts originally provided. If requested, the Program will also provide operators with beginning

operating cash, which must be paid back to the Program once the business enterprise becomes established. Additionally, the Program collects the commissions from vending machines managed by private companies located on federal and state properties and disburses this income to the licensed operators according to federal and state law. Furthermore, if a business enterprise location becomes vacant, the Program will operate the location with either state employees or with personnel provided by a temporary staffing agency until a licensed operator can be selected through a competitive process. The Colorado Division of Vocational Rehabilitation is responsible for training qualified clients to become licensed operators.

To pay for some of the costs associated with administering the Randolph-Sheppard Vending Stand Act, federal law authorizes the State Licensing Agencies to levy an assessment against the net proceeds earned by each operator managing a business enterprise to be set-aside on behalf of all operators for (1) the maintenance and replacement of equipment; (2) purchase of new equipment; (3) management services; (4) assuring a fair minimum return to operators; and (5) for retirement or pension funds, health insurance contributions, and for paid sick leave and vacation time, if approved by majority vote of licensed operators. The amount of the operator assessment must be established in writing and determined to be reasonable by the Secretary of the United States Rehabilitation Services Administration. The Business Enterprise Program's assessment is collected monthly and is currently set at 1 percent per $100 of each operator's net monthly proceeds, not to exceed 13 percent of the operator's net monthly proceeds. To determine the amount of the assessment owed, operators are required to submit monthly financial reports to the Program. In Fiscal Year 2007, operators incurred approximately $195,000 in operator assessments for the full fiscal year.

The Program has 6.0 full-time equivalent employees who are responsible for administering the Randolph-Sheppard Vending Stand and Business Enterprise Program Acts. The Program's employees include one manager, one administrative support staff person, and four business consultants. The business consultants are the Program's field personnel and function as liaisons between the Program's management and licensed operators. The business consultants also provide technical assistance and training to the licensed operators to assist the operators with maximizing their profits. In the absence of a licensed operator, the business consultants are responsible for overseeing the operation of business enterprises. Support services are also provided by the Department of Human Services' accounting office and by the Division of Vocational Rehabilitation.

The Randolph-Sheppard Vending Stand Act also requires that licensed operators have a role in the administration of the Program. Specifically, according to federal law, the Program is required to establish a Committee of Licensed Operators (the Committee). The Committee is to be fully representative of all licensees and is to

(1) participate, with the Program, in major administrative decisions and policy and program development; (2) receive grievances of licensees and serve as the licensees' advocate; (3) participate, with the Program, in the development and administration of a transfer and promotion system for licensees; (4) participate, with the Program, in developing training and retraining programs; and (5) sponsor meetings and instructional conferences for licensees. Licensed operators elect Committee members every two years.

Program Funding

For Fiscal Year 2008, the Business Enterprise Program was appropriated approximately $2.6 million. The Program receives no general fund moneys and is funded from the following sources:

- **Federal Funds.** Each year, the Program receives an allotment of federal funds authorized by Title I of the United States Rehabilitation Act of 1973 (Section 110). The federal government matches most expenditures associated with the Program at a 78.7 percent rate. Basically, for each dollar expended on the Program, the federal government provides 78.7 cents. For Fiscal Year 2008, the Program was appropriated approximately $1.7 million in federal funds, representing approximately 65 percent of the total funds appropriated to the Program.

- **Cash Funds.** The Program receives cash funds from several sources, including sales generated from Program-operated business enterprise locations, operator assessments, and commissions from vending machines being operated by non-licensees on federal and state properties. For Fiscal Year 2008, the Program was appropriated approximately $380,000 in cash funds, representing almost 15 percent of the total funds appropriated.

- **Cash Funds Exempt.** As discussed in more detail below, the Program has an unrestricted fund balance in the Business Enterprise Cash Fund (the Fund) which, upon appropriation, can be used to replace outdated equipment, upgrade and improve business enterprises, develop new business enterprises, enhance the income potential at existing business enterprises, and purchase new equipment for business enterprises. For Fiscal Year 2008, the Program was appropriated about $510,000 in cash funds exempt from the Fund, representing about 20 percent of the total funds appropriated to the Program from all sources. The Program plans to use approximately $230,000 of these funds to make site improvements at existing business enterprises during Fiscal Year 2008.

All moneys received by the Program are deposited in the Business Enterprise Program Cash Fund and subject to annual appropriation by the General Assembly. Under statute, moneys deposited in the Fund are only to be used for the Program and cannot be appropriated for any other purpose. Furthermore, all interest and income derived from the investment and deposit of moneys in the Fund shall be credited to the Fund. As of June 30, 2007, the Business Enterprise Program Cash Fund's unrestricted fund balance was $770,600.

The following table shows revenue, expense, net profit/loss, and fund balance data for the Business Enterprise Program over the last three fiscal years, as well as FTE appropriations.

Colorado Department of Human Services
Business Enterprise Program
Summary of Operations and Appropriated
Full-Time Equivalent (FTE) Employees
Fiscal Years 2005 – 2007

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Percent Change FY 05-07
Revenues	$1,018,500	$1,352,000	$1,956,200	92%
Expenses	$1,045,100	$1,405,200	$1,900,500	82%
Net Profit/(Loss)	($26,600)	($53,200)	$55,700	N/A
Fund Balance at June 30th	$768,100	$714,900	$770,600	0%
Appropriated FTE	5.0	5.0	6.0	20%

Source: COFRS reports and Long Bill Appropriations.
Note: [1]Fund balance in the Business Enterprise Program Cash Fund at the beginning of Fiscal Year 2005 was $794,700.

Performance Audit Scope

This performance audit was conducted in response to a request by the Department of Human Services and reviewed the Business Enterprise Program's effectiveness in meeting legislative intent and compliance with the federal Randolph-Sheppard Vending Stand Act, the Colorado Business Enterprise Program Act (Section 26-8.5-101 et seq., C.R.S.), and other legal requirements. The audit evaluated the Program's oversight and monitoring of operator financial reporting and profitability. The audit also assessed the sufficiency of the Program's administrative and financial controls to ensure licensed operators are complying with applicable laws, rules and regulations, and Program agreements, including the timely and accurate payment of the operator assessment. As part of the audit, we reviewed the Program's

compliance with recently enacted lawful presence and identification document statutes and with State Fiscal Rules. The audit scope did not include a review of the Program's receipt and disbursement of vending machine income by private companies, procurement process, or role in competitively selecting operators to manage the business enterprises. Additionally, although the audit included verification of unemployment insurance taxes and wage withholding payments by operators, we did not perform work to determine whether the correct amount of taxes and withholdings were paid by the operators in our sample. The audit also did not specifically review the Committee of Licensed Operators' involvement in the Program.

During the audit, we interviewed Business Enterprise Program and Department of Human Services staff and a sample of six licensed operators. We also conducted site visits and reviewed financial and performance data maintained by the Program and the operators in our sample. Finally, we contacted the managers of Business Enterprise Programs in California, Florida, South Carolina, and Texas to identify best practices.

Program Performance

As discussed previously, the Business Enterprise Program (Program) is intended to provide operators with remunerative employment, enlarge operators' economic opportunities, and encourage operators to become self-supporting. To evaluate the Program's success in achieving these goals, we reviewed the financial performance of business enterprise operators and the Program's practices for monitoring and improving financial reporting and operator profitability. Overall, we found that the Program has not done enough to ensure operators conduct successful, profitable business enterprises. As we discuss in this report, approximately one-third of Program operators have not earned enough from their enterprises to move above the federal poverty level. We found that operators have poor business practices, make significant financial reporting errors, and in some instances fail to comply with all federal and state laws. The Program was aware of many of the problems we identified during our audit, yet the Program had taken no action to address these issues with operators. Program monitoring of business enterprises and operators between July 2006 and April 2007 was limited and training was insufficient to provide adequate guidance to operators. As a result, the Business Enterprise Program has fallen seriously short of its potential to improve the economic opportunities and self-sufficiency of blind operators.

In the next two sections we discuss two key areas we reviewed to evaluate Program and operator performance: operator financial reporting and profitability. We identified significant problems in each of these areas that indicate a need for the Program to proactively monitor the financial performance of operators; provide

consulting and technical assistance to improve operator business practices, controls over financial reporting, and profitability; and review the financial viability of current and prospective enterprise locations. We discuss these issues below.

Controls Over Financial Reporting

Complete and accurate financial information is critical to evaluating the financial performance of individual business enterprises and the progress of individual operators toward self-sufficiency. Information on the financial performance of operators is also important for assessing the performance of the Business Enterprise Program overall. To ensure operators apply sound business practices and report accurate and timely information on the financial performance of their business enterprises to the Program, the Program requires licensed operators to sign an operators agreement for each business enterprise being managed. The operators agreement is a contract between the Program and the operators and sets forth specific financial reporting and record retention requirements. The operators agreement requires licensed operators to abide by all Program rules and regulations and submit a standard monthly financial report to the Program detailing the daily sales, purchases for resale, operating expenses, wages, and cash on hand for each location. The agreement also requires operators to account for and report the financial operations of the business enterprises on a cash basis, maintain all records supporting the monthly financial reports for three calendar years, and make those records available for audit upon request. The Program uses the monthly financial reports to calculate the assessments owed by operators to the Program and to pay sales taxes on behalf of operators. Additionally, the Program summarizes information from the operators' monthly financial reports and submits the summaries annually to the United States Rehabilitation Services Administration, which uses the information to evaluate and compare the Program's performance to other states.

We evaluated the Program's oversight of the financial reporting and business practices of licensed operators to determine whether the operators were providing complete and accurate monthly financial reports. We also evaluated whether the Program was analyzing the reports to identify operators with weak financial controls or poor business practices and providing the operators with training and technical assistance. We inspected nine locations managed by six licensed operators and reviewed the operators' (1) cash receipt and disbursement systems, (2) completion and timely submission of Program-required financial reports, (3) retention of business records and supporting documentation, and (4) payment of worker's compensation insurance and employee withholding and business taxes. We also assessed the operators' compliance with applicable federal and state laws, state rules and regulations, and the Business Enterprise Program's contract or operators agreement. Audit work included tracing sales and expenses on monthly financial reports submitted by operators to the Business Enterprise Program to the operators'

supporting documentation and assessing whether business expenses, such as expenses for wages and for materials and goods purchased for resale, appeared appropriate under applicable laws and regulations. In total, we reviewed 62 monthly financial reports containing sales of $686,000, which represented 13 percent of total sales reported for all licensed operators through the first 10 months of Fiscal Year 2007.

Overall, we found that the Program has not monitored the business practices of operators or established sufficient controls to ensure operators report accurate and complete financial information. Specifically, we identified the following problems:

- **Lack of valid operators agreements**. We found that the Program has allowed operators to begin work at business enterprise locations without a fully executed operators agreement. Operators are considered independent contractors and are required to sign the Program's operators agreement for each location managed. We reviewed the files for the 9 locations included in our sample, and for four locations neither the operator nor the Program could provide us with fully executed operators agreements. For three of these four locations, the operators agreements were not fully executed because signatures from either the operator or Program staff were missing. The operators have conducted business at these locations without fully executed operators agreements for about two to three years. As of the end of our audit, Program staff reported that these operators agreements now have all required signatures and are fully executed. For the other location, Program staff reported that the operator, who conducts business at two different locations, has refused to sign the operators agreement for one of the locations. This operator has conducted business without a signed operators agreement at that one location for more than one year. Prior to our audit, the Program had not taken any enforcement action against this operator. As of the end of our audit, Program staff reported that this operator has been removed from the business enterprise location.

- **Lack of support for reported sales.** We found that the operators in our sample are not maintaining sufficient documentation to support the amount of sales reported to the Program. According to the operators agreement, operators are to keep "all records supporting the monthly facility report for a period of three calendar years." Supporting records include cash register tapes, bank deposits, and copies of checks paid to operators. Of the $686,000 in sales reviewed, we found that the operators managing 4 of the 9 business enterprises in our sample (one snack bar and three vending machine routes) did not have supporting documentation for almost $195,000 in sales, or 28 percent. For example, the operator managing the snack bar in our sample could not provide supporting documentation for almost $54,000 in sales,

which represented all sales reported to the Program by this operator during the time period we reviewed. This operator had a cash register, purchased by the Program, which provides detailed and summary cash register tapes recording all transactions processed by the register. According to Program staff, the Program trained the operator to balance the cash drawer and prepare a daily sales report from the cash register tapes, and the operator should be retaining the cash register tapes for three calendar years as required by the operators agreement. The operator informed us that the tapes had been destroyed. We attempted to verify reported sales by reviewing the operator's bank records; however, these records were not complete and could not be used to substantiate the daily sales for this location. We also found that the two operators managing the three vending machine routes lacked supporting documentation for all vending machine sales. Of the $195,000 in unsupported sales from our sample, nearly $141,000, or 73 percent, was from vending machines. One operator could not provide bank records because, according to the operator, all cash collected from vending machines was maintained at the operator's home. Neither of the two vending machine operators conducted routine inventories. Consequently, these operators could not provide information to verify the amount of reported sales for these three vending machine routes.

- **Lack of support for reported expenses.** Of the $418,000 in reported business expenses reviewed, we found that approximately $69,000, or more than 16 percent, lacked supporting documentation (e.g., payroll checks, invoices, receipts). For example, one operator in our sample could not provide receipts or credit card statements supporting $5,050 in cash payments made to pay down the overdue balance on a store credit card. Without the actual credit card receipts for the original charges, we were unable to determine if the expenses were for business purposes. Since business expenses reduce an operator's income and therefore the assessment due to the Program, it is important that the expenses be for legitimate business purposes and comply with Program rules.

- **Questionable business expenses.** Of the $418,000 in reported business expenses reviewed, we questioned approximately $10,200, or more than 2 percent, because the expenses appeared to be either excessive or unrelated to the operation of a business enterprise location. For example, one operator in our sample reported $1,000 per month in transportation expenses to the Program for the time period reviewed, or $5,000. The operator provided the Program and our staff with copies of invoices from a transportation company as support for the expenses. During our review, the operator reported that the transportation company did not exist and that he could not provide documentation to support the basis for the expense (e.g., odometer readings).

We also questioned the reasonableness of several operators' cell phone charges. For example, during one month an operator reported more than $980 in cell phone charges for three employees or about $327 per employee. The operator could not explain the business purpose for the cell phone charges. Finally, we identified two operators that reported duplicate business expenses to the Program, with overcharges totaling about $2,000.

- **Failure to pay required taxes.** We identified one operator who was not paying unemployment insurance taxes to the Colorado Department of Labor and Employment and was not reporting wages to the Department or Internal Revenue Service or withholding federal and state income taxes from the employees' pay, as required by law and the Program's operators agreement. This operator operates three vending machine routes and employs three individuals. For the 10 months reviewed, we found that the operator made cash payments of almost $9,800 to the three employees. We brought this issue to the attention of the Program, and the Program instructed the operator to comply with applicable unemployment insurance tax and federal and state withholding laws by September 6, 2007 or the matter would be referred to the appropriate state and federal authorities for enforcement action.

- **Errors in reported sales.** We found that 5 of the 6 operators in our sample failed to report about $3,200 in sales to the Program. The operators had recorded the sales in their accounting systems, but failed to transfer the amounts to the Program-required financial reports. We also identified one operator who reported the transfer of goods between two of his business enterprise locations as a "sale" to the new location and an "expense" to the old location, which overstates both the sales and expenses reported to the Program. The operator's practices are not impacting reported net proceeds or the resulting assessment paid to the Program. However, we found that the Program, which pays sales taxes on behalf of all licensed operators, was unknowingly paying sales taxes on the sale of the same product multiple times. According to the operator, Program staff trained the operator to record the transactions as "sales" rather than transfers.

Improvements

Our findings raise questions about the accuracy of the financial information used by the Program to monitor operator performance and calculate Program assessments. These problems also indicate the need for operator training and technical assistance. Additionally, our findings raise concerns about the accuracy of the performance information reported to the federal government. The Business Enterprise Program needs to take immediate action to strengthen the controls over the financial reporting

of operators and take a more proactive approach to monitoring their business activities.

First, the Program should have in place a fully executed operators agreement with all operators currently managing a business enterprise location for the State. This will require the Program to review its files and identify locations with missing or incomplete operators agreements. If an operator refuses to sign the agreement, the Program should take steps to remove the operator from the business enterprise and either suspend or terminate the operator's licenses in accordance with federal and state regulations.

Second, the Program should revise its current rules and regulations and the standard operators agreement to more specifically define, and in some instances, limit, the business expenses that can be deducted by operators when calculating the operator assessment. To date, the Program has not defined allowable business expenses or capped certain types of expenses, such as cell phone service, that operators may deduct from reported sales. The operators we visited expressed difficulty in determining which business expenses are allowable and reasonable, especially regarding transportation and cell phone expenses. In developing its rules and regulations, the Program should review the policies and rules and regulations of other states to identify best practices. For example, Florida's policies and procedures authorize operators to deduct the costs of a cell phone, if necessary, but limit the deduction to $35 per month. Furthermore, Tennessee has developed rules related to calculating and deducting transportation expenses. Specifically, Tennessee's rules authorize operators of vending routes to deduct actual miles driven (which must be supported by a mileage log) at the rates specified in the Tennessee Comprehensive Travel Regulations. Operators who deduct expenses for actual miles driven cannot also deduct expenses for vehicle maintenance and repair. Additionally, Tennessee's rules prohibit operators from claiming business expenses for commuting to and from an operator's home. At a minimum, the Program's rules and regulations should clarify the allowability of transportation and cell phone expenses. The Program should also train operators regarding changes to its rules and regulations and the operators agreement.

The third area the Program needs to improve is its processes for monitoring the financial reporting and business activities of licensed operators. For the period we audited (July 2006 through April 2007), the Program was not conducting regularly scheduled, onsite monitoring of operators' business activities or verifying the accuracy and allowability of the information reported by operators in the monthly financial reports. We found that Program staff had visited some business enterprise locations during Fiscal Year 2007, however, these visits were driven primarily by operator or federal and state property manager complaints and did not include a systematic review of the operators' compliance with the operators agreement and

applicable federal and state laws and regulations. Furthermore, the Program's visits to the business enterprises did not include verifying the accuracy and allowability or reasonability of the information reported by operators in the monthly financial reports. For the time period audited, we also found that Department accounting staff routinely reviewed the operators' monthly financial reports for mathematical accuracy; however, neither Program nor Department accounting staff used the reports to identify operators who appeared to be reporting questionable or excessive expenses for follow-up.

Monitoring the operators' business practices and financial reporting is vital to the success of the Program and, as discussed later in this report, is essential for evaluating the performance of each business enterprise and the overall Business Enterprise Program. Through systematic, onsite monitoring, Program staff not only gain an understanding of the business enterprises' operations, but staff can identify the causes for declining or increasing profitability and provide technical assistance, as necessary. Systematic, onsite monitoring by Program staff also ensures that the information being reported by operators is accurate, complete, and in compliance with requirements. To ensure onsite monitoring is consistent and effective, the Program should develop an onsite evaluation tool that addresses key factors such as compliance with the terms and conditions of the operators agreement; payment of applicable business taxes, insurance, and employee withholdings; and verification of the accuracy of reported sales and expenses. The Program should document the results of the reviews, develop a corrective action plan for non-compliant operators, and follow up with operators to ensure problems are resolved. Additionally, the Program should seek to recover any unpaid assessments identified during the on-site reviews.

The fourth area the Program should address is improving controls over vending machine sales. Program staff report that they have started researching a new, electronic monitoring system for vending machines. The system is designed to record the amount of money deposited in each vending machine along with the quantity of products disbursed. As such, Program staff would be able to remotely match the readings from the electronic monitoring system to reported sales. Until the Program implements an electronic monitoring system, Program staff should require operators with vending machines to conduct regular inventories and deposit all vending machine sales intact into a bank account. Program staff should conduct surprise inventory counts and routinely witness the collection and counting of vending machine sales, comparing the results to prior monthly reports and identifying any large variations.

Finally, the Program should begin using existing enforcement mechanisms (license suspension or termination) to ensure operators comply with applicable federal and state laws, rules and regulations, and the Program's operators agreement. Operators

with continued deficiencies should have their licenses terminated and be removed from the Program.

(CFDA No. 84.126; Rehabilitation Services Vocational Rehabilitation Grants to States; Activities Allowed or Unallowed, Program Income, Reporting. Classification of Finding: Control Deficiency.)

Recommendation No. 108:

The Department of Human Services should increase its oversight of Business Enterprise Program operators to ensure accurate financial reporting and compliance with applicable laws, rules and regulations, and the operators agreement by:

a. Ensuring only operators with fully executed contracts or operators agreements are managing business enterprise locations.

b. Revising the Program's rules and regulations to define allowable and unallowable business expenses and, where necessary, cap the amount of certain business expenses that can be deducted from operator sales. The Program should conduct training for operators to update them on changes to the rules and regulations and operators agreement.

c. Reviewing the operators' monthly financial reports to identify operators who appear to be reporting questionable or excessive expenses for follow-up by Program staff.

d. Conducting annual onsite reviews at each business enterprise location to ensure that operators are maintaining documentation sufficient to support reported sales and expenses, reporting only allowable business expenses, reporting all revenue earned, paying applicable business and employee withholding taxes, and complying with the terms and conditions of the operators agreement. To ensure the onsite reviews are consistent and effective, the Program should develop an onsite evaluation tool and train the business consultants on its use.

e. Improving the controls over vending machines to ensure that sales are reported completely and accurately. This should include surprise monitoring visits to count inventory and observe cash counts.

f. Taking enforcement action against operators with recurring deficiencies, including license suspension and termination as appropriate.

Department of Human Services Response:

a. Agree. Implementation date: December 2007.

The Business Enterprise Program (the Program) is currently auditing all blind operator files to ensure there is a properly executed operator agreement in every current location file. Operator agreements are also being revised, and the new agreement will be distributed to all blind operators for their signature by December 1, 2007.

b. Agree. Implementation date: November 2007.

The Program has revised its rules and begun work on a Program Policy Manual that will conform with the rules. The revised Program rules will be submitted for approval with the Division of Vocational Rehabilitation's General Program and Independent Living rules as a package to the State Board of Human Services in November 2007. The Program's trainer has formulated a plan to train blind operators in all new rules and policies.

c. Agree. Implementation date: October 2007.

The Program is working with the Colorado Department of Human Services (CDHS) accounting office to share blind operator monthly financial reports between the accounting office downtown and the Program office in west Denver. Accounting is now scanning and sending the financial reports to the Program for review monthly.

d. Agree. Implementation date: Implemented and ongoing.

The Program has revised the blind operator evaluation tool and is currently using the new updated evaluation tool as a compliance form placing an emphasis on fiscal responsibility on a six-month cycle to evaluate every blind operator. When the Program finds that a blind operator is not complying with Internal Revenue Service (IRS) or Colorado Department of Labor and Employment (CDLE) laws, the Program will notify the blind operator via letter to immediately comply with the law, or the Program will report non compliance to the IRS and CDLE.

e. Agree. Implementation date: June 2008.

A wireless monitoring inventory and cash tracking system has been purchased for all nine major Program vending routes to improve oversight of cash vending revenue. The system has been initially implemented at the largest vending route and will be rolled out at the other vending locations during Fiscal Year 2008. The Program has also met with CDHS accounting and Office of Information Technology Services to begin the request for proposal process for developing a new Program database reporting system which will improve Program reporting and tracking systems. The Programs' business consultants already personally visit each business enterprise location making scheduled as well as unannounced visits.

f. Agree. Implementation date: November 2007.

The Program recognized better enforcement rules are needed for recurring deficiencies and is in the process of rewriting the rules; please see (b). The Program has revised its rules to better take enforcement action against operators with recurring deficiencies and will suspend and terminate operators' licenses, as appropriate, according to due process afforded in the Rules.

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Department of Labor and Employment

Introduction

The Department of Labor and Employment (DOLE) is responsible for providing services to employers and job seekers and enforcing laws concerning labor standards, unemployment insurance, workers' compensation, public safety, and consumer protection. Please refer to the introduction in the Department of Labor and Employment chapter within the Financial Statement Findings section for additional background information.

The following comments were prepared by the public accounting firm of Clifton Gunderson LLP, which performed Fiscal Year 2007 audit work at the Department of Labor and Employment.

Cash Management

For Fiscal Year 2007 the Department of Labor and Employment (DOLE) expended $112 million in federal funds for the administration of 19 programs. The Department operates on a reimbursement basis with the federal government, expending general funds dollars for federal programs prior to requesting reimbursement for the appropriate federal share. The reimbursement process is governed by the federal Cash Management Improvement Act (CMIA). The purpose of CMIA is to minimize the time between when a state makes an expenditure for a federal program and when the federal reimbursement is received so neither party incurs a loss of interest on the funds. In other words, the intent is that the payment issued by the Department should clear the State's bank on the same day the federal reimbursement is received for the related expenditures.

Under CMIA the State must enter into a formal agreement with the federal Department of Treasury to establish reimbursement schedules for selected federal programs awarded to the State. The agreement sets forth an expenditure threshold to determine what programs will fall under CMIA. The threshold for Fiscal Year 2007 was $27.4 million. In Colorado, the State Treasury Department prepares and submits the agreement to the federal Department of Treasury. For Fiscal Year 2007, Colorado's CMIA agreement included four programs administered by the Department: Unemployment Insurance Program (CFDA No. 17.225), Workforce Investment Act – Adult Program (CFDA No. 17.258), Workforce Investment Act –

Youth Activities (CFDA No. 17.259), and Workforce Investment Act – Dislocated Workers (CFDA Nos 17.260). These programs covered under CMIA accounted for approximately $90 million, or 79 percent of the Department's total federal expenditures in Fiscal Year 2007. Programs not covered by the CMIA Agreement are subject to requirements for cash management contained in federal regulations and the grant award.

During Fiscal Year 2007, we performed testwork at DOLE to determine compliance with CMIA and cash management requirements. Specifically we noted the following, all of which occurred during June 2007:

- **Unemployment Insurance Program Administration.** According to the CMIA formal agreement, the Department should request reimbursement funds for the Unemployment Insurance Program Administration grant seven days from when the expenditures were incurred. We found that during June of 2007, the requests for administrative funds were drawn down for incorrect amounts and prior to the seven day requirement specified by the CMIA agreement. Specifically, on June 11, 2007, the Department requested $2.9 million while the accounting records supported a draw of only $140,000. The error was identified by Department staff through normal grant fund reconciliation procedures and the funds were returned to the federal government within seven days of the error. Additionally, on June 29, 2007 a draw was made for $2.3 million based on grant expenditures incurred between June 21st and June 27th. However, for compliance with CMIA, the draw should only have included expenditures incurred through June 22nd totaling $21,000. Further, the remaining funds drawn on June 29, 2007, were drawn sooner than allowed by CMIA, or between 1 to 5 days early for expenditures incurred between June 23rd and June 27th.

- **Unemployment Insurance Program Benefits.** According to the CMIA formal agreement, the Department should request funds for the Unemployment Insurance program benefits the same day as state warrants clear the bank. In order to calculate the amount of funds that are to be requested, DOLE considers deposits made into its benefit account, as well as all benefit warrants that cleared the bank. To comply with the CMIA requirement, DOLE has established an internal policy to maintain a maximum daily bank balance of $20,000 in the Unemployment Insurance Benefits bank account. The Department reports it established this policy to materially comply with CMIA, because of the significant number of warrants processed for the Unemployment Insurance Program. We found that 5 of the 25 (20 percent) draw requests tested for benefit payments resulted in cash balances in excess of the established policy, indicating non-compliance with the CMIA requirement. In total, for the month of June, 2007 and for the five

draws we identified, DOLE requested $714,000 of funds in excess of the established maximum account balance policy over a 15 day period.

In addition to the federal programs governed by the CMIA agreement above, DOLE also has other grants that operate on a reimbursement basis that are not part of the CMIA agreement. General cash management procedures are similar to those required under CMIA mentioned above; however, neither the state nor the federal government will incur an interest liability for these programs.

During Fiscal Year 2007, we also performed testwork at DOLE to determine compliance with federal grant cash management requirements for those programs not governed by CMIA. Specifically we noted the following, which occurred during June 2007:

- **Employment Services.** The Department requested a $723,000 reimbursement for the Employment Services grant cluster expenditures in error ($106,000 for CFDA No. 17.804; $117,000 for CFDA No. 17.801; and $500,000 for CFDA No. 17.207). The error was identified by Department staff through normal grant fund reconciliation procedures and the funds were returned to the federal government within seven days of the error.

As indicated above, the errors identified during the audit were isolated to June, 2007. The Department reports that the employee responsible for performing the Department's federal draws was on leave when the errors occurred.

It is important for the Department to ensure that all federal requests for reimbursement are in compliance with the CMIA agreement or other federal reimbursement guidelines. Noncompliance with CMIA requirements and other federal reimbursement guidelines would result in the federal government assessing an interest penalty against the Department.

(CFDA Nos. 17.207, 17.225, 17.801, 17.804; Employment Service/Wagner-Peyser Funded Activities, Unemployment Insurance, Disabled Veterans Outreach Program, Local Veterans' Employment Representative Program; Cash Management. Classification of Finding: Control Deficiency.)

Recommendation No. 109:

The Department of Labor and Employment should establish procedures to ensure compliance with CMIA and federal grant cash management requirements.

Department of Labor and Employment Response:

Agree. Implementation date: March 31, 2008.

CDLE will formalize draft procedures into written cash management procedures and follow these stated written procedures to comply with Cash Management Improvement Act (CMIA) requirements. CDLE will cross-train appropriate staff in cash management activities. Up until the single month of June 2007, the Finance Office had executed cash management activities in complete compliance with the CMIA. This is evidenced by the fact that there were no cited CMIA compliance issues for the previous 11 months of State Fiscal Year 2007. However, due to key staff shortages occurring at the fiscal year end, the CDLE did not execute cash management activities in compliance with the CMIA.

Federal Grants Payroll Timesheets

Under the Office of Management and Budget's *Circular A-87*, personnel activity reports based on actual time spent are required to support distribution of an employee's salary when an employee works on more than one federal grant program, on both federal and non-federal programs. The Department utilizes payroll timesheets to meet the requirement of the personnel activity reports and ensure an employee's salary is appropriately charged to the federal programs administered by the Department. In Fiscal Year 2007, total payroll costs (wages and benefits) charged to the Workforce Investment Act (CFDA Nos 17.258, 17.259, and 17.260) and Employment Services (CFDA Nos 17.207, 17.801, and 17.804) federal grants were approximately $4.1 million and $3.7 million, respectively.

Federal regulations require that the employee certify the personnel activity report. Further, State Personnel Rules require time sheets to be certified by the employee and supervisor, as the time sheet is the basis for compensation. To comply with federal and state regulations, Department policy requires all employees to certify their time sheets electronically through the Department's timekeeping system, KRONOS.

Based on our Fiscal Year 2007 testing of 25 employees that were charged to either the Workforce Investment Act or Employment Services federal grants, we identified issues with 6 time sheets, or 24 percent of the items tested. Specifically, we noted 5 individual timesheets were not signed by the employee and 1 individual timesheet was not signed by the manager evidencing approval of the time charged to the respective federal program.

During our Fiscal Year 2006 audit we noted a similar issue with time sheets for the Unemployment Insurance program. While we determined in Fiscal Year 2007 that the Department implemented the recommendation for the Unemployment Insurance program, the Department needs to ensure personnel costs are appropriately certified for all programs. Failure to prepare time sheets certified by the employee is a violation of federal regulations, State Personnel Rules, and Department policy and could result in unallowable costs being charged to the Workforce Investment Act or Employment Service Programs. This could cause payroll-related costs to be disallowed by the federal oversight agency.

(CFDA Nos. 17.207, 17.258, 17.259, 17.260, 17.801, 17.804; Employment Service/Wagner-Peyser Funded Activities, Workforce Investment Act Cluster, Disabled Veterans Outreach Program, Local Veterans' Employment Representative Program; Activities Allowed or Unallowed, Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 110:

The Department of Labor and Employment should ensure time sheets for the Workforce Investment Act and Employment Services federal grants are certified in accordance with federal regulations, State Personnel Rules, and Department policy by enforcing time sheet certifications by both the employee and supervisor.

Department of Labor and Employment Response:

Agree. Implementation date: March 31, 2008.

The CDLE utilizes the KRONOS time reporting system as its official timekeeping system. The paper time sheets that are certified will eventually be replaced by an electronic timesheet that automatically integrates into the KRONOS system. In the interim time, the Department will continue to ensure the paper timesheet certification continues for all business units at the CDLE.

Unemployment Insurance Reporting

Under federal regulations, the Department is required to prepare and remit several reports related to its Unemployment Insurance (UI) grant (CFDA No. 17.225) to the federal government on either a monthly or quarterly basis. For Fiscal Year 2007, the Department submitted six different reports which are used to assess financial status

of the unemployment insurance program, collect statistics on the programs, and report on the Department's performance. The unemployment insurance program is funded mainly through employer contributions. Further, the Department expended approximately $51 million of federal funds for the administration and paid out approximately $391 million of unemployment benefits during Fiscal Year 2007.

During Fiscal Year 2005 we found errors in two reports that were submitted to the federal government for the UI program. We recommended that the Department ensure amounts recorded in its reports to the federal government were accurate and should work to amend forms on a timely basis to correct any errors. The Department agreed with the recommendation.

During Fiscal Year 2006 the Department reported it was continuing to work to fully implement the recommendation by the September 2006 implementation date in Fiscal Year 2007.

For our Fiscal Year 2007 audit we determined the federal reports submitted by the Department were accurate and timely. However, we found that the Department has not established consistent procedures to ensure that all federal reports are properly reviewed and approved prior to transmission for the UI program.

Specifically, during our testing of the SF-269-Financial Status Report, ETA-2112-Unemployment Insurance Financial Transaction Summary, and ETA-191-Financial Status of Unemployment Compensation for Federal Employees and Unemployment Compensation for Ex-Service members (UCFE/UCX) we noted that each of these reports are prepared and submitted by the preparer, without the benefit of a supervisory review of the report and supporting documentation.

The Department is responsible for submitting accurate and complete reports, in which a key component is to ensure a proper secondary review is performed to lessen the risk of errors that could require subsequent corrections and submissions to the federal government.

(CFDA No. 17.225, Unemployment Insurance, Reporting. Classification of Finding: Control Deficiency.)

Recommendation No. 111:

The Department of Labor and Employment should improve controls over federal reporting by instituting a secondary review process to ensure amounts recorded on reports to the federal government are accurate and complete prior to submission.

Department of Labor and Employment Response:

Agree. Implementation date: April 2008.

CDLE will manage resources to ensure a quality review is performed by the key supervisor or subject matter expert(s) to minimize reporting errors. There are many obstacles in achieving flawless federal reports. Ultimately, the CDLE files accurate federal reports and has a good historical track record. In the event errors are discovered on federal reports per internal review or federal agency review, reports are quickly amended and resubmitted. The CDLE operated without key staff who actually prepared the majority of the federal reports requiring the supervisor to prepare and review his own work. A higher level review was conducted but could not compensate for a quality review that only the key supervisor and subject matter expert could give.

Workforce Center Monitoring

The Department of Labor and Employment administered approximately $39 million in federal funds for the Workforce Investment Act (WIA) (CFDA Nos. 17.258, 17.259, and 17.260) and $14 million for its Employment Services grants (CFDA Nos. 17.207, 17.801, and 17.804) during Fiscal Year 2007. The purposes of both grants seek to aid participants with job skills necessary to obtain and retain employment, as well as to reduce their potential dependency on welfare. In order to fulfill the purpose of the grants, the Department has organized the State into nine Workforce Regions. Approximately $41 million or 77 percent of the federal funds are distributed amongst workforce centers. The workforce centers provide a variety of employment services to eligible participants.

The federal Office of Management and Budget's *Circular A-133* requires monitoring of subrecipients' use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. Further, the federal Workforce Investment Act requires annual on-site monitoring.

The Department's Division of Employment and Training performs program monitoring to ensure compliance with the U.S. Department of Labor's administrative requirements and to ensure that established policies meet the Act's objectives. In addition, the Internal Audit Division is required under the Workforce Investment Act to perform fiscal monitoring to ensure compliance with federal cost principles.

Monitoring is completed on each of the nine Workforce Regions annually during the first half of the calendar year, and the reviews cover activities from the preceding calendar year.

During our Fiscal Year 2007 audit, we reviewed the program and financial monitoring procedures in place at the Department over the nine Regions. We found that fiscal monitoring was not completed on one of the Regions (11 percent) during Calendar Year 2006. This specific Region consists of eleven sub-regions and as of the end of October, 2007, fiscal monitoring had not been completed for Calendar Year 2007 on one of the 11 sub-regions.

The Department is ultimately responsible to the federal government to ensure subrecipient activities and expenditures are in compliance with federal regulations.

(CFDA Nos. 17.207, 17.258, 17.259, 17.260, 17.801, 17.804; Employment Service/Wagner-Peyser Funded Activities, Workforce Investment Act Cluster, Disabled Veterans Outreach Program, Local Veterans' Employment Representative Program; Subrecipient Monitoring. Classification of Finding: Control Deficiency.)

Recommendation No. 112:

The Department of Labor and Employment should complete annual on-site monitoring of all workforce centers in accordance with federal requirements.

Department of Labor and Employment Response:

Agree. Implementation date: November 2007.

CDLE will manage audit staff resources to ensure all reviews are performed by the prescribed due dates. CDLE executes an audit plan which provides for a complete review of all nine Regions over a set period of time. Due to a shortage of audit staff, one of the reviews could not be conducted within the required timeframe as planned by the CDLE. The Department subsequently completed the audit cycle by November 2007.

Department of Local Affairs

Introduction

The Department of Local Affairs is responsible for building community and local government capacity by providing training and technical and financial assistance to localities. The Department is comprised of the following major divisions: Executive Director's Office, Property Taxation, the Division of Housing, and the Division of Local Government. Please refer to the introduction in the Department of Local Affairs chapter within the Financial Statement Findings section for additional background information.

During Fiscal Year 2007 the Office of the State Auditor conducted the *Public Safety Radio Communications Performance Audit*, Report No. 1848, dated October 2007. The comments below were contained in that report.

Background

"Interoperable communications" is the ability of individuals in different public safety disciplines, such as law enforcement, fire safety, and emergency medical services, and in different jurisdictions, including federal, state, and local governments, to communicate with one another through radio systems. Interoperable communications is critical to the ability to respond to all types of emergencies and disasters. Events, such as Hurricane Katrina and the terrorist attacks of September 11, 2001, have shown how important it is that first responders be able to communicate with one another when an emergency or a disaster occurs.

There are essentially two ways to establish interoperability across disciplines and jurisdictions. The first and easiest way is to have everyone use the same radio system. Shared trunked systems, such as the Digital Trunked Radio (DTR) System, allow users from all across the State to share frequencies, or channels, and communicate with one another regardless of location, as long as coverage is available. Interoperability can be quickly and easily achieved if everyone is on the same shared trunked system because the users only need to select a common talk group on their radio and the system automatically assigns a channel. The second way to establish interoperability can be more difficult and is used when everyone is not on the same system. It requires implementing mechanisms or devices to link different types of systems together. For example, there are gateway devices that can be used to link a conventional system with another conventional system and/or with the DTR System or another shared trunked system. Linking two systems, however,

may require obtaining a radio from each different system and physically connecting the radios with one or more gateway devices. Thus, unlike a shared trunked system, such as the DTR System, establishing communications through a gateway device is not instantaneous and in an emergency critical time may be lost.

The first responders and public safety agencies in Colorado use a combination of these two approaches (shared trunked systems and linking devices) to establish interoperability. As discussed previously, many state and local agencies use the DTR System as their primary communications system. These agencies have shared channels and can talk with one another at any time, as long as they are located in an area with DTR System coverage. The DTR System, however, is just one piece of the State's interoperable capabilities. There are still state and local agencies that continue to use either conventional systems or shared trunked systems other than the DTR System as their primary communications systems. DTR System coverage has not been fully implemented in some western portions of the State due to funding limitations. Therefore, the DTR System is not an option at this time for state and local agencies in these areas; they must continue to use conventional radio systems or other shared trunked systems. Additionally, some local agencies have continued to use other radio systems, even though the DTR System is available in their areas. According to the Department of Personnel & Administration (DPA), the agency responsible for overseeing the state-owned portion of the DTR system, some of the reasons local agencies are not using the DTR System include a lack of funding to purchase digital radios or prior investments in different types of radio system.

This report discusses two aspects of the State's public safety communications capabilities. In this section we review statewide progress in developing interoperable communications, which is the ability of first responders to talk with one another when needed. In following section we discuss DPA's management of the state-owned portion of the DTR System. Both sections recommend ways to help improve statewide interoperable communications and to ensure that state-directed dollars are used effectively and accounted for appropriately.

Interoperability

According to the U.S. Department of Homeland Security, strengthening interoperable communications is a national priority. Colorado has also recognized the importance of interoperability. In 1998, before the events of September 11 or Hurricane Katrina, the General Assembly established in the statute (Section 24-30-901, C.R.S.) that "an essential component of a viable telecommunications policy is the availability of a statewide, interoperable public safety radio communications system . . . ."

Additionally, Colorado's State Homeland Security Strategies for 2003 through 2006, developed by the Department of Local Affairs (DOLA) and the Department of Public Safety (DPS), included strengthening interoperable communications capabilities and achieving statewide interoperability as top priorities. According to the 2006 State Strategy, Colorado intends to achieve statewide interoperability by (1) expanding the DTR System and (2) maintaining a statewide operational plan for interoperable communications. Further, the U.S. Department of Homeland Security requires states receiving Homeland Security Grant funds to assess their current communications capabilities, target grant funding to improve interoperability in areas with the greatest risks and needs, and conduct statewide planning to improve interoperable communications.

To date Colorado has allocated about $135 million in state-directed funds, in addition to funds contributed by local governments, to improve statewide interoperable communications. We reviewed Colorado's progress in achieving statewide interoperability, as set forth in state statutes, federal goals and grant requirements, and the State Homeland Security Strategy. Specifically, we assessed (1) the availability of data necessary to evaluate statewide communications capabilities, system usage, and needs; (2) how the Department of Local Affairs targets funds to further statewide interoperability and address risk; and (3) the State's strategic approach to achieving interoperability. We discuss our findings in each of these areas below.

Data for Assessing Interoperability

The General Assembly, through the statute (Section 24-32-2116, C.R.S.), and the U.S. Department of Homeland Security, through grant provisions, require DOLA to prepare a statewide interoperable communications plan. According to state and federal requirements, this plan is to include (1) a state strategy for improving statewide interoperability; (2) an assessment of the State's current communications capabilities; (3) provisions for funding or identifying funding sources that can be used to improve and sustain interoperable communications; (4) plans for a statewide training, testing, and exercise program; and (5) tactical procedures for establishing interoperability. To prepare this plan, DOLA must have comprehensive data on the State's current communications capabilities, any gaps in those capabilities, and the additional capabilities and resources needed for the State to achieve interoperability.

We reviewed the information available on statewide communications capabilities and needs to assess the extent to which statewide interoperability has been achieved. Overall, we found that there are indications that progress has been made in achieving statewide interoperability since 1998. As noted previously, DPA data indicate that the statewide DTR System currently has coverage in 86 percent of the State. Additionally, staff report that state and local agencies were able to use the System

successfully to communicate with one another during recent state emergencies, including the Holly tornado. However, we found that the fundamental data are lacking to fully determine how much progress has been made in achieving statewide interoperability. Additionally, the limited data that are available are not complete or sufficient to assess the extent to which statewide interoperability has been achieved, identify gaps in capabilities, or determine and quantify the resources needed to become fully interoperable. Specifically, at the time of our audit, DOLA did not have comprehensive statewide information on (1) the total number of public safety and first responder agencies in the State; (2) the types of communications systems used by the public safety and first responder agencies; (3) which public safety and first responder agencies need to communicate with one another, either within or outside of their own jurisdiction, and whether they are able to adequately establish communications for routine operations or in the event of an emergency; (4) the number of digital trunked radios, gateway devices, or other equipment needed by local public safety and first responder agencies to become fully interoperable statewide; or (5) the need for additional training, testing, and exercising to effectively operate the communications systems that are in place during an emergency. We discuss the data issues we found related to assessing statewide communications capabilities, systems usage, and needs in the following sections.

Communications Capabilities

To achieve statewide interoperability, the State must first identify its current communications capabilities and determine where the State's interoperable capabilities are lacking. To this end, the U.S. Department of Homeland Security has required each state to submit a statewide interoperable communications plan by the end of Calendar Year 2007 as a condition of receiving 2006 and 2007 Homeland Security Grants, as well as to qualify for federal Public Safety Interoperable Communications grant funds. The statewide plan is to include, among other things, an assessment of the State's current communications capabilities.

To assess the State's progress in achieving statewide interoperability, we first reviewed information on statewide communications capabilities prepared by the nine all-hazards regions and submitted to DOLA in October 2006. DOLA asked each of the nine regions to self-assess its overall communications capabilities against 16 measures. We found that the regional self-assessments were not based on quantifiable, verifiable data, and the information provided through the assessments was not sufficient to comprehensively assess statewide communications capabilities and identify gaps.

The self-assessment measures were meant to provide information on the extent to which each region had communications systems in place that would allow public safety and first responder agencies in the regions to communicate with other public

safety and first responder agencies when necessary. For example, each region was asked to assess the extent to which interoperable communications in the region exist (1) across disciplines, (2) across jurisdictions, (3) between the State and local governments, and (4) with federal government responders with which first responders in the State need to communicate.

We evaluated the information reported by the nine regions and found that none of the regions reported they had achieved full communications capabilities as defined by the 16 measures. The following table shows the average capability rating reported by each region. As the table shows, on a scale of "0" (low) to "5" (high), the average ratings ranged from 2.3 to 3.6, which means that, overall, the regions reported that they are either in the "initial efforts" or have made "moderate progress" toward achieving interoperability.

Department of Local Affairs
Homeland Security Grant Program
Self-Assessed Communications Capabilities
Nine All-Hazards Regions
October 2006

Region [1]	Communications Capabilities Rating[2] (based on a rating scale of 0 to 5)
1	2.3
2	2.6
3	2.6
4	2.8
5	3.1
6	3.1
7	3.1
8	3.3
9	3.6

Source: Office of the State Auditor's analysis of capabilities data collected by the Center for the Study and Prevention of Violence at the University of Colorado at Boulder on behalf of the Department of Local Affairs.

[1] A random identifying number has been assigned to each region for confidentiality purposes.

[2] The regions were asked to rate their communications capabilities for each of 16 measures according to the following scale: (0) "no recognition of need," (1) "recognition of need," (2) "initial efforts," (3) "moderate progress," (4) "sustained efforts," or (5) "output achieved." These measures assessed the extent to which the region had communications systems in place that would allow public safety and first responder agencies in the region to communicate with other public safety and first responder agencies.

Overall, there were certain communications capabilities that received particularly low ratings by most of the regions. For example, of the nine regions:

- Eight reported a score of 2 ("initial efforts") or less when assessing their progress toward achieving interoperable communications with federal government first responders.

- Six reported a score of 2 ("initial efforts") or less when assessing their progress in establishing interoperability solutions for all first responders that do not require intervention by a third party (e.g., a dispatcher does not have to physically patch two or more systems together).

- Five reported a score of 2 ("initial efforts") or less when assessing whether they regularly test or exercise their plans, procedures, and use of interoperable communications equipment.

These ratings indicate that there are still some serious deficiencies in self-assessed statewide communications capabilities. However, there were no baseline data with which to compare the results of the regional self-assessments to determine how much statewide communications capabilities have improved since 1998, after investing approximately $135 million in state-directed funds in interoperable communications. Additionally, since DOLA did not require the regions to provide quantifiable data to support their assessments, the self-assessments cannot be used to systematically identify the additional needs and resources for addressing those gaps. As a result, the regional self-assessments have limited value in identifying improvements needed to attain interoperable communications or directing additional funding. Therefore, the State may not be able to rely on the self-assessments as an accurate representation of the regions' communications capabilities to respond effectively to a disaster.

Communications System Usage

Our second approach in attempting to assess statewide interoperable capabilities was to work with DOLA in an effort to obtain an inventory of the public safety and first responder agencies in the State, identify the types of communications systems used by these agencies, and determine the extent to which these agencies use the statewide DTR System as one of their primary communications systems. As discussed previously, the State Homeland Security Strategy specifically states that expanding the DTR System is a primary mechanism for achieving interoperability. We found that DOLA does not maintain sufficient information to comprehensively identify a complete inventory of the public safety and first responder agencies in the State or the types of communications systems these agencies are using. Further, we found

that there are no standard definitions to consistently identify the state and local public safety and first responder agencies.

During the audit DOLA began collecting data on the public safety and first responder agencies in the State at our request. According to the information reported by DOLA, there are approximately 700 public safety and first responder agencies in the State. Of these, DOLA reports about 300 use the statewide DTR System as their primary communications system, another 300 use conventional systems as their primary communications systems, and about 100 use shared trunked systems other than the statewide DTR System as their primary communications systems. However, we found that the information collected by DOLA is not consistent with information provided by DPA on DTR System users. As the agency responsible for overseeing the state-owned portion of the DTR System, DPA maintains information on DTR System user agencies. According to DPA and the Consolidated Communications Network of Colorado (CCNC), as of September 2007, there were about 500 public safety and first responder agencies using the statewide DTR System as their primary communications system. DPA and the CCNC did not have information on agencies using conventional or other shared trunked systems. We could not reconcile the data provided by DOLA with the information provided by DPA and the CCNC, in part because of the lack of a standard definition of public safety and first responder agencies and differences in the types of agencies included in the data. As a result, the data could not be used to fully identify the State's inventory of public safety and first responder agencies or the types of communications systems used by these agencies.

In another attempt to determine the types of communication systems public safety agencies are using, we asked DOLA to collect information on the number of dispatch centers in the State and the types of communication systems used by the dispatch centers. As discussed previously, dispatch centers coordinate the day-to-day radio communications for public safety agencies, and a single dispatch center often serves multiple public safety disciplines, sometimes within multiple jurisdictions. According to information provided by DOLA, of the approximately 100 dispatch centers in the State, about 35 use conventional radio systems, about 30 use the statewide DTR System, about 15 use other types of shared trunked radio systems, and about 20 use both conventional and shared trunked systems. Of the about 30 dispatch centers that use the statewide DTR System, all but one are located in counties that have widespread DTR System coverage. Conversely, of the approximately 35 dispatch centers that use conventional systems, 5 are in counties where DTR System coverage is sparse. While these data suggest that the State is not yet fully interoperable, because of the lack of information on the inventory of public safety agencies in each dispatch area and the types of communications systems the agencies use, the data are insufficient to determine the additional steps needed to achieve statewide interoperability.

Communications Needs

Finally, in addition to reviewing the limited data available on statewide communications capabilities, we attempted to identify the communications needs that must be addressed for the State to attain a desired level of interoperable communications. Identifying needs and quantifying the resources required to meet those needs is the next step once communications capabilities and gaps are identified. As discussed previously, the U.S. Department of Homeland Security requires states to identify and prioritize needs. Additionally, the statewide interoperable communications plan, due by the end of Calendar Year 2007 as a condition of receiving federal grant funds, requires DOLA to include provisions for funding or identify funding sources that can be used to improve and sustain interoperable communications.

We reviewed the extent to which DOLA has identified statewide communications needs and found that data are insufficient to comprehensively determine the additional capabilities and resources required to achieve statewide interoperability for local jurisdictions. For example, at the time of our audit, DOLA did not have comprehensive information on the number of digital trunked radios or linking devices needed by local public safety and first responder agencies to become interoperable or on the additional trainings and exercises needed for first responders to ensure agencies can establish interoperable communications during an emergency. Neither the communications capabilities self-assessments prepared by the regions nor the 2006 regional interoperable communications plans identified or quantified the needs and resources that would be required to attain interoperability. The regions provided some information on their interoperable communications needs in their 2004 through 2006 Homeland Security Grant applications. However, the individual communication projects identified by the regions in their grant requests were not part of a regional or statewide interoperable communications plan, and thus, there is no way to determine if by funding these specific projects, regions would be able to achieve full interoperability. For example, the regions requested about $23 million for interoperable communications equipment in their 2007 Homeland Security Grant requests. Without viewing these requests within the context of a regional or statewide plan, it is unclear how much unmet need will be addressed by these funds. At the state level, DPA has assessed its needs and estimates that to finish transitioning state agencies to the DTR System, it needs an additional $13 million to upgrade DTR System equipment and purchase additional radios for state agencies. DPA estimates the total cost to the State of implementing the DTR System will be approximately $68 million, which includes the estimated $13 million.

The lack of comprehensive data on statewide communications capabilities and needs prevents DOLA from being able to measure the State's progress in achieving statewide interoperable communications or identify additional needs and resources

required to ensure communications preparedness during an emergency. The lack of data also hinders the State's ability to develop a viable statewide interoperable communications plan, as required by the General Assembly under the statute (Section 24-32-2116, C.R.S.), and by the U.S. Department of Homeland Security through grant requirements. To ensure sound interoperable communications planning and accountability for targeting funds, DOLA needs to implement mechanisms to collect reliable and sufficient data on current statewide communications capabilities and needs, as well as the resources required, to achieve statewide interoperability. DOLA should also consider working with DPA, as necessary, when developing these mechanisms and collecting data to help ensure that DOLA obtains the appropriate information. DPA, as the manager of the state-owned portion of the DTR System, has technical expertise related to communications technology and could provide valuable assistance to DOLA.

(CFDA Nos. 97.004, 97.008, 97.067; State Domestic Preparedness Equipment Support Program, Urban Area Security Initiative, Homeland Security Grant Program; Other. Classification of Finding: Significant Deficiency.)

Recommendation No. 113:

The Department of Local Affairs should improve the quality of statewide interoperable communications planning and ensure accountability for targeting funds by working with the Department of Personnel & Administration, as necessary, to implement mechanisms to collect reliable and sufficient data on the State's current communications capabilities and needs, as well as the resources required, to achieve statewide interoperability.

Department of Local Affairs Response:

Agree. Implementation date: June 2008.

The first portion of the recommendation regarding implementation of improvements in the quality of planning and accountability for targeting funds by working with the Department of Personnel & Administration (DPA) will be implemented by the end of December 2007, utilizing federal grant funds recently made available.

The second portion of the recommendation regarding the implementation of mechanisms for gathering reliable and sufficient data on current communications capabilities, needs, and resources required will be fully implemented in concert with DPA, the Department of Public Safety, Homeland Security Regions, and local governments by June 2008. The

specific dates and extent of the data will depend in part upon resources available to effect such implementation from state, federal, and other sources.

Targeting Funds

As early as 2003, the federal government, through the Homeland Security Grant Program, emphasized the importance of allocating limited funds on the basis of risk and prioritized needs, since no state can prepare for every possible terrorist attack, disaster, or major emergency. More recently, the December 2005 National Preparedness Goal issued by the U.S. Department of Homeland Security indicated that states must prioritize their needs, including those related to interoperable communications, and develop a strategic plan for improving preparedness based on risk and need. Similarly, the 2006 State Homeland Security Strategy prepared by DOLA and the Department of Public Safety (DPS) states that Colorado should direct resources toward the areas with the greatest need and threat. To ensure funds are targeted to the State's most significant interoperable communications needs, data on security risks and communications needs, along with other factors such as capabilities and available resources, must be viewed together so that funding priorities can be identified.

In Colorado, two state agencies have responsibilities that impact the State's ability to target its interoperable communications resources toward areas with the greatest risk and need. First, DOLA is responsible for distributing state and federal grant funds to state agencies and local jurisdictions for the purpose of improving statewide interoperability. During 2004 through 2006, DOLA awarded more than $44 million in Homeland Security Grants to state agencies and to local governments for the purpose of purchasing interoperable communications equipment. Federal requirements for these grants specifically directed DOLA to consider statewide risks and prioritized needs as primary factors when distributing these funds. Additionally, DOLA distributed about $35 million in Colorado Wireless Interoperability Network (CWIN) Initiative funds through Energy and Mineral Impact Grants to local governments during 2005 and 2006 to expand the statewide DTR System infrastructure.

Second, DPS is responsible for assessing statewide risks and vulnerabilities and identifying the State's critical infrastructures. Critical infrastructures are assets that if damaged or destroyed could have devastating consequences to the State with respect to its economy, public safety, and public health. Examples of critical infrastructures include reservoirs, dams, hospitals, and major highways. Information on the State's risks, vulnerabilities, and critical infrastructures is necessary for DPS to ensure the State's readiness to respond to, including communicating during, an emergency. When assessing risks and vulnerabilities, DPS considers factors such

as the commerce, public health, and transportation risks in a particular area and the likelihood that a particular threat will occur. When making its assessment, DPS collects information from each of the nine all-hazards regions on the risks, vulnerabilities, and critical infrastructures in the region. DPS is responsible for compiling this information and determining which areas or critical infrastructures in the State are considered to be higher risk and most vulnerable. DPS then assigns a risk level to the region of "High," "Medium," or "Low" based on this assessment.

We reviewed DOLA's distribution of grant funds to the regions from 2004 through 2006 and found that DOLA did not sufficiently consider risk, capabilities, needs, available resources, and other relevant factors when prioritizing and allocating funds. First, we found DOLA did not prioritize statewide interoperable communications needs on the basis of risk when making these grant distributions. We compared DPS's risk data and DOLA's Homeland Security funding allocations for each of the nine regions and found problems with the correlation between risk levels and funding allocations. Although the region with the highest risk level received the most grant funds (more than $20 million), four regions assessed at a "Medium" risk level received, in total, $9.2 million in grant funds, while the four regions assessed at a "Low" risk level received, in total, $11.1 million. One low-risk region alone received $4.5 million, which was the second highest amount of grant funds distributed for interoperable communications equipment during this period.

Second, we found that DOLA did not have a systematic method for evaluating specific funding requests for interoperable communications projects against statewide interoperable communications risk, needs, and priorities. From a statewide perspective, communications priorities from one region may not have the same weight as priorities from another region. DOLA's fragmented approach to prioritizing needs does not maximize limited funds. All state-directed funding, including Homeland Security and CWIN grants allocated to improve interoperability, should be prioritized on the basis of risks and needs. The importance of developing a statewide approach for prioritizing risks and needs was discussed in our October 2005 *Homeland Security Grant Program Performance Audit*.

To date about $135 million in state-directed funds has been allocated for statewide interoperability, and the State has limited additional dollars available to allocate toward improving statewide interoperable communications. It is important that these funds be directed toward improving communications capabilities in those areas with the greatest needs and highest risks. Therefore, DOLA should improve its practices for evaluating communications capabilities, needs, risks, and available resources and ensure these evaluations consider risks and priorities from a statewide perspective. Funds intended to promote interoperability from any funding source should be targeted based on statewide priorities and result in measurable improvements to statewide interoperability. DOLA should also consider working with DPS, as necessary, when evaluating statewide risks since DPS has specialized expertise in

assessing public safety risks. According to DOLA, staff considered regional risk levels when making 2007 Homeland Security Grant allocations. Considering risk is a positive change in DOLA's grant allocation process and should be expanded to address statewide priorities based on the analysis of solid risk, needs, and other relevant data.

(CFDA Nos. 97.004, 97.008, 97.067; State Domestic Preparedness Equipment Support Program, Urban Area Security Initiative, Homeland Security Grant Program; Other. Classification of Finding: Significant Deficiency.)

Recommendation No. 114:

The Department of Local Affairs should improve its practices for evaluating communications capabilities, needs, and risks and ensure these evaluations consider risks and priorities from the statewide perspective, working with the Department of Public Safety as necessary. Grant funds from available funding sources should be targeted toward those communications projects that address the State's greatest risks, needs, and any other relevant factors and result in measurable improvements to statewide interoperability.

Department of Local Affairs Response:

Agree. Implementation date: June 2008.

This recommendation was adopted and implemented as a part of the State's review and recommendations on the federal fiscal year 2007 grant cycle and has been institutionalized in the Homeland Security Grant review solicitation, review, and approval process for federal fiscal year 2008 and future years. Other grant funds that might be made available to meet the need for communications will target projects that address the State's greatest risks, needs, and other relevant factors.

Department of Public Health and Environment

Introduction

The Department of Public Health and Environment is responsible for improving and protecting the health of people of Colorado, maintaining and protecting the quality of Colorado's environment, and ensuring the availability of health and medical care services to individuals and families. Please refer to the introduction in the Department of Public Health and Environment chapter within the Financial Statement Findings section for additional background information.

The following comments were prepared by the public accounting firm of BKD, LLP, which performed Fiscal Year 2007 audit work at the Department of Public Health and Environment.

Cash Management

The Department is responsible for administering the federal Special Supplemental Nutrition Program for Women, Infants, and Children or "WIC" (CFDA No. 10.557). The objective of this program includes providing supplemental nutritious foods, nutrition education, and referrals to health care for low-income persons during critical periods of growth and development. During Fiscal Year 2007 this program provided these services to 147,800 women, infants and children.

Under federal regulation, the Department must ensure that the WIC program conforms to the Cash Management Improvement Act (CMIA). For Fiscal year 2007, expenditures for the WIC program totaled approximately $72.6 million in federal funds. The purpose of CMIA is to minimize the time between when a state makes an expenditure for a federal program and when the federal reimbursement is received so neither the federal government nor the State incurs a loss of interest on the funds. In other words, the intent is that the payment issued by the Department should clear the State's bank on the same day the federal reimbursement is received for the related expenditure. Under CMIA, the State must enter into a formal agreement with the federal Department of the Treasury to establish reimbursement schedules for selected federal programs awarded to the State. In Colorado, the State Treasury Department prepares and submits the agreement to the federal Department of the Treasury. The goal of

CMIA is to regulate the federal grant payment process to state governments and minimize interest earnings or losses by either entity.

The CMIA Agreement requires the Department to request federal reimbursements on the fourth day or eighth day after incurring the qualifying expenditure, depending upon the type of payment. This time frame for requesting reimbursement is referred to as the "draw pattern." The Department must comply with the four-day draw pattern for expenditures that include a food voucher and the eight-day draw pattern for all other expenditures. Food voucher draws make up 73 percent of the expenditures covered by CMIA and non-food vouchers make up the remaining 27 percent.

Department staff are trained on the process needed to comply with requirements in the CMIA Agreement. These processes include the staff's daily review of the expenditures recorded in the State's accounting system, COFRS, and entering these expenditures into a spreadsheet. During November 2006, the Department automated the spreadsheet to include an automatic date calculation for the four and eight day draw pattern using the "WORKDAY" function, which accounts for workdays and holidays. The Deputy Controller then reviews these requests at least weekly after the draw requests have been submitted for payment.

During our Fiscal Year 2007 audit, we noted one area of concern related to the Department's cash management process. Specifically, we noted an instance in which the Department did not comply with the draw patterns in the CMIA Agreement. This issue is discussed below.

We selected a sample of 30 draws for the WIC program and tested these items to determine if the Department was in compliance with the CMIA Agreement. We found one of the 30 sampled transactions did not comply with CMIA requirements. This transaction related to a non-food voucher in which the Department must comply with an eight day draw pattern. Specifically, the Department requested federal reimbursement one day earlier than the Agreement stipulates. The lack of timely federal draws represents a potential loss of interest to the U.S. Department of Treasury.

In this case, the timing of the draw request occurred before the Department's implementation of the automated spreadsheet during November 2006 to track the four day and eight day draw pattern as stipulated in the CMIA Agreement.

The total number of WIC draws for the year was 168 for approximately, $52.5 million.

(CFDA No. 10.557; Special Supplemental Nutrition Program for Women, Infants, and Children; Cash Management. Classification of Finding: Control Deficiency.)

Recommendation No. 115:

The Department of Public Health and Environment should comply with draw patterns in the Cash Management Improvement Act (CMIA) Agreement.

Department of Public Health & Environment Response:

Agree. Implementation date: Implemented.

The Department of Public Health and Environment will continue to comply with draw patterns in the CMIA agreement. The Fiscal Year 2007 WIC draw in question occurred in early September of 2006, well before the auditors had completed their Fiscal Year 2006 CMIA test work and the Department was made aware of any issue related to the manual calculation of the draw dates. As stated in the auditor's finding, in November 2006, the Department promptly implemented the automated Microsoft Excel tracking spreadsheet used for recording the expenditures and calculating the draw dates for the WIC program. The auditor found no draw exceptions after the implementation of our automated tracking spreadsheet.

During Fiscal Year 2007 the Office of the State Auditor conducted the *Nursing Facility Quality of Care Performance Audit*, Report No. 1767, dated February 2007. The information and comments below were contained in that report.

Background

A nursing home is a residential long-term care health facility that offers a room, meals, and daily living assistance to people who are physically or mentally unable to live independently, and who require continuous or regular medical care. Nursing homes that participate in Medicaid are referred to as "nursing facilities" and provide residents with basic custodial care, such as assistance with activities of daily living and, in most cases, medical treatment for chronic illness or disability on a long-term basis. Nursing homes that participate in Medicare are referred to as "skilled nursing facilities" because they provide residents with more complex medical services, including extensive monitoring, pre- or post-operative care, and rehabilitation therapies. Medicare residents typically only receive skilled nursing care for a short time (i.e., up to 100 days following hospitalization) until the resident can be returned home. We use the terms

nursing home and *nursing facility* interchangeably to refer to homes that accept both Medicaid and Medicare residents. We specify when the discussion applies to nursing homes that only accept private pay residents (i.e., those facilities that do not accept any Medicaid or Medicare residents).

As of June 30, 2006, there were 217 nursing facilities in Colorado with a total of about 20,300 licensed beds. Of the total licensed beds, about 16,900 were occupied, yielding an overall occupancy rate of nearly 84 percent. Approximately 59 percent of all occupied nursing facility beds were occupied by Medicaid residents, 28 percent were occupied by private pay residents, and 13 percent were occupied by Medicare residents. All but six nursing facilities in Colorado participated in Medicare, Medicaid, or both federal programs.

According to state law [Section 25-3-101(1), C.R.S.], all nursing homes that operate in Colorado must be licensed health care facilities. This includes those nursing homes that only accept private pay residents. Facilities that serve Medicare and Medicaid residents must also meet federal health, safety, and quality-of-care standards. Thus, oversight for most nursing homes is a shared responsibility between the state and federal governments.

Centers for Medicare and Medicaid Services (CMS)—Under the authority of Titles XVIII and XIX of the Social Security Act, the federal government establishes health, safety, and quality-of-care standards that nursing facilities must meet as a condition of participation in Medicare and Medicaid. CMS is within the U.S. Department of Health and Human Services and is the federal agency responsible for administering and overseeing the standards and compliance aspects of these programs. As mandated by the Social Security Act, CMS enlists the help of state health agencies to determine whether nursing facilities participating in Medicare or Medicaid meet federal requirements.

Colorado Department of Public Health and Environment (CDPHE)—CDPHE is responsible for licensing nursing facilities in accordance with state laws and regulations. In addition, CDPHE is responsible under an agreement with CMS for "certifying" nursing facilities. Certification is a term used to refer collectively to activities and processes performed by CDPHE to determine whether Colorado nursing facilities participating in Medicare and Medicaid comply with federal requirements. CDPHE makes its certification recommendations to CMS based on the results of unannounced routine inspections called certification surveys. CDPHE also provides ongoing monitoring by investigating complaints and occurrences (i.e., self-reported incidents, such as allegations of resident abuse or injuries of unknown source). State survey teams issue deficiency citations to nursing facilities for noncompliance with federal regulations. Deficiencies typically

result in enforcement remedies being taken against the facility and include such things as a directed plan of correction, assessment of civil money penalties, denial of payments, and termination from the Medicare or Medicaid programs.

Colorado Department of Health Care Policy and Financing (HCPF)—HCPF is the state agency responsible for overseeing the Colorado Medicaid Program. As such, HCPF provides policy and financial oversight of nursing facilities participating in Medicaid. HCPF develops and administers a reimbursement rate schedule in accordance with the methodology prescribed by state statute [Section 25.5-6-204, C.R.S.]. This methodology is intended to result in reimbursement rates that cover the actual or reasonable cost of providing care to Medicaid residents. In Fiscal Year 2006 the State paid a total of about $456.5 million—about half of which was state general funds and half of which was federal matching funds—on Medicaid reimbursement to nursing facilities. HCPF contracts with an independent accounting firm to audit facilities' Medicaid cost reports and to determine reimbursement rates and associated adjustments that are the basis for paying claims. HCPF also audits nursing facility billing practices and resident fund accounts, monitors changes in facility ownership, and administers other processes related to Medicaid benefits for residents.

Health Facilities and Emergency Medical Services Division

The Health Facilities and Emergency Medical Services Division (Division) is the organizational unit within CDPHE that is directly responsible for the licensing and certification of nursing homes. In Fiscal Year 2006, the Division had expenditures totaling about $15.3 million, about $9.1 million (59 percent) of which directly supported the health facility licensing and certification programs. The Division's licensing and certification activities extend beyond nursing homes and include 18 other types of health care facilities, such as hospitals, acute treatment units, community clinics, assisted living residences, and intermediate care facilities for the mentally retarded. Financial support for the Medicare and Medicaid certification program comes primarily from federal funds. Under its agreement with the State, the federal government funds 100 percent of the cost of certifying nursing facilities to participate in Medicare. The federal government also funds 75 percent of the cost of certifying nursing facilities to participate in Medicaid. The remaining 25 percent of Medicaid certification costs are paid with state general funds. We estimate that an average of about 71 percent of the Division's total certification program expenditures are specifically for the cost of certifying long-term care facilities.

Nursing Facilities Section

The Nursing Facilities Section (Section) is the organizational unit within HCPF that directly oversees nursing homes participating in Medicaid. In Fiscal Year 2006, the Section had expenditures totaling $1.7 million, about $1.1 million (65 percent) of which were paid to HCPF's contract auditor. These contract services are for audits of nursing facility Medicaid cost reports, determining allowable costs for reimbursement under Medicaid, and establishing Medicaid reimbursement rates and adjustments in accordance with the methodology prescribed by state statute. Funding to support the Section comes from state general funds and federal matching funds; the federal matching rate ranges from 50 percent to 75 percent, depending on the activity.

Monitoring

Background

The oversight of quality of care in nursing homes is a shared responsibility between the federal and state governments. In Colorado, the Department of Public Health and Environment (CDPHE) is responsible under an agreement with the federal Centers for Medicare and Medicaid Services (CMS) for "certifying" that nursing facilities participating in the Medicare and Medicaid programs comply with federal health, safety, and quality of care standards. CDPHE is also responsible for licensing all nursing facilities in accordance with state laws and regulations, including those nursing homes that only accept private pay residents. At the time of our audit, all but 6 of Colorado's 217 nursing facilities participated in Medicare or Medicaid. Thus, most of CDPHE's monitoring efforts focus on determining compliance with federal requirements. One of the primary ways that CDPHE oversees quality of care at nursing homes is through unannounced routine inspections called certification surveys. In addition to certification surveys, CDPHE investigates complaints filed against nursing facilities, as well as occurrences, which are incidents such as allegations of resident abuse or injuries of unknown source that nursing facilities are required by law to self-report to CDPHE.

During our audit we reviewed CDPHE's practices for conducting certification surveys in accordance with applicable requirements. We also reviewed processes for scheduling surveys, investigating complaints and occurrences, soliciting feedback from nursing facilities, identifying and mitigating conflicts of interest, and screening surveyors prior to employment. CDPHE has made changes to its operations in recent years and has met or partially met the federal performance standards prescribed by CMS in Federal Fiscal Years 2001 through 2005 for state

long-term care monitoring functions. Nonetheless, we found problems in some of the same areas covered in our September 2000 *Nursing Facility Quality of Care Performance Audit*. This section includes our findings and recommendations related to improving the State's oversight of nursing facilities, including recommendations to strengthen controls over the certification survey process, schedule surveys more unpredictably, ensure the timely investigation of complaints and occurrences, and address potential or perceived conflicts of interest.

Certification Surveys

As mentioned earlier, nursing facilities that participate in Medicare and Medicaid are subject to routine inspections called surveys. Surveys ascertain whether the facility meets applicable federal requirements and evaluate the facility's performance and effectiveness in rendering a safe and acceptable quality of care to residents. As the State's designated Survey Agency, CDPHE conducts an initial certification survey when a facility first joins Medicare or Medicaid. Subsequent recertification surveys are conducted on a regular basis. We use the term *certification survey* to refer to both the initial and subsequent inspections.

CDPHE is required to conduct a certification survey of each Medicare and Medicaid nursing home at least once every 15 months. The statewide average interval between certification surveys for all facilities cannot exceed 12 months. Surveys are unannounced and conducted by interdisciplinary teams of health professionals; each survey team must include at least one registered nurse. Surveys generally take about one week to complete, including three to four days on-site at the nursing home. CDPHE completed an average of about 219 nursing facility certification surveys annually during Fiscal Years 2002 through 2006.

When surveyors identify noncompliance with federal standards, they cite the nursing home with a deficiency. State survey teams assess how many residents or staff are affected by or involved in the deficient practice (i.e., scope), and the amount of actual or potential harm caused to residents (i.e., severity). The scope and severity determinations result in the assignment of a letter code—A through L—with "A" signifying the least serious and isolated deficiencies and "L" signifying the most serious and widespread deficiencies. Under the federal certification system, CDPHE recommends enforcement remedies based on the scope and severity of the deficiencies, as well as on the facility's compliance history. CMS imposes the final enforcement remedies for all Medicare-only and dual Medicare/Medicaid-certified facilities. The Department of Health Care Policy and Financing (HCPF) imposes the final enforcement remedies for all Medicaid-only facilities. Available enforcement remedies include such things as

a directed plan of correction, assessment of civil money penalties, denial of payments, and termination from the Medicare or Medicaid programs.

The table below shows a breakdown by scope and severity of the approximately 9,800 deficiencies cited by state survey teams on certification surveys conducted in Colorado nursing homes during Fiscal Years 2002 through 2006.

Department of Public Health and Environment
Nursing Facility Certification Survey Deficiency Citations
Fiscal Years 2002–2006

Severity	**Scope**		
	Isolated	*Pattern*	*Widespread*
Immediate Jeopardy Residents are at immediate risk for serious injury or death.	**J** 20 0.2%	**K** 14 0.1%	**L** 3 0.0%
Actual Harm Residents' ability to reach their highest physical and mental well-being is compromised.	**G** 782 8.0%	**H** 44 0.5%	**I** 0 0.0%
Potential for More Than Minimal Harm Minimal harm or discomfort to residents or the potential of actual harm to residents.	**D** 5,552 56.7%	**E** 2,109 21.5%	**F** 94 1.0%
Potential for Minimal Harm Potential of no more than minimal harm to residents.	**A** 401 4.1%	**B** 648 6.6%	**C** 121 1.2%
Total Deficiencies Cited = 9,788			

Source: Office of the State Auditor's analysis of health survey deficiency data provided by the Department of Public Health and Environment.

Notes: Numbers represent the number of deficiencies cited at each scope and severity level across all federally certified nursing facilities during Fiscal Years 2002 through 2006. Percentages represent the percentage of deficiencies cited at each scope and severity level out of the total number of deficiencies cited across all scope and severity levels.

More than three-quarters (about 78 percent) of the nursing home deficiencies cited over the last five fiscal years had a scope and severity of "D" or "E," indicating noncompliant facility practices with the potential for more than minimal harm to one or more than a very limited number of residents. Less than 1 percent of deficiencies cited constituted an immediate jeopardy situation in which residents were at immediate risk of serious injury or death. Facilities cited with deficiencies at a scope and severity of "A" through "C" are still considered to be in substantial compliance with federal regulations.

The total number of deficiencies cited by state survey teams has increased by about 41 percent over the last five years from about 1,700 deficiencies in Fiscal Year 2002 to about 2,400 deficiencies in Fiscal Year 2006. There were a total of about 229 licensed nursing facilities in Fiscal Year 2002 and about 217 licensed nursing facilities in Fiscal Year 2006. Although not all licensed nursing facilities undergo a certification survey (i.e., private pay nursing homes), surveyors appear to be citing more deficiencies per facility than in the past. In addition, data tracked by CDPHE show that Colorado's deficiency statistics generally exceed regional and national statistics. For example, in Federal Fiscal Year 2005 CDPHE survey teams cited an average of about nine deficiencies per certification survey, whereas regional and national statistics show an average of about six deficiencies per certification survey. During this same period about 8 percent of Colorado's deficiencies were cited at a scope and severity of "G" or higher, whereas the regional and national percentages for "G" level or higher deficiencies were about 7 percent and 5 percent, respectively.

Federal law, regulations, and additional guidance issued by CMS outline specific protocols and procedures that surveyors must follow when conducting certification surveys and citing deficiencies at nursing facilities. Under its agreement with the federal government, CDPHE is responsible for ensuring that it complies with these requirements. Because the federal government dictates the overall structure and content of the nursing home inspection program for Medicare and Medicaid facilities, state survey agencies generally have few opportunities to deviate from these processes. As we describe in the following sections, our audit found that CDPHE's controls over the survey process do not provide sufficient assurance that surveyors are identifying all deficient practices on certification surveys and citing deficiencies at a level that accurately and sufficiently identifies the scope and severity of the deficiency, in accordance with federal requirements.

Survey File Review

As part of our audit, we contracted with TMF Health Quality Institute to provide specialized expertise in nursing home quality of care and certification surveys. Our contractor reviewed files documenting a judgmental sample of 10 nursing home certification surveys conducted by CDPHE during Fiscal Year 2006. We selected files to reflect surveys at facilities of different size and geographic location, and surveys with different deficiencies cited at a range of scope and severity levels. The purpose of the file review was to determine whether surveyors followed established federal protocols when conducting certification surveys and citing deficiencies.

Overall, our contractor reviewed the supporting documentation for a total of 123 deficiencies cited by CDPHE surveyors on the 10 sampled surveys. On the basis of its review, our contractor did not concur with the scope and severity determination for 32 of the 123 deficiencies (26 percent). As we discuss in further detail below, there were two general issues our contractor noted with these 32 deficiencies.

First, for 14 of the 32 deficiencies (44 percent) our contractor determined that the scope and severity should have been higher. More specifically, documentation contained in the survey file indicated that more residents or staff were involved in or affected by the deficient practice, or that the degree of actual or potential discomfort or harm involved for residents was greater than that assessed by the survey team. For example:

- In four cases, surveyors cited a deficiency because the facility did not store, prepare, and serve food under sanitary conditions. Among other things, the facilities did not store food at proper temperatures or use proper water temperatures and disinfecting agents when washing and sanitizing dishes and surface areas. Survey teams cited these deficiencies at a scope and severity of "E," indicating the potential for more than minimal harm to no more than a limited number of residents. Our contractor determined that, at a minimum, these deficiencies should have been cited at a higher scope and severity of "F" because poor food preparation, storage, and sanitation practices are likely to affect all or a large number of residents (i.e., widespread scope). In addition, surveyors did not document having made further inquiries to determine whether these poor practices resulted in food-related illnesses among residents, which would show evidence of actual harm and substantiate a higher severity determination.

- In three cases, surveyors cited a deficiency because of problems identified with the facility's infection control programs and procedures. One facility did not properly screen residents and workers for tuberculosis. The second facility did not ensure that staff washed their hands after direct resident contact. The third facility did not monitor and track active infections in residents and did not follow proper procedures for handling soiled linens and sanitizing laundry. Survey teams cited each of these deficiencies at a scope and severity of "E," indicating the potential for more than minimal harm to no more than a limited number of residents. Our contractor determined that, at a minimum, these deficiencies should have been cited at a higher scope and severity of "F" because of their potential to affect all or a large number of residents (i.e., widespread scope). Again, the survey teams also did not document having made further inquiries to determine whether these facility practices had actually

contributed to infections among residents, which would show evidence of actual harm and substantiate a higher severity determination.

Second, our contractor found that survey files contained insufficient documentation to demonstrate that the survey teams fully investigated problems to determine whether more residents were involved, or whether the problems resulted in negative resident outcomes. As a result, for 18 of the 32 deficiencies (56 percent) that our contractor did not agree with , our contractor was unable to reasonably conclude that the survey team cited an appropriate scope and severity. In none of the cases did our contractor determine that the scope and severity should have been lower than what was cited. However, it is possible that further inquiry by the survey teams, such as additional record review or interviews with direct-care staff, residents, or family members, could have supported citing these deficiencies at higher scope and severity levels. For example:

- In one case, surveyors issued a deficiency citation because the facility did not honor a resident's Advance Directive. Specifically, the resident signed documentation upon being admitted to the facility indicating that she wanted cardiopulmonary resuscitation (CPR) to be administered in the event it became necessary. About eight months later, the resident's condition began to decline and she suffered cognitive impairments preventing direct communication with her family or facility staff. The resident's family subsequently completed a Do Not Resuscitate (DNR) order. Thus, contrary to the resident's specific directive, the facility made no attempt to resuscitate the resident when her vital signs stopped, and the resident died. The survey team found that the family and facility could provide no documentation that the resident had ever given legal authority to anyone to make medical decisions on her behalf. The survey team cited this deficiency at a scope and severity of "G," indicating actual harm occurred to one or very few residents. Our contractor was unable to concur with this scope and severity determination and noted that the survey team should have more thoroughly investigated this situation to assess whether a higher scope and severity was warranted. CDPHE staff reported that resident choice and DNR orders were a focus area for the resident samples on this survey. However, our contractor indicated that the survey team also should have examined past or current residents at the facility who had *not* signed a DNR order, since these were the residents most at risk if the nursing facility was not complying with residents' wishes. In addition, this particular problem was identified late in the survey process after the earlier resident samples had been reviewed. Thus, there is no assurance that surveyors' earlier reviews provided sufficient coverage of this type of problem.

- In another case, surveyors issued a deficiency citation because the facility did not ensure that call lights were accessible to residents. The survey team cited this deficiency at a scope and severity of "D," indicating the potential for more than minimal harm to one or a very limited number of residents. Our contractor was unable to concur with this scope and severity determination. When call lights are inaccessible, residents are at greater risk of falls or other injury because they may attempt activities, such as transferring from their bed to a wheelchair or using the bathroom, without assistance from facility staff. However, there was no evidence that the survey team took additional steps in their investigation to determine whether call lights being out of reach actually resulted in negative resident outcomes. Specifically, the survey team did not select resident falls as an area of focus for this particular survey. The survey team documented that resident concerns regarding the inaccessibility of call lights were known to facility staff for several months prior to the survey. However, surveyors did not investigate the facility's incident logs for this same period to determine whether any falls or other injuries occurred that may have been related to inaccessible call lights.

- In a third case, surveyors issued a deficiency because the facility did not ensure the resident environment remained as free from accident hazards as possible. The survey team observed many potential accident hazards, including unlocked storage and supply rooms, exit doors being propped open, and exit door alarms not working. In one of the unlocked supply rooms, the surveyor identified a metal scraper containing a razor blade that had been left out in the open. The survey team cited this deficiency at a scope and severity of "E," indicating the potential for more than minimal harm to one or a very limited number of residents. Although the survey team properly noted that these situations created the potential for resident accidents and injuries, our contractor was unable to concur with the survey team's scope and severity determination because there was no evidence of further probes to identify whether any injury or other negative outcome resulted. For example, the surveyors found that exit doors to the facility were not properly secured, which could increase the risk for residents to leave the facility without the facility's knowledge. The survey team's observations should have led to a review of the facility's incident reports to determine whether any residents went missing in the preceding months.

Finally, our contractor identified additional deficiencies that were not cited by survey teams on 7 of the 10 sampled surveys. In particular, our contractor noted that surveyors' findings on five surveys documented that the facility did not adhere to residents' plans of care, which contributed to the deficient practices identified by the survey teams. CMS survey protocols instruct surveyors to determine whether problems identified with quality of care, quality of life, or

resident rights can be attributed to incorrect implementation of the resident's plan of care, or lack of a care plan altogether. Although the survey teams cited quality of care deficiencies at these five facilities, surveyors did not also cite a care plan deficiency in accordance with CMS guidance. In addition to care plan deficiencies, our contractor determined that other deficiencies could have been cited on four surveys regarding facility staff competency, quality of care, pressure ulcers, failure to assess residents' physical conditions, and infection control issues.

Federal Comparative Surveys

A comparative survey is a type of monitoring survey that CMS conducts at Medicare- and Medicaid-certified nursing facilities. The main goals of the comparative survey are to assess state survey agency performance in interpreting and applying federal standards, recognize training needs of surveyors, identify problems that surveyors or providers encounter in implementing federal regulations, and identify deficient practices at facilities that need to be corrected. Comparative surveys are conducted by federal survey teams within 60 days after the selected state survey, thereby providing a basis for comparison with the state survey. We aggregated and analyzed the results of the 20 comparative surveys conducted by CMS during State Fiscal Years 2001 through 2005 and compared these results with those from state surveys conducted by CDPHE at the same facility just prior to the federal survey. Our analysis showed substantial differences in deficiency citations between state and federal surveys at the same nursing facility. These results corroborate those of our contractor's survey file review discussed in the last section. Overall, we found that state and federal survey teams cited the same deficiency with the same scope and severity only about 5 percent of the time. More specifically, we found:

- **State survey teams did not identify all deficiencies.** State and federal teams cited a total of 460 deficiencies on the 20 comparative surveys—267 were cited exclusively by federal surveyors, 75 were cited exclusively by state surveyors, and 59 were cited by both federal and state surveyors. Thus, state surveyors cited a total of 134 deficiencies, or an average of about 7 deficiencies per facility. However, federal surveyors cited a total of 326 deficiencies, or an average of about 16 deficiencies per facility. This is more than two times the average number of deficiencies cited per facility by state surveyors. Additionally, we found that for almost half (130 out of 267) of the deficiencies cited exclusively by federal surveyors, CMS expressed concern in its survey report that state survey teams had failed to cite deficiencies for conditions that were reasonably present in the facility at the time of the state survey.

- **State survey teams did not cite deficiencies at a sufficient level of scope and severity.** We found that of the 59 total deficiencies cited by both the state and federal survey teams, federal surveyors cited 26 deficiencies at a higher scope and severity than state surveyors. State surveyors cited 8 deficiencies at a higher scope and severity than federal surveyors. Federal and state survey teams cited the same scope and severity for the remaining 25 deficiencies.

Controls Over Surveys

Among other things, CMS considers a state's performance to be inadequate if the state demonstrates a pattern of failure to (1) identify deficiencies, and the failure cannot be explained by changed conditions in the facility or other case-specific factors; (2) cite deficiencies that are valid; or (3) conduct surveys in accordance with federal policies, protocols, and procedures. Our audit showed that Colorado's state survey teams are not going far enough in their inquiries and investigations to identify all deficient practices or to determine an accurate and sufficient scope and severity. To address the problems we identified, CDPHE needs to improve internal controls over certification surveys in several areas.

First, CDPHE needs to improve survey file documentation practices. Federal regulations [42 C.F.R. 488.18] as well as CMS guidelines require that survey findings be adequately documented and supported. However, our contractor's review of the deficiencies cited on the 10 sampled survey files was complicated by documentation problems. For example, some required forms were not completely filled out or easily identifiable in the survey files. The files did not follow a standard format and often contained unnecessary documentation. This made it difficult to link the written deficiency citation to the supporting documentation. Further, our contractor found that surveyors do not sufficiently document team decision-making processes, when negative outcomes are explored but not identified, or when potential issues have been resolved. Thus, as discussed earlier, in many cases our contractor was unable to reasonably concur with the scope and severity of the deficiency citation. There was no evidence that the survey team had fully investigated the issues and determined that no actual harm occurred, or that no other residents were at risk of harm. Certification surveys are an extensive process requiring surveyors to use their professional judgement when assessing facility practices against federal requirements. Consequently, good documentation practices are necessary to demonstrate the State's compliance with applicable federal survey requirements, to support surveyors' professional judgments and conclusions, and to defend deficiency citations during informal and formal appeals processes or court proceedings.

Second, CDPHE needs to ensure that staff follow and adhere to quality review processes and requirements. In February 2000 CDPHE established a quality review process and a corresponding form that survey supervisors must complete prior to releasing the survey results to the nursing facility or the public. The quality review form is intended to document and record changes to deficiencies, such as the addition or deletion of deficiencies and the reduction or increase in scope and severity. However, we found that survey supervisors do not follow required procedures for documenting their quality reviews. For example, the review form was missing or not completed for 2 of the 10 sampled surveys we reviewed. Review forms for seven of the eight remaining surveys were incomplete, had insufficient documentation of the rationale for changes to deficiency citations, or lacked required reviewer sign-off and dates. Quality review processes are an important control to ensure that deficiency citations are defensible, promote consistency among surveyors when writing and categorizing deficiencies, and provide feedback to surveyors on their work. CDPHE should ensure that survey supervisors follow required quality review procedures, including use of the quality review form to track all changes made to deficiency citations. Rationale for changes as well as appropriate approval for changes should also be documented on the review form. In addition, CDPHE should explore ways to expand the use of existing quality review processes to ensure that survey files contain all required forms and sufficient documentation to support deficiencies cited, and that files are organized clearly and consistently by survey teams.

Third, CDPHE needs to strengthen supervisor involvement in the certification survey process. In particular, our contractor's interviews with surveyors indicated that supervisors and survey teams do not communicate with one another early enough in the survey process to help focus the review on potential problem areas, identify potential immediate jeopardy situations, and determine the full scope and severity of the deficient practice. Currently survey supervisors are only required to go in the field once per quarter. CDPHE should increase the frequency with which supervisors are required to be on-site with survey teams to provide guidance and observe surveyor performance during surveys. Identifying potential issues early in the survey is important, since survey teams are generally only on-site at a nursing facility for three to four days. If significant issues are not identified until late in the survey, the amount of time survey teams can spend fully investigating identified issues is limited and the team may not have sufficient evidence to cite a deficiency or to substantiate a higher scope and severity.

Finally, CDPHE should augment its surveyor training programs. Substantial federal and state resources are already dedicated to training surveyors. However, evidence from federal monitoring reports suggests that surveyors may need additional training on basic investigative skills. We aggregated the results from

the 36 Federal Oversight Support Surveys (FOSS) conducted during Federal Fiscal Years 2001 through 2005. These surveys differ from the comparative surveys discussed earlier in that federal surveyors accompany and monitor state survey team performance during the state survey. Although the state survey teams generally scored high in each of the performance areas evaluated, the lowest scores were in the "general investigation" performance area. CDPHE should provide surveyors with more training on general investigative skills and protocols. According to CMS guidance on best practices, providing surveyors with more training in the legal aspects of the survey process can also enhance overall investigation and documentation skills and help surveyors perform effectively in the potentially adversarial regulatory environment.

Unidentified deficiencies or deficiencies that are not cited at an accurate or sufficient scope and severity potentially allow nursing facilities to continue deficient practices, placing residents at ongoing risk for harm and poor quality of care. Failing to cite deficiencies at an accurate or sufficient scope and severity further hampers efforts to seek more forceful enforcement remedies, such as civil money penalties, denial of payments for new admissions, or the facility's termination from Medicare or Medicaid. Moreover, CMS has the ability to impose sanctions against the State for failing to conduct certification surveys at nursing homes in accordance with federal requirements. Sanctions include such things as reducing federal matching funds for survey and certification activities.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Other. Classification of Finding: Control Deficiency.)

Recommendation No. 116:

The Department of Public Health and Environment should improve controls over the certification survey process to ensure that surveyors identify all deficient practices and cite deficiencies at a level that accurately and sufficiently identifies the scope and severity of the deficiency, in accordance with federal requirements. Specifically, the Department should:

a. Ensure that survey staff follow established quality review procedures, including use of a standard review form to document and track all changes made to deficiency citations prior to their release to the nursing facility or the public. Rationale for all changes as well as appropriate approval for changes should be documented on the review form.

b. Explore ways to expand quality review processes to ensure the completion of required survey forms, the sufficiency of documentation in support of deficiency citations, and the overall survey file organization.

c. Work with survey supervisors to ensure timely communication with survey teams throughout the survey process and increase the frequency with which supervisors are required to be on-site with survey teams.

d. Implement a standard format for organizing certification survey files and relevant supporting documentation. Only documentation supporting the deficiency citations or demonstrating compliance with required survey protocols and procedures should be maintained in the survey file.

e. Improve documentation standards and work with surveyors and supervisors to ensure that required forms are properly labeled and completed and that results from inquiries, team meetings, and the resolution of potential issues are clearly and sufficiently documented.

f. Provide surveyors with more training on general investigative skills and protocols, as well as on the regulatory and legal aspects of the survey process.

Department of Public Health and Environment Response:

a. Partially agree. Implementation date: Implemented October 2006.

The CDPHE agrees that deficient practice should be cited at the most accurate scope and severity level; however, the CDPHE disagrees with the subjective evaluation criteria utilized by the Office of the State Auditor's hired contractor when reviewing past cited deficiencies. The CDPHE's citation of deficiencies against a facility is intended to notify the facility of a failure to meet standards and require a correction to get the facility back into substantial compliance with the federal standards. The citation of deficiencies against a certified facility typically results in the imposition of various remedies by CMS, up to and including termination of the facility's Medicare/Medicaid certification. The CDPHE cites the scope of the deficient practice as isolated, pattern, or widespread, and the severity as potential for minimal harm, potential for more than minimal harm, actual harm, and immediate jeopardy. It is important to note that the facility is required to rectify the deficient practice on a facility-wide basis, even when the deficiency cited was at an isolated or pattern

level. Once the facility achieves substantial compliance with the standards as specified in their plan of correction and confirmed by the CDPHE surveyors on a revisit to the facility, any remedies imposed by CMS are retracted.

The CDPHE has modified the Protocol for Quality Review and the Quality Review Tool (QRT) Form for Long Term Care (LTC) Health Survey Deficiency Lists to include the recommendations made by the Office of the State Auditor. The standardized form is being utilized to document the review of all deficiency citations, including the tracking of changes made, the rationale for the changes, and how changes are communicated with the survey team. The protocol includes instructions for documenting additional citations, the movement of findings to different tag numbers, the reduction or increase in tag scope and severity, and the deletion of tags by the reviewer or team. The revised protocol and review form were put into effect in October 2006.

Auditor's Addendum:

Our contractor applied the criteria, protocols, and other guidance issued by the federal Centers for Medicare and Medicaid Services, which is the same criteria that CDPHE's surveyors must apply when conducting certification surveys and citing deficiencies. We note that CDPHE indicates it has taken the action contained in our recommendation.

b. Agree. Implementation date: October 2007.

The CDPHE will more closely examine its survey results and file organization to ensure that all Centers for Medicare and Medicaid Service (CMS) required forms are included and completed, and that appropriate documentation to support deficiency citations exists in the survey file.

c. Agree. Implementation date: July 2007.

The CDPHE will continue to have each of the four supervisors provide on-site supervision for one full survey each quarter. In addition, each supervisor will spend one day in the field per month providing on-site supervision during a survey. The survey teams will be expected to make phone contact with a supervisor on the second day of survey to review preliminary survey findings.

d. Partially agree. Implementation date: October 2007.

While the CDPHE agrees that enhanced file organization for linking written deficiency citations to supporting documentation is ideal, there are no specific CMS standards for file organization. This recommendation is beyond the Medicare/Medicaid certification requirements and must be prioritized in consideration of limited resources and workload needs. The CDPHE has a fixed federal budget for certification activities. Although enhanced file organization may be chargeable to that budget, doing so would require reducing the CDPHE's activities in some other certification tasks related to patient care and safety, such as performing on-site inspections or writing deficiencies. Implementation of this recommendation would require additional state funds. The CDPHE will take this recommendation into consideration when prioritizing future budget requests.

Auditor's Addendum:

Federal regulations require that state survey agencies' findings be adequately documented. Implementing a standard format for organizing survey files and other supporting documentation is a basic control to improve efficiency and ensure compliance with federal requirements.

e. Agree. Implementation date: October 2007.

While the CDPHE believes it has sufficient processes in place to maintain necessary documentation, we agree with the goal of improving documentation and will develop guidelines for documentation of the survey process in accordance with the CMS requirements. The guidelines will focus on improving documentation in the areas of investigations, interviews, and summaries of team meetings, consultations with supervisors, and whether potential issues identified have been resolved.

f. Partially agree. Implementation date: October 2007.

The CDPHE currently ensures that all surveyors receive required CMS training, which is substantial. While the Department agrees that additional surveyor training on investigative skills and the regulatory and legal aspects of the survey process would be valuable, especially for newer surveyors, it is outside of the scope of CMS training requirements. Implementation of this recommendation will require additional state funds. CDPHE will investigate its options for

implementing this recommendation, including assessing whether additional state funds might be available for it.

Auditor's Addendum:

CMS's State Operations Manual specifies that each state survey agency is responsible for (1) providing continuing education to its surveyors and (2) ensuring that surveyors are trained to survey for all regulatory requirements and have the necessary skills to perform the survey. We believe the training needs identified by our audit fall within the scope of these existing federal requirements.

Complaints

An important part of CDPHE's oversight responsibilities includes receiving and investigating complaints against nursing facilities. Because certification surveys generally occur only once within a 15-month period, CDPHE relies on complainants to report problems or adverse conditions at nursing facilities, thereby providing on-going coverage and monitoring between certification surveys. Complaints come from many different sources, including residents, family members or guardians, current and former nursing home staff, and ombudsmen. Complaints may also be filed anonymously. On average, CDPHE handles more than 400 complaint cases covering more than 1,300 separate allegations filed each year. Complaints either initiate a separate survey at the facility or are included as part of a regularly scheduled certification survey. Survey teams investigate the complaint to determine whether the allegation is substantiated or unsubstantiated, and may cite the facility with a deficiency. CDPHE substantiated through investigation about 27 percent of all nursing home complaint allegations received over the last five fiscal years. About 43 percent of all complaints related to quality of care or treatment issues, such as call lights not being answered in a timely manner or medications not being administered according to physician instructions. Other common types of complaints related to resident rights and safety, allegations of resident abuse or neglect, dietary concerns, and facility staffing.

Prioritization

CMS guidance and CDPHE's complaint policies define criteria for placing nursing home complaints into one of five priority levels—Priority A through Priority E—based on an assessment of the level of actual or potential harm to residents' health and safety. All but the lowest-priority complaints require an on-

site investigation at the facility. Lower-priority complaints may be included and investigated during the next certification survey.

The table below shows the total number of nursing home complaints by priority level for Fiscal Years 2002 through 2006. On average, nearly 60 percent of complaints received over the last five fiscal years were Priority B, indicating that the complainant alleged harm or other conditions of such consequence to the resident's well-being that a rapid response is necessary.

Department of Public Health and Environment
Nursing Facility Complaint Cases by Priority Level
Fiscal Years 2002–2006

Priority Level	Fiscal Year					5-Year Average
	2002	2003	2004	2005	2006	
Priority A Immediate Jeopardy	9 1.9%	26 6.1%	31 8.2%	40 9.6%	30 6.9%	27 6.4%
Priority B High, Non-Immediate Jeopardy	264 56.4%	254 59.9%	205 54.5%	264 63.5%	270 61.8%	251 59.3%
Priority C Medium, Non-Immediate Jeopardy	157 33.6%	107 25.2%	119 31.7%	97 23.3%	127 29.0%	121 28.6%
Priority D Low, Non-Immediate Jeopardy	28 6.0%	27 6.4%	12 3.2%	8 1.9%	6 1.4%	16 3.8%
Priority E Administrative Review	10 2.1%	10 2.4%	9 2.4%	7 1.7%	4 0.9%	8 1.9%
Total	**468 100%**	**424 100%**	**376 100%**	**416 100%**	**437 100%**	**424 100%**

Source: Office of the State Auditor's analysis of nursing facility complaint data provided by the Department of Public Health and Environment.
Note: Each individual complaint case may include more than one separate allegation to be investigated.

CDPHE maintains an automated system, known as the Complaint Priority Assessment System (COMPASS), that prioritizes nursing home complaints according to CMS and state guidelines by assigning points to information gathered during the complaint intake. For example, more serious allegations of abuse, or allegations where the level of actual or potential harm to residents is high, receive more points resulting in a higher overall priority level for the complaint. COMPASS also pulls historical data on the nursing facility and assigns more points to complaints filed against nursing facilities with a history of similar complaints, poor certification survey results, and enforcement actions. According to CDPHE's complaints manual, the initial complaint assessment and prioritization is made by COMPASS, followed by a secondary review of the

priority evaluation by the complaints manager to confirm the correct priority. If the complaint manager decides to change the priority level from the COMPASS assignment, then an explanation for the change must be entered into the complaint tracking system.

We reviewed a sample of 10 nursing facility complaints CDPHE investigated in Fiscal Year 2006 to determine whether they were properly prioritized in accordance with federal and state criteria. We agreed with the final prioritization for all 10 complaints. However, we noted that for 4 of the 10 sampled complaints, COMPASS assigned an initial priority level that differed from the final priority level determined by the complaint program manager. In all four cases, COMPASS assigned the complaint as "Priority B," indicating a high-priority non-immediate jeopardy situation. Upon secondary review by staff, two of the complaints were upgraded in priority and two of the complaints were downgraded in priority. This decision to "override" the system-generated priority suggests that COMPASS may not be prioritizing complaints in a manner that is consistent with current standards and practices. Only three of the four complaints had an explanation for the change in priority entered into the complaint tracking system.

Prioritization is an important part of efficiently managing limited resources and ensuring that the most serious complaints receive immediate attention. An effective decision support system is one that properly applies criteria and emulates human decision-making processes. Thus, there should be few instances of disagreement between the initial system-generated priority and the final priority determined through secondary review. Staff reported that the point schedules programmed in COMPASS have only been updated twice since the system was created; the most recent update was three years ago. CDPHE should review the point schedule in COMPASS on a more routine basis to ensure that the system continues to weigh relevant information and prioritize complaints appropriately and in accordance with current standards and practices.

Timeliness

Under federal regulations [42 C.F.R. 488.332 and 335], the State is responsible for establishing procedures and maintaining adequate staff to investigate complaints against nursing facilities in a timely manner. As noted earlier, CDPHE handles an average of more than 400 complaints covering more than 1,300 separate allegations each year, many of which are substantiated through investigation. Thus, investigating complaints in a timely manner is critical to ensuring that potentially serious health and safety risks to residents are addressed. As we discuss in this section, we found that the guidelines for investigating

nursing home complaints are not clear or consistent. We also found that not all nursing home complaints are being investigated in a timely manner.

The table below illustrates the variation between federal and state standards for investigating nursing home complaints. The only priority level where state and federal time frames are specific and consistent is for Priority A complaints, which require an on-site investigation within two working days. Specific time frames for investigating complaints in the remaining four priority levels appear to be conflicting, insufficient, or are lacking. For example, an on-site investigation of Priority B complaints must begin within 10 working days or within an *average* of 10 working days, depending on which standards are used. There is no specific federal time frame for investigating Priority C complaints, only that an on-site investigation is required. CDPHE's complaints policy states that an on-site investigation of Priority C complaints must begin within approximately 45 working days.

Department of Public Health and Environment
Comparison of Federal and State Standards for Investigating Nursing Facility Complaints

Priority Level	CDPHE Complaints Policy	CMS State Operations Manual[1]	CMS State Performance Standards[2]
Priority A Immediate Jeopardy	On-site investigation within two working days.	On-site investigation within two working days.	On-site investigation within two working days.
Priority B High, Non-Immediate Jeopardy	On-site investigation within an average of 10 working days.	On-site investigation within 10 working days.	On-site investigation within an average of 10 working days.[3]
Priority C Medium, Non-Immediate Jeopardy	On-site investigation within approximately 45 working days.	On-site investigation. No time line specified.	Not specified.
Priority D Low, Non-Immediate Jeopardy	On-site investigation with the next certification survey. No time line specified.	On-site investigation with the next certification survey. No time line specified.	Not specified.
Priority E Administrative Review	Off-site investigation. No time line specified.	No on-site investigation required. No time line specified.	Not specified.

Source: Office of the State Auditor's analysis of nursing home complaint investigation standards specified by the Colorado Department of Public Health and Environment (CDPHE) and the federal Centers for Medicare and Medicaid Services (CMS).

[1] Operational policies and procedures issued by CMS for carrying out the certification process as authorized in federal law and regulations.

[2] Threshold criteria specified by CMS to quantitatively measure and evaluate states' performance in the certification process.

[3] CMS has relaxed this standard in recent years. In Federal Fiscal Years 2001 and 2002 the performance standard required an on-site investigation of 100 percent of Priority B complaints within 10 working days. In Federal Fiscal Year 2003 the performance standard required an on-site investigation of 95 percent of Priority B complaints within 10 working days. In Federal Fiscal Year 2004 CMS established the current standard requiring an on-site investigation of 100 percent of Priority B complaints within an *average* of 10 working days.

In addition to the various written policies, CDPHE staff must enter complaint data into CMS's electronic complaint tracking system, known as ACTS, which automatically assigns each complaint case a due date for starting the investigation. ACTS sets due dates at 2, 10, 45, and 120 working days after receipt of the complaint for each of the five priority levels, respectively (Priority D and E complaints have the same time frame). CMS guidance further specifies that the State's time frames for investigating complaints should be used when they are more stringent than the federal time frames.

We obtained and analyzed nursing home complaint data from Fiscal Years 2002 through 2006. Because the criteria for investigating complaint cases were not always clear or consistent, we used a reasonableness approach and applied 2-, 10-, 45-, and 120-working-day time frames to each corresponding priority level for evaluating the timeliness of CDPHE's nursing home complaint investigations. On the basis of these benchmarks, we found that the investigation of over 16 percent of all nursing home complaints did not begin in a timely manner. More specifically, we found:

- The investigation for 14 of 121 Priority A complaints (12 percent) did not begin within 2 working days in accordance with federal and state requirements. In the case of one substantiated Priority A complaint, CDPHE took 82 days to begin the investigation. This complaint raised a quality-of-care issue in which the facility failed to promptly assess a number of residents after a change in their physical or mental condition. One resident in particular was vomiting and had significant weight loss over a three-week period, yet the facility did not reassess the resident's condition or address these issues in the resident's care plan.

- The investigation for 201 of 1,136 Priority B complaints (18 percent) did not begin within 10 working days. On average, CDPHE began an investigation of all Priority B complaints within about nine working days. However, we found that CDPHE took 15 or more working days to start investigating 111 of the 201 Priority B complaints (55 percent) whose investigation started after 10 working days. In one case, CDPHE took 96 days to begin investigating a complaint filed by facility staff alleging physical abuse of a resident. Although the allegation was not substantiated, it is troubling that CDPHE did not initiate this investigation for more than three months, especially when considering the nature of the complaint.

- The investigation for 92 of 526 Priority C complaints (17 percent) did not begin within 45 working days in accordance with CDPHE's complaints policy. On average, CDPHE began an investigation of all Priority C complaints within about 28 working days. However, we found that CDPHE took more than 50 working days to start investigating 79 of the

92 Priority C complaints (86 percent) whose investigation started after 45 working days. One complaint case involved 13 separate allegations, including that the facility failed to provide a resident with adequate incontinence care or ensure that a resident's supplemental oxygen was operational. This complaint was not substantiated, but CDPHE took 167 working days to begin the investigation.

- The investigation for 5 of 104 Priority D and Priority E complaints (5 percent) did not begin within 120 working days. CDPHE took between 127 and 189 working days to begin investigating these 5 complaints.

CDPHE staff reported that flexible time frames for starting complaint investigations assists with allocating limited resources. However, flexible time frames also present a risk that complaint investigations will not begin in a timely manner. In particular, performance standards based on averages do not ensure accountability to individual complainants. As we have discussed, nearly 60 percent of nursing home complaints are classified as Priority B, and CDPHE took up to three months to begin investigating some of these complaints.

CDPHE needs to improve controls over the investigation of nursing home complaints by establishing clear and consistent time frames for initiating complaint investigations within each priority level. These time frames should ensure compliance with federal minimum standards while also ensuring accountability to individual complainants. Complaint investigations contribute to the overall effectiveness of CDPHE's oversight of nursing facilities. When complaint investigations are not started in a timely manner, CDPHE is unable to ensure that nursing home residents receive proper care and do not remain in substandard or potentially dangerous situations.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Other. Classification of Finding: Control Deficiency.)

Recommendation No. 117:

The Department of Public Health and Environment should work to improve the prioritization and timeliness of nursing facility complaint investigations by:

a. Reviewing and updating the point schedules programmed in the Complaint Priority Assessment System (COMPASS) to ensure the proper prioritization of nursing home complaints in accordance with current standards, practices, and relevant decision criteria. Such review should be done at least annually.

b. Establishing clear and consistent time frames within which each complaint investigation at a given priority level should begin.

c. Reviewing reports of complaints data on a routine basis to determine if nursing home complaint investigation time frames are being met, and take action as appropriate.

Department of Public Health and Environment Response:

a. Agree. Implementation date: April 2007.

The COMPASS program is a decision support system designed to aid the complaints manager and staff with setting early prioritization on complaints; however, the Department ensures that the correct prioritization of complaints occurs by using human judgment as the final determinant of a complaint's prioritization. The CDPHE will annually update the COMPASS program to prioritize complaints according to current standards, practices, and relevant decision criteria.

b. Agree. Implementation date: April 2007.

CDPHE will establish consistent time frames for beginning each of the complaint priority levels. CMS requires on-site investigation to start within 2 working days for Priority A complaints and to start within 10 working days for Priority B complaints. The CDPHE met CMS quality standards for 100 percent of Priority A and Priority B complaints in the draft federal fiscal year 2006 State Performance Standards Review Report. CMS does not specify when on-site investigations must start for Priority C, D, and E complaints. The CDPHE's practice has been to follow CMS policies when investigating certification complaints. Considering CMS workload requirements, complaint Priorities C, D, and E must be established to start investigations during the next on-site survey, which may be up to 15 months from when the complaint is alleged. Establishing and adhering to investigation start time frames sooner than 15 months for Priorities C, D, and E Medicare/Medicaid and comparable state priority complaints will require additional state funding and resources.

c. Agree. Implementation date: April 2007.

CDPHE will review the complaints data report (aging report) on a regular basis. Each reviewed report will be initialed by the complaints

manager or designee and kept in a file. The complaints manager will use the data to ensure that complaint investigation time frames are being met in accordance with federal minimum standards and CDPHE-established time frames by priority level.

Resident Care and Safety

Background

As of June 30, 2006, nearly 17,000 individuals resided in one of Colorado's 217 nursing homes. Nursing home residents are a highly vulnerable population who are unable to live independently due to problems caused by physical deterioration, cognitive decline, or chronic illness. As a result, residents rely on nursing facility staff as their primary care givers to meet their ongoing health care needs and provide assistance with even the most basic daily activities. In addition to meeting residents' health care needs, nursing facilities also have a responsibility to ensure resident safety. Federal and state laws and regulations are in place to ensure that (1) nursing facilities properly assess residents' physical, mental, and psychosocial conditions as a basis for the delivery of care; (2) residents are protected from the risk of abuse, neglect, and mistreatment; (3) residents' assets are adequately safeguarded; (4) care is administered by qualified and competent staff; and (5) residents, as well as those who work in and visit nursing facilities, are protected in emergencies and disasters. As we describe in this section our audit identified problems with the accuracy of resident assessments, nursing facility management of resident fund accounts, employee screening procedures, and emergency preparedness plans. We found that poor or noncompliant practices by nursing facilities in each of these areas potentially compromise quality of care and resident safety. Additionally, we found that more needs to be done to ensure that nursing facilities comply with state licensing laws and regulations.

Resident Assessments

To provide appropriate care to residents, nursing homes that participate in the federal Medicare and Medicaid programs must assess every resident's physical, mental, and medical condition when they first enter the facility and then periodically as long as the resident lives at the facility. Federal regulations require facilities to assess each resident, regardless of the source of payment for the care provided. Part of the resident assessment involves completing the Minimum Data Set (MDS), which is a standardized assessment tool used to rate residents in several areas, including cognition, communication, mood and behavior, health conditions, physical functioning, and activities of daily living.

The MDS is intended to be completed by a multidisciplinary team of nursing facility staff using information from multiple sources, such as review of the resident's medical record, observation, interviews with the resident and family members, and communication with direct-care staff, physicians, and others who have recently observed, evaluated, or treated the resident. All Medicare- and Medicaid-certified nursing facilities transmit their MDS data to the State MDS Database maintained by the Department of Public Health and Environment (CDPHE). The federal Centers for Medicare and Medicaid Services (CMS) also captures MDS information from the State MDS Database into its Central Repository on a monthly basis. The MDS assessment data are used as described below:

Resident Care Plans—The primary purpose of the MDS assessment tool is to identify residents' strengths, needs, medical diagnoses, treatments, and other characteristics according to standardized measures and definitions. On the basis of the MDS assessment, nursing facilities must develop an individualized care plan for each resident that includes measurable objectives and timelines to meet the resident's highest practicable physical, mental, and psychosocial well-being. Depending on how a resident scores on the MDS, additional review of the resident's condition may be necessary before the facility can develop an appropriate care plan. Facility staff, physicians, family members, and residents also provide input into the care plan. Once developed, the individualized care plan provides a blueprint for nursing facility staff to use to deliver care and meet the resident's needs on a daily basis.

Nursing Facility Payments—In Fiscal Year 2001 the State began using data from MDS assessments when establishing nursing facilities' Medicaid reimbursement rates. The federal government also uses MDS data as part of the Medicare reimbursement system. As described earlier, the MDS captures standard information that reflects the resident's acuity—that is, the resident's level of functional needs and the severity or intensity of his or her medical conditions and treatments. Because not all nursing home residents require the same level or type of care, the Department of Health Care Policy and Financing (HCPF) uses MDS data to classify each resident into one of 34 different groups called resource utilization groups (RUG). The RUG classification reflects the type of care and facility resources the resident requires to function at his or her highest practicable level. HCPF adjusts reimbursement rates upward or downward to account for the relative differences in Medicaid residents' care and resource needs when compared with the facility's overall resident population.

Quality Indicators and Measures—The federal government uses MDS data to monitor the quality of care in the nation's nursing facilities. Specifically, CMS developed a set of quality indicators and measures based on MDS data

that include such things as the prevalence of falls, use of high numbers of medications, residents with high weight loss, or residents who have become more depressed or anxious. Reports on these quality indicators and measures can be generated at the facility level or aggregated across all nursing facilities statewide. State survey teams rely on these reports to help identify potential problem areas that should be examined during certification surveys. CMS also makes quality indicator data and reports available on its Web site to help public consumers make informed decisions about nursing home care.

The MDS is an integral part of nursing facility operations and provides the foundation for resident care planning, quality-of-care monitoring, and payment activities. The importance of obtaining MDS data that provide an accurate and verifiable assessment of residents' conditions cannot be overemphasized. As we describe in the sections that follow, our audit identified problems with the overall accuracy and support for MDS assessments completed by nursing facilities. This raises serious concerns about the sufficiency of care being provided to residents, as well as the State's payment for this care.

Validating MDS Assessments

Federal regulations [42 C.F.R. 483.20] specify that nursing facilities must conduct ". . . a comprehensive, accurate, standardized, and reproducible assessment of each resident's functional capacity." According to CMS, the MDS assessment can be validated by a review of the medical record to verify that information contained in the record supports and is consistent with the MDS. In addition, maintaining clinical documentation that furnishes a picture of the resident's care needs and response to treatment is an accepted standard of practice, is part of good resident care, and is an expectation of trained and licensed health care professionals. Thus, the resident's condition at the time of the assessment should be well documented in his or her medical record.

As part of our audit, we contracted with TMF Health Quality Institute to provide specialized expertise in MDS review and validation. Our contractor conducted on-site reviews of the medical record and MDS assessment for a sample of 60 nursing facility residents (i.e., 10 residents at 6 different facilities). We selected a judgmental sample of facilities of different size and geographic location, and facilities showing frequent changes to their MDS data. Residents were selected randomly at each of the six facilities. While onsite at each facility, our contractor used information documented in the medical record to complete an independent MDS assessment for each sampled resident. Our contractor compared its results with the facility's MDS assessment that, at the time we drew our resident sample, was recorded in the State MDS Database and used in the most recent acuity adjustment for Medicaid reimbursement rates.

Overall, our contractor was unable to validate the MDS assessment for 39 of the 60 (65 percent) residents in our sample. More specifically, our contractor determined that these 39 residents should have had a different RUG classification (i.e., a different type of care and/or facility resources for the resident to function at his or her highest practicable level). Our contractor also found that medical record documentation supporting the facility assessments was often inconsistent, incomplete, or missing altogether. For example, information on resident behaviors, therapies, and other restorative services was documented in the medical record but not scored on the MDS assessment. Conversely, resident behaviors, activities of daily living, and cognitive patterns were scored on the MDS but not documented in the medical record. Our contractor also noted inconsistencies in facility staff documentation regarding the resident's level of functioning. We found that validity problems were most prevalent for those sections of the MDS intended to assess residents' activities of daily living, activity pursuit patterns, communication, and cognitive patterns.

In the summer of 2000, CDPHE conducted a one-time MDS validation review driven by concerns among certification surveyors that information on the MDS did not always seem to support the quality indicator reports they were using to identify potential concerns at nursing facilities. Although the intent of CDPHE's validation study was different, CDPHE found problems similar to those from our contractor's review. CDPHE's study did not include any specific recommendations or steps to help remedy the problems identified. Further, CDPHE's study was completed just prior to the implementation of acuity-adjusted reimbursement rates under Medicaid; however, it is unclear whether HCPF received the study report or considered the implications of CDPHE's findings for using acuity adjustments under Medicaid. In the following sections, we describe in more detail the 39 resident assessments that our contractor was unable to validate through its medical record review and the associated risks and potential effects on resident quality of care and Medicaid reimbursement rates.

Effect on Quality of Care

Federal regulations [42 C.F.R. 483.25] specify that "each resident must receive, and the facility must provide, the necessary care and services to attain or maintain the highest practicable physical, mental, and psychosocial well-being, *in accordance with the comprehensive assessment and plan of care.*" (Emphasis added.) Thus, providing adequate care depends upon being able to accurately assess the resident. Although it is not the only factor used in resident care planning, the MDS provides a standardized foundation and starting point for the comprehensive resident assessment process. Ultimately, information from the MDS flows directly into the care plan that directs how a resident's health care needs should be managed on a daily basis. When the MDS assessment cannot be supported or corroborated by the medical record there is increased risk that the

facility has not developed an appropriate care plan and, consequently, that the resident is not receiving the type and level of care required for the resident to obtain his or her highest practicable well-being.

As described earlier, the RUG classification system uses MDS data to place each resident into 1 of 34 different groups that reflect the resident's assessed acuity and care requirements. Each of the 34 different RUG classifications is organized under 1 of 7 *major classification groups*: Extensive Services, Rehabilitation, Special Care, Clinically Complex, Impaired Cognition, Behavior Problems, and Reduced Physical Functions. Changes in the MDS assessment can result in changes to the resident's RUG classification and the corresponding major classification group. These changes can indicate a potential change in the resident's care requirements.

First, our contractor's review found that documentation in the medical record for 22 of the 39 residents (56 percent) whose MDS assessments could not be validated supported a different RUG classification and a different major classification group for the resident. In particular, these residents should have been placed into a different major classification group requiring a wholly different level or type of care. Thirteen residents moved into a major classification group indicating a higher assessed acuity and greater care requirements. In these cases, there is a risk that the facility may be providing a level of care that is insufficient to meet the resident's care needs. The remaining nine residents moved into a major classification group indicating a lower assessed acuity and fewer care requirements. In these cases, there is a risk that the facility may be providing a greater level of care than the resident's assessed condition actually warrants.

Second, our contractor found that for 17 of the 39 residents (44 percent) whose MDS assessments could not be validated, the documentation in the medical record supported a different RUG classification, but the resident remained within the same major classification group. That is, the resident's RUG classification changed, but our contractor's independent MDS assessment did not classify the resident as requiring a wholly different level or type of care. Even in these cases, there is still a risk that the residents' care may not be properly aligned with their needs. Our contractor determined that the medical records for these residents supported a greater or lesser degree of resident functioning with activities of daily living, need for restorative nursing programs, or presence of depression and other "sad mood" indicators, than were captured by the facility's MDS assessment.

Effect on Rates

In Fiscal Year 2006 Colorado paid approximately $456.5 million in state and federal Medicaid funds to nursing facilities. According to CMS, resident health

and functional status (i.e., acuity) have a major impact on the mix of resources necessary to provide an appropriate level of health care to nursing home residents. In turn, resource requirements drive nursing facilities' health care costs. State statute [Section 25.5-6-204(4)(g) and (h), C.R.S.] requires HCPF to use MDS assessments and the RUG classification system to make a "case-mix" adjustment to Medicaid reimbursement rates. This means that reimbursement rates are adjusted upward or downward to account for the relative differences in clinical condition and the resources needed to provide appropriate care for each nursing home's Medicaid resident population. Adjusting rates for case mix may encourage homes to accept residents who require more expensive care, and it helps avoid penalizing homes that have higher costs due to a more costly mix of residents. However, because the case-mix adjustment is based on MDS assessment data, inaccurate MDS assessments could ultimately affect the accuracy of the State's Medicaid payments to nursing facilities.

To make the case-mix adjustment, HCPF assigns a numeric weight—called a case-mix index value—to each of the RUG classification groups. This case-mix index value is used to translate the qualitative differences in resident acuity and care needs into numeric differences for rate-setting purposes. Higher case-mix index values generally contribute to upward adjustments in a facility's reimbursement rate, and lower case-mix index values generally contribute to downward adjustments in a facility's reimbursement rate. However, the numeric weights assigned to the RUG classification groups do not necessarily fall in rank order. That is, there are cases where HCPF has assigned a "higher" RUG classification a lower case-mix weight than a "lower" RUG classification.

As discussed earlier, our contractor's review resulted in changes to the RUG classification for the 39 residents whose MDS assessment could not be validated. This change in the RUG classification also means that the case-mix index value changes and, therefore, potentially has an impact on reimbursement rates. Specifically, our contractor found that its independent MDS assessment resulted in a lower case-mix index value for 26 residents (67 percent) and a higher case-mix index value for 13 residents (33 percent). As we described earlier, our contractor found cases where the facility assessed residents as having greater care needs than what was supported by the medical record, as well as conditions documented in the medical record that were not accurately or adequately captured in the facility's MDS assessment. Problems with over- or underassessing residents can have an impact on the quality of care. However, since the MDS assessment is ultimately tied to reimbursement rates via the case-mix adjustment, problems with over- or under-assessing residents also increase the risk that the State could be setting nursing facility Medicaid reimbursement rates too high or too low.

Solutions

Federal regulations [42 C.F.R. 483.75(l)] require that residents' clinical records be complete, accurately documented, readily accessible, and systematically organized. Our contractor found that facilities did not sufficiently document or organize their medical records in support of information on the MDS assessments. For example, the facilities did not have systematic or coordinated processes for documenting the repeated observations over several days and several work shifts necessary to assess the level of assistance a resident needs with activities of daily living. Our review of survey deficiency data showed that in Fiscal Year 2006 state survey teams issued a deficiency citation for failure to maintain clinical records in accordance with accepted professional standards to four of the six facilities where our contractor conducted its MDS validation review. Overall, we found that 72 separate facilities, or about 34 percent of all certified facilities in Fiscal Year 2006, were cited with this deficiency. CDPHE should explore ways to improve record organization and consistency at the facility level by encouraging nursing facilities to identify and use best practices (e.g., standard flow charts or checklists) to help collect data, improve communication, and better substantiate their resident assessments. For example, CDPHE could provide assistance by focusing facilities' attention on more critical MDS data elements, such as those used to calculate the case-mix adjustment to Medicaid payments, or those identified as being more prone to errors, inconsistent scoring, or lack of supporting documentation. According to HCPF's contract auditor for nursing homes, some states (Indiana, Nevada, North Carolina, Pennsylvania, Virginia, and Washington) that use MDS data to adjust Medicaid payments have issued guidelines or requirements to facilities regarding supporting documentation for the MDS.

As mentioned earlier, the MDS assessment is intended to be completed by a multi-disciplinary team of nursing facility staff using information from multiple sources. Each individual contributing to the MDS assessment is responsible for certifying the accuracy of the information he or she provides. Most nursing facilities also have a dedicated MDS coordinator on staff—typically a registered nurse—who is responsible for overseeing the assessment process and ensuring the proper collection and transmission of MDS data to the State. CDPHE offers MDS training on a regular basis, but this training is not required for MDS coordinators or other individuals participating in the assessment process. HCPF should work with CDPHE to require that MDS coordinators at all Medicaid-certified nursing facilities complete either the State's MDS training or a comparable external MDS training on a routine basis, as appropriate. CDPHE will need to track those facility coordinators attending the State's training and obtain proof of external training from the remaining facility coordinators. HCPF should obtain this training information from CDPHE and use a default case-mix adjustment for those Medicaid facilities whose MDS coordinator has not

completed the State's training or a comparable MDS training. (HCPF already uses a default case-mix index value for residents with MDS assessments that are more than 120 days old.)

State Oversight

Currently the State's oversight of the MDS assessment process is not sufficient to provide assurance that MDS assessments submitted by nursing facilities are valid representations of residents' conditions. First, although MDS validation is not the intended goal of the certification survey process, surveyors regularly review resident records and MDS data to assess quality of care and resident outcomes. Surveyors are authorized to cite deficiencies for noncompliance with federal MDS requirements, including the requirement that the assessment accurately reflect the resident's condition. For example, our review of deficiency data for Fiscal Years 2002 through 2006 shows that surveyors cited MDS-related deficiencies 564 times; 101 of these deficiencies (18 percent) specifically related to the validity and accuracy of the MDS assessment. CDPHE should continue to work with surveyors through training and on-the-job monitoring to increase awareness of validity problems with MDS assessments and ensure that any such problems noted during certification surveys are investigated and resolved appropriately. This should include citing the facility with a deficiency if warranted.

Second, CDPHE and HCPF should make better use of standard reports available in the electronic MDS system and data maintained by HCPF's contract auditor on RUG classifications for Colorado nursing facility residents to identify those facilities at a higher risk of submitting invalid assessments. For example, both agencies could use aggregate data analysis and system reports to identify those facilities with large shifts in the distribution of residents across RUG classifications, a significant number of changes to their MDS assessments in a given period, or frequent data coding and transmission problems. Nursing facilities that exhibit these characteristics could be at a higher risk of making errors when assessing residents and in need of additional attention during certification surveys or the rate-setting process.

Third, the State could improve the reliability and validity of nursing home resident assessment data by establishing a stand-alone MDS review team. We found that separate validation teams appear to be a common approach among states with MDS-based reimbursement systems under Medicaid. For example, in February 2002 the U.S. Government Accountability Office (GAO) released a report highlighting MDS review programs in the 10 states (Indiana, Iowa, Maine, Mississippi, Ohio, Pennsylvania, South Dakota, Vermont, Washington, and West Virginia) using MDS data as part of their Medicaid payment systems. Another eight states (Georgia, Idaho, Kentucky, Minnesota, New Jersey, New Hampshire,

Utah, and Virginia) planned to establish separate MDS review programs. HCPF has not reviewed the validity or accuracy of MDS data since Colorado implemented the case-mix adjustment to nursing facility Medicaid rates in Fiscal Year 2001. As mentioned earlier, it is unclear whether HCPF received or considered the findings from CDPHE's MDS review study completed in 2000. At the time of the GAO study in 2002, Colorado was one of five states using MDS data for Medicaid payments that did not have a separate MDS review program.

There are some similarities in how other states have set up their MDS review teams. In most cases, the MDS accuracy reviews are separate from the certification survey process and are conducted by state Medicaid staff or contractors. The reviews entail on-site visits to nursing homes and involve a comparison of the documentation in the resident's medical record with the MDS assessment prepared by the facility. Cost can be an issue when implementing a separate MDS review program. However, the GAO reported that since MDS accuracy reviews are typically associated with the administration of states' Medicaid programs, state expenditures are eligible for 75 percent matching federal funds. Most states use results from their MDS reviews to recalculate Medicaid payments when MDS errors are found, and some states reported recouping overpayments in Medicaid reimbursement as a result of validation efforts. However, it is important to note that MDS reviews could also result in additional reimbursement being owed to facilities. CDPHE and HCPF should explore and evaluate options for implementing a separate state MDS review team to ensure the validity and reliability of assessments completed by nursing facilities participating in Medicaid.

Considering the importance of the MDS in planning for and guiding resident care and adjusting nursing facility payments, documenting the basis for the MDS assessment in a way that can be independently validated and verified is critical to achieving its intended purposes. Any inability to validate MDS assessments undermines assurance that residents' care plans are appropriate and, therefore, could result in poor resident outcomes, quality-of-care issues, and an inaccurate view of the overall needs of the resident population. Furthermore, lack of reliable assessments undermines the legislative goal that Medicaid reimbursements to nursing facilities be adjusted for the relative mix of resources required to care for Medicaid residents.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Other. Classification of Finding: Control Deficiency.)

Recommendation No. 118:

The Department of Public Health and Environment should improve the oversight of nursing facility resident assessments and Minimum Data Set (MDS) data by:

a. Continuing to increase awareness among surveyors of the risk of problems with MDS assessments and ensure that surveyors investigate any problems noted with the MDS assessments, including problems with validity and reliability, during certification surveys. This should include citing the facility with a deficiency if warranted.

b. Working with the Department of Health Care Policy and Financing (HCPF) to conduct more systematic review and analysis of standard reports available in the electronic MDS system and data maintained by HCPF's contract auditor on resource utilization group classifications to identify those facilities that are at higher risk of submitting invalid assessments and, therefore, warrant further attention during certification surveys or require additional training. (See also Recommendation 63a.)

c. Working with the Department of Health Care Policy and Financing to require that MDS coordinators at all Medicaid-certified nursing facilities complete the State's MDS training or a comparable MDS training on a routine basis, as appropriate. Facility MDS coordinators attending the State's training should be tracked and proof of comparable external training should be obtained to identify those facilities whose MDS coordinator has not completed the required training. (See also Recommendation 63b.)

d. Encouraging nursing facilities to identify and use best practices, such as standardized flow charts and checklists, to help collect data, improve communication, and better substantiate MDS assessments. This could include focusing facilities' attention on more critical MDS data elements, such as those used to calculate the case-mix adjustment to Medicaid payments, or those identified as having the most problems.

e. Working with the Department of Health Care Policy and Financing to evaluate options for the development and implementation of a state validation team to perform routine on-site reviews of nursing facilities' MDS assessments for Medicaid residents. This should include working with the federal Centers for Medicare and Medicaid Services, the General Assembly, and other policy-making bodies, as appropriate.

Department of Public Health and Environment Response:

a. Agree. Implementation date: Implemented and ongoing.

As discussed in the audit report, CDPHE surveyors have cited MDS-related deficiencies 564 times in the past 5 years against the 10 MDS-related federal citation tags. Two of the 10 tags (20 percent) are related to data accuracy, for which surveyors cited 101 tags (18 percent). CDPHE has provided surveyors with ongoing MDS training and updates to assist surveyors in finding and making appropriate citations and will continue to do so.

b. Partially agree. Implementation date: July 2007.

The CDPHE's existing electronic MDS standard reports will be used to help identify facilities and new MDS coordinators at higher risk of data accuracy problems who may need further survey attention and additional MDS training. The CDPHE will utilize any information provided by HCPF and its contract auditor with respect to RUGs data and reports as an additional tool to help CDPHE identify facilities prone to MDS data errors and, therefore, in need of additional training or survey activity. This recommendation is beyond the Medicare/Medicaid certification requirements and the current certification budget and must be prioritized in consideration of limited resources and workload needs. Implementation of this recommendation would require additional state funds. The CDPHE will investigate additional funding opportunities and options with HCPF for implementing this recommendation.

c. Partially agree. Implementation date: July 2007.

CDPHE will support HCPF's efforts to require Medicaid certified nursing facility MDS coordinators to attend the State's or comparable MDS training. HCPF will be responsible for defining and establishing this requirement through their rules or statute. Enhancing additional mandated training requirements are beyond the existing Medicare/Medicaid certification budget and must be prioritized in consideration of limited resources and workload needs. Implementation of this recommendation will require additional state funds. The CDPHE will investigate additional funding opportunities and options with HCPF for implementing this recommendation.

d. Partially agree. Implementation date: July 2007.

CDPHE will encourage nursing facilities to look for and use best practice forms, checklists, and documentation tools to improve MDS data collection and data item substantiation. CDPHE currently recommends and covers the need for such record keeping in its MDS training, but would need to expand on this topic in future training sessions. To implement this recommendation the CDPHE would need to expand its MDS training sessions to include information pertaining to critical MDS data elements that most affect RUGs scoring and case-mix adjustments. This recommendation is beyond the Medicare/Medicaid certification requirements and the current certification budget and must be prioritized in consideration of limited resources and workload needs. Implementation of this recommendation would require additional state funds. The CDPHE will investigate additional funding opportunities and options with HCPF for implementing this recommendation.

e. Disagree. Implementation date: Not applicable.

CDPHE agrees that validation of MDS assessment is best determined by on-site record review; however, CDPHE does not believe that the development and staffing of a specialized state validation team is the most efficient or cost-effective means by which MDS data can be validated. Further, this recommendation exceeds what is required under Medicare/Medicaid certification requirements for MDS record review during survey. This recommendation cannot be prioritized or implemented with existing Medicare/Medicaid resources.

Auditor's Addendum:

Many other states have implemented independent validation teams to increase the validity and reliability of nursing facility resident assessment data. Since resident assessments are key to ensuring quality of care and are used for setting reimbursement rates, this option deserves consideration and evaluation.

See Recommendation No. 63 to the Department of Health Care Policy and Financing regarding the same issue.

Resident Fund Accounts

Nursing facilities participating in Medicare or Medicaid are required to protect and promote the rights of each resident, including the resident's right to manage his or her own financial affairs. Federal regulations [42 C.F.R. 483.10(c)(2)] state that "upon written authorization of a resident, the facility must hold, safeguard, manage, and account for the personal funds of the resident deposited with the facility." This means that if residents choose to deposit their personal funds with the facility, the facility must act as a fiduciary and manage the funds on the resident's behalf. Nursing facilities cannot refuse to handle resident funds if directed by a resident. Facilities also cannot require residents to deposit their personal funds with the facility. Knowingly misusing resident funds is a criminal act under state law [Section 25.5-6-206(8), C.R.S.].

All residents, regardless of payer type, may choose to deposit personal funds with the nursing facility. However, in most cases, Medicaid residents are only allowed to retain a total of $50 of their monthly income for personal needs. Any additional income is expected to be applied toward the resident's cost of care. Typically, residents use their personal funds to pay for such things as clothing, reading materials, cosmetic and grooming items, gifts, and outside social events or activities. Federal and state laws and regulations establish a number of requirements intended to ensure that residents with funds on deposit at a nursing facility have ready and reasonable access to the funds, and that the funds are properly protected. Some of these requirements include:

- Establishing and maintaining a system of accounting and records that ensures a full, complete, and separate accounting of residents' funds in accordance with generally accepted accounting principles. Resident funds may not be commingled in any way with the facility's funds.

- Purchasing a surety bond to ensure the financial security of all resident funds deposited with the facility.

- Limiting allowable charges to resident fund accounts. Items or services charged to resident accounts must be authorized by the resident. Except for any applicable deductible or coinsurance amounts, facilities may not charge resident fund accounts for any item or services for which payment is made under Medicare or Medicaid.

- Providing quarterly reports on account activity and, for Medicaid residents, notification when account balances approach resource limits used to determine eligibility for benefits.

- Conveying funds and a final accounting of those funds upon the resident's death to the person responsible for settling the resident's estate.

During our audit we conducted site visits at five nursing facilities across the State to review facility policies and procedures for managing resident fund accounts. We reviewed account documentation for the fiscal quarter ending March 31, 2006, for a total of 25 sampled residents (i.e., 5 residents at each facility) with personal funds on deposit at the facility. Account balances for these 25 sampled residents totaled about $17,100 at the time of our review. Overall, we found that facilities are not managing resident fund accounts in compliance with federal and state laws and regulations. Specifically, we identified the following problems:

- **Insufficient or missing authorization forms.** As described earlier, residents must authorize the nursing facility to manage their personal funds. For 12 of the 25 sampled residents with funds on deposit at the facilities we visited, we found a lack of sufficient documentation, such as a form or agreement signed by the resident, giving the facility authority to manage the personal funds. In six cases, the facility did not have any documentation that the resident had authorized the facility to manage his or her personal funds. In five cases, the facility provided us with a form signed by the resident, but the form did not actually contain language authorizing fund management. Finally, in one case, the authorization form was not signed and dated by the resident or his or her legal representative. Balances on the 12 resident accounts without proper authorization for facility management totaled about $9,900. Additionally, State Medicaid Rules [10 CCR 2505-10, Part 8.482.52(A)(3)] require facilities participating in Medicaid to have written documentation when a resident refuses participation in the facility's fund management service. We reviewed an additional sample of 10 residents (i.e., 2 residents at each facility) who did not have personal fund accounts. We found that the facilities did not have documentation showing that 5 of these 10 sampled residents had refused fund management services. All five of the nursing facilities we visited participated in Medicaid.

- **Lack of resident authorization of account activity.** Federal regulations [42 C.F.R. 483.10(c)(8)] and state statute [Section 25.5-6-206(4), C.R.S.] prohibit facilities from making any expenditures from resident fund accounts for any item or service without resident approval. We found that facilities' practices for documenting resident approval were insufficient and that the transactions were not always accompanied by receipts or other supporting documentation. Of the 25 sampled residents with personal fund accounts, we identified about $2,800 in transactions for 3 residents that lacked documentation showing that the resident had authorized the transaction. For example, one resident's account showed a

direct deposit of about $1,370 in social security income and an automatic withdrawal of about $1,340 for the resident's cost of care. However, the resident had not authorized direct deposits to or automatic withdrawals from her account. The two remaining residents' accounts were charged a total of about $90 for hair care services, but there was no documentation to show that these charges were authorized by the residents or their legal representatives.

- **Lack of notification of account balances.** Federal regulations [42 C.F.R. 483.10(c)(5)] and state statute [Section 25.5-6-206(3)(b), C.R.S.] require nursing facilities to provide notification to Medicaid residents when their account balance reaches $1,800, which is $200 less than the federal Supplemental Security Income (SSI) resource limit currently set at $2,000 for one person. The facility is also required to notify the resident or his or her legal representative that if the account balance reaches $2,000, the resident could lose eligibility for Medicaid or SSI benefits. We found that nursing facilities do not regularly monitor resident fund account balances, and therefore, facilities are not notifying residents or their legal representatives as required. Specifically, we identified 3 of 25 sampled residents whose account balances were over $1,800 during the period we reviewed. Further, we found that the account balance for these three residents grew to exceed $2,000 in the months during or immediately following our review period. One resident's account balance exceeded $2,000 for nearly the entire three-month period we reviewed. In all three cases, we found no evidence that the facility made proper and timely notification of the account balance to the resident or legal representative. Facility staff reported that they primarily rely on informal means of notification, such as telephone calls; however, these calls were not documented in the resident files.

- **Accounting errors.** Federal regulations [42 C.F.R. 483.10(c)(4)] require nursing facilities to account for resident funds in accordance with generally accepted accounting principles. During our review we found that one facility made accounting errors while adjusting monthly income deposits and associated withdrawals for care costs for two of the five sampled residents at the facility. For the first resident, the facility underbilled the resident's cost of care for three consecutive months by a total of about $2,000. This caused the resident's personal income to exceed the $50 monthly limit and the resident's account balance to exceed the individual resource limit for these months. The facility became aware of the error in the fourth month and made a subsequent adjustment to the resident's account to recover the remaining balance for the resident's cost of care. For the second resident, the facility calculated the resident's cost of care incorrectly for two consecutive months, which caused the

resident's personal income to exceed the $50 monthly limit in both months.

- **Lack of quarterly account statements.** Federal regulations [42 C.F.R. 483.10(c)(4)] and state statute [Section 25.5-2-206(4), C.R.S.] require nursing facilities to provide residents or their legal representatives with quarterly account statements. We found there was no evidence of such notification in 15 of 25 sampled resident files. Although the facilities reported providing account statements to these residents, we were unable to verify facilities' compliance with this requirement due to a lack of documentation.

In general, improper management of resident fund accounts means that residents' rights are not being fully recognized and their financial assets are not being fully safeguarded. Lack of proper notification limits residents' ability to monitor their account activity and, in some cases, may ultimately place them at risk of losing eligibility for Medicaid benefits. Moreover, noncompliance and inadequate controls over the management of resident fund accounts increases the risk for fraud, abuse, and criminal activity. For example, in 2003 an employee at a nursing facility in Denver was found guilty of criminal charges for misusing resident fund accounts to perpetrate an embezzlement scheme.

Monitoring Resident Fund Accounts

As discussed earlier, there are numerous federal and state requirements governing nursing facilities' management of resident fund accounts. Currently CDPHE and HCPF share responsibility for overseeing nursing facilities' compliance with these requirements. We found that there needs to be more systematic and routine monitoring of resident fund accounts by both agencies.

First, although facilities can be cited with a deficiency citation for noncompliance with federal regulations, survey teams do not routinely review resident fund accounts. Survey teams cited a total of 46 resident fund account deficiencies during Fiscal Years 2002 through 2006, half of which were related to the conveyance of funds upon the death of the resident. Only 7 of these 46 (15 percent) deficiencies were directly related to denying the resident the right to manage their own funds, or to problems with the facility's account management practices. CDPHE staff reported that they typically refer problems with resident fund accounts to HCPF. CMS provides guidance to surveyors for reviewing resident fund accounts; however, CDPHE staff reported that this detailed review is "triggered," which means that it only occurs if problems with resident funds are first identified through surveyors' interviews with residents or their families. We reviewed CMS's standard resident and family interview forms and found that

they contain no questions specific to resident fund accounts. Moreover, many of the problems we identified during our audit may not be known to residents or their families and could only be identified through interviews with facility staff and a review of resident fund account documentation. CMS survey protocols only direct surveyors to review resident fund accounts when triggered; therefore, CDPHE needs to take steps to ensure that surveyors effectively and efficiently identify those circumstances where additional review of resident fund accounts is warranted. To this end, CDPHE should ensure that surveyors are trained on the requirements and proper internal controls over resident fund accounts, as well as on common problems and risks associated with resident fund accounts. Specific questions about resident funds should always be included in interviews with residents, family members, and facility staff to assess the facility's practices regarding such things as completion of management authorization agreements, account balance notification, and quarterly account statements. More in-depth review should then be done in accordance with CMS survey protocols depending on the results of these initial inquiries.

Second, most surveyors have a health care or social work background, which means they may lack sufficient expertise or experience in accounting or auditing to effectively evaluate and test facilities' management of resident fund accounts. CDPHE should provide training to all surveyors on resident fund management requirements and proper internal controls, as well as on common problems and risks associated with resident fund accounts. Additionally, CDPHE could explore ways to augment the expertise available to review resident fund accounts by periodically including individuals on survey teams with a background in accounting or auditing. CMS suggests that states consider using individuals in specialized disciplines who may not routinely participate as members of survey teams. These individuals would not necessarily be present on every survey, but instead could be made available to assist survey teams on an as-needed basis when specific problems or questions regarding resident fund accounts arise at a facility.

Third, state statute [Section 25.5-6-206(5), C.R.S.] authorizes HCPF to audit resident fund accounts managed by nursing facilities participating in the Medicaid program. However, State Medicaid Rules [10 CCR 2505-10, Part 8.482.54(C)] only require such audits when there is a change in facility ownership or when the facility discontinues its participation in the Medicaid program. This creates a large gap in audit coverage, since nursing facilities can operate for many years before HCPF is required to conduct an audit. Since April 2004, HCPF has not conducted any audits of resident fund accounts at nursing facilities where there has not been a change in ownership. Resident fund account audits can be an effective way of ensuring that nursing facilities participating in Medicaid manage resident funds properly because HCPF is authorized to seek recovery of funds on behalf of residents. For example, from November 2004 through August 2006,

HCPF completed 39 change-of-ownership audits and sought the return of more than $143,500 to resident fund accounts. HCPF should expand its audit program to include audits at all Medicaid nursing facilities on a more routine basis. In addition to issuing audit adjustments, HCPF's audit reports should contain recommendations to the nursing facility on how to improve internal controls over resident fund accounts in accordance with federal and state requirements.

Fourth, nursing facilities are required to give Medicaid residents notice when account balances approach the $2,000 individual resource limit for SSI; however, there is no requirement that nursing facilities notify either county eligibility specialists or the State when Medicaid residents' account balances actually reach or exceed this resource limit. As we described earlier, we found that nursing facilities did not give proper notice of account balances and that account balances for three residents in our sample grew to exceed $2,000 during our audit. Medicaid residents whose personal fund account balances exceed $2,000 are technically no longer eligible to receive Medicaid benefits because they have resources exceeding the individual resource limit. Not only could this negatively affect the resident, but this also means that the State could be paying Medicaid claims for ineligible individuals in violation of federal law. Medicaid is a payer of last resort. Therefore, when a resident's income or personal resources exceed established thresholds, the excess should be applied toward his or her cost of care. State Medicaid Rules [10 CCR 2505-10, Part 8.110.51(C)(3)] allow Medicaid residents to use resources in excess of the $2,000 limit to offset Medicaid payments in lieu of losing eligibility for Medicaid benefits. HCPF needs to take steps to identify Medicaid residents with account balances exceeding applicable resource limits. For example, HCPF could require nursing facilities to notify county eligibility specialists and the State when a Medicaid resident's personal needs account balance reaches the resource limit. Once residents with account balances exceeding applicable resource limits are identified, HCPF needs to recover the excess funds to offset Medicaid claims paid for the resident.

Finally, CDPHE and HCPF need to better coordinate oversight and monitoring of resident fund accounts. Each agency operates according to separate laws and regulations and their responsibilities for monitoring nursing facility accounts and addressing violations differ accordingly. HCPF audits resident fund accounts and is authorized to seek recovery of resident funds from Medicaid-certified nursing facilities based on the audit results. CDPHE conducts federal certification surveys and is authorized to issue deficiency citations, require plans of correction, and recommend other enforcement actions, such as civil monetary penalties for noncompliant practices. Better coordination will increase the effectiveness of both agencies' efforts and help avoid duplication wherever possible. CDPHE should continue to make referrals to HCPF based on surveyors' review of nursing facility resident fund account management practices. In addition, survey teams should consult the results of HCPF's resident fund account audits during pre-

survey planning activities. HCPF should consult the results of certification surveys when setting its audit schedule, as well as follow up on referrals from CDPHE. HCPF could also help provide training and guidance to survey teams on reviewing facilities' resident fund account management practices.

(CFDA Nos. 93.777, 93.778; Medicaid Cluster; Other. Classification of Finding: Control Deficiency.)

Recommendation No. 119:

The Department of Public Health and Environment should improve its oversight of nursing facilities to ensure compliance with federal and state requirements for managing resident fund accounts. Specifically, the Department should:

a. Ensure that surveyors are trained on the requirements and proper internal controls over resident fund accounts, as well as on common problems and risks associated with resident fund accounts.

b. Include specific questions about resident fund accounts in interviews with residents, family members, and facility staff. More in-depth review should then be done in accordance with CMS survey protocols depending on the results of these initial inquiries.

c. Work with the Department of Health Care Policy and Financing to improve communication and coordination and, to the extent possible, minimize the potential for duplication of resident fund account monitoring efforts.

Department of Public Health and Environment Response:

a. Agree. Implementation date: July 2007.

   CDPHE will provide surveyors with refresher and updated training and guidelines on Medicare/Medicaid certification requirements for resident fund account oversight by July 2007.

b. Agree. Implementation date: July 2007.

   The CDPHE currently follows CMS Medicare/Medicaid certification guidelines and requirements for surveying resident fund accounts on triggered and sample resident bases. The CDPHE will use CMS

guidelines and collaborate with HCPF to develop a surveyor checklist and protocol to better guide surveyor questions and review in this area, and help determine when to refer in-depth review of resident fund accounts to HCPF after citing the applicable deficiencies. The use of such tools and protocols and the potential inclusion of additional residents in the survey sample may increase surveyor time on resident fund account matters at the expense of other on-site survey tasks involving resident care and safety and must be prioritized in consideration of limited resources and workload needs. Implementation of this recommendation beyond current CMS requirements and guidelines will require additional state funds.

c. Agree. Implementation date: April 2007.

CDPHE will increase its communication and coordinate with HCPF on resident fund account efforts and monitoring and collaborate on surveyor checklists, protocols and criteria for referral of cases needing in-depth analysis to HCPF.

See Recommendation No. 64 to the Department of Health Care Policy and Financing regarding the same issue.

Department of State

Background

Colorado's Election System

Title 1, Section 1, of the Colorado Revised Statutes is known as the Uniform Election Code of 1992 (the Election Code). The Election Code prescribes the way in which elections will be conducted in the State. Basically, Colorado's elections are administered by the clerks and recorders of its 64 counties and, by statute, the county clerk and recorder is the chief election official for the county. The Colorado Secretary of State is statutorily charged with supervising "the conduct of all primary, general, congressional vacancy, and statewide ballot issue elections in the State," as administered by the clerks and recorders. The Secretary of State also has the duty to enforce the Election Code and to coordinate Colorado's responsibilities under the federal "National Voter Registration Act of 1993." Additionally, the Secretary of State has the statutory authority to promulgate rules for the proper administration and enforcement of the election laws and to inspect and review the practices and procedures of any county clerks and recorders in the conduct of elections and in the registration of electors. The Secretary of State's Election Rules promulgated pursuant to statute are codified at 8 CCR 1505-1. The Secretary of State also serves as the Executive Director of the Colorado Department of State (Department).

Department of State's Elections Division

The basic mission of the Department of State is "to collect, secure, and make accessible a wide variety of public records, ensure the integrity of elections, and enhance commerce." Within the Department of State, the Elections Division is responsible for overseeing the uniform application of the Colorado Election Code in conjunction with the county clerks and recorders. As part of this responsibility, the Elections Division arranges and certifies the primary and general election ballots for the State. In addition, the Elections Division maintains voter registration files, registers lobbyists, administers campaign finance laws, and is the filing office for conflicts of interest and oaths of office for certain elected and appointed officials.

During Fiscal Year 2007 the Office of the State Auditor conducted the *Voter Registration Help America Vote Act, Performance Audit*, Report No. 1769, dated November 2007. The information and comments below were contained in that report.

Help America Vote Act

Another statutory duty of the Secretary of State is to serve as the chief state election official for coordinating Colorado's responsibilities related to the federal Help America Vote Act of 2002. The Help America Vote Act (HAVA or the Act) is intended to reform the national election process and address voting system and voter access issues raised during the 2000 presidential election. According to the U.S. Department of Justice, HAVA aims to improve the administration of elections in the United States primarily through three means:

- creating a new federal agency, the Election Assistance Commission (EAC), an independent, bipartisan commission that issues guidance about HAVA, audits the use of HAVA funds, and serves as a clearinghouse for election administration information;

- providing funds to states to improve election administration and replace outdated voting systems; and

- creating minimum standards for states to follow in several key areas of election administration.

Traditionally elections have been administered at the county level with limited oversight or direction from the state and federal governments. Proponents of the election reforms represented by HAVA contended that the decentralized nature of election administration contributed to inconsistencies in voting procedures and voter access. By establishing uniform standards for elections, the goals of HAVA include increased voter participation and reduced discrimination in the electoral process.

HAVA Program Requirements

Under HAVA states must meet many new federal requirements and deadlines for compliance with these requirements. HAVA also authorized federal funding to help the states implement the Act's requirements. To be eligible for federal HAVA funding, states had to adopt an implementation plan, pass enabling legislation, establish a fund for purposes of administering HAVA activities, and allocate some state funds, among other requirements.

In 2003 the Colorado General Assembly adopted House Bill 03-1356, known as the Colorado Help America Vote Act. This Act serves as the enabling legislation for the State's implementation of HAVA in accordance with HAVA mandates. The legislation designated the Colorado Secretary of State as the chief state election official and gave the Secretary of State authority for coordinating the State's implementation of HAVA including the development of the State's implementation plan.

Colorado submitted its original State of Colorado Help America Vote Act State Plan to the federal government in July 2003. In March 2007 the State submitted a revised plan. The purpose of the revised plan is primarily to provide an update of Colorado's implementation of HAVA. According to HAVA, to be eligible for Title III, Section 251 funds, key parts of the State Plan are to address the ways in which the HAVA mandates will be met including how the State will distribute and monitor the payments to local units of government. A copy of Colorado's State Plan, including the revised Plan, is located on the Secretary of State's Web site.

Some of the most important provisions of HAVA are those that mandate specific changes in elections laws or procedures. These programmatic mandates include:

- **Replacement of voting machines.** States are required to replace all punch card and lever voting machines with voting systems as defined by HAVA and discussed in more detail below. Colorado received $2.2 million in HAVA funds for the replacement of punch card voting systems in 682 qualifying precincts in five counties in the State. Including interest earned, the Department of State distributed more than $2.3 million to Boulder, Jefferson, Mesa, Montrose, and Pitkin counties. The five counties replaced all punch-card voting equipment prior to the August 2006 Primary Election thus eliminating the remaining punch-card systems in the State.

- **Voting systems.** States are required to have voting systems that: produce a permanent paper record with a manual audit capacity, notify voters of errors on ballots, provide voters an opportunity to change the ballot or correct any errors before the permanent paper record is produced, allow voters to check ballot accuracy and request replacement ballots, and comply with minimum error rate standards for voting equipment. States are also required to define what constitutes a valid vote. At the federal level, the Election Assistance Commission (EAC) has primary responsibility for ensuring that voting system designs meet the applicable EAC guidelines for voting equipment in the United States.

- **Voter information.** States are required to provide and post different types of information for voters within polling places. For example, HAVA

specifies that sample ballots, instructions on how to vote, and general information on voting rights under state and federal laws be posted in all polling places.

- **Voter registration and identification.** States are required to ensure that individuals registering to vote verify their identity using driver's licenses, social security numbers, or some other valid form of identification. Under HAVA, first-time voters who register by mail are required to provide identification when they cast their ballots. The Act also requires individuals to provide a driver's license number or the last four digits of their social security number when registering to vote. If they do not have either number, they will be assigned a unique identifier. Colorado House Bill 03-1356 mirrors these HAVA requirements, and was adopted prior to the HAVA-required implementation deadline of January 1, 2004.

- **Provisional voting.** States are required to establish the right to a provisional ballot for individuals claiming legal registration but for whom registration cannot be verified at the polling place at which the ballot is cast. In 2002, prior to the passage of HAVA, the General Assembly passed House Bill 02-1307, also known as the Blue Ribbon Election Bill. The legislation requires that provisional ballots be provided to any voter who claims to be properly registered but whose qualification to vote cannot be immediately established.

- **Absentee voting.** States are required to identify a single contact point for absentee voting for military personnel and overseas citizens and compile data on absentee voting.

- **Polling place and voting system accessibility.** The Act requires each state's polling places and voting systems to be accessible to people with disabilities and the blind and visually impaired. States are to meet this requirement by having at least one voting system at each polling place that allows for this level of accessibility. Funding for states to make polling place accessibility improvements came from the federal Department of Health and Human Services (HHS). Colorado received approximately $580,000 from HHS under four separate awards to address polling place accessibility issues. According to the State's revised HAVA Plan, polling place access modifications ranged from the purchase of ramps and the removal of barriers to making curb cuts and providing concrete access paths. At the time of the August 2006 primary election, every polling place in Colorado had at least one HAVA-compliant voting machine accessible to individuals with disabilities.

As indicated above, Colorado has implemented the majority of HAVA's programmatic requirements. The major exception is the statewide computerized voter registration database.

Federal HAVA Funding

Overall Congress appropriated $3.65 billion to help fund HAVA implementation in the states. Funding was distributed by the U.S. General Services Administration (GSA) and was based primarily on state populations and the number of polling places in each state. Various HAVA provisions provided funding for different purposes mandated under HAVA. These include:

- **Title I**, **Section 101** funds may be used to conduct a variety of activities including: educating voters about voting procedures, voting rights, and voting technology; training election officials, poll workers, and election volunteers; developing a state plan for managing requirements payments authorized under Section 251 of HAVA; and improving the accessibility and quantity of polling places. To qualify for Section 101 funds, states had to certify to the GSA that they would use the funds consistent with the provisions of HAVA. The GSA distributed Section 101 funds to the states between April and August of 2003. Section 101 funds have no time limits within which they must be spent.

- **Title I, Section 102** funds may only be used to replace punch card and lever voting systems that were in use during the November 2000 federal general election. The GSA distributed Section 102 funds to the states between April and June 2003 and the funds were distributed based on the number of precincts within an eligible state that used punch card or lever voting systems during the 2000 election. States had to replace these voting systems by November 2004 unless they filed for a waiver, which moved the replacement deadline to the first federal election to be held in the State during 2006. Colorado was one of 23 states that received such a waiver.

- **Title II, Section 251** funds are to be used for complying with HAVA Title III programmatic requirements for voting system equipment and for addressing provisional voting, voting information, and statewide voter registration systems. Section 251 funds are commonly referred to as "requirements payments." To qualify for the Section 251 funds, states had to meet several requirements. Among other requirements, these included (1) appropriating state funds equal to 5 percent of the total amount to be spent for such activities taking into account the requirements payment and the amount spent by the State (state match) and (2) maintaining expenditures for certain types of HAVA-related activities at the same level as the State's

expenditures for these activities during Fiscal Year 2000 (maintenance of effort). The state match and maintenance of effort are discussed in more detail in this section. The federal Election Assistance Commission distributed Section 251 funds between June 2004 and December 2005. The funds have no deadlines by which they must be spent.

Colorado's HAVA Funding

In 2003 and 2004 Colorado received a total of about $41.6 million in federal funds for implementing HAVA. Through the EAC fund reporting year ending in 2006, the State had expended $17.6 million. In 2003 the General Assembly, through enactment of House Bill 03-1356, created the Federal Elections Assistance Fund to receive federal HAVA grants. The General Assembly also appropriated $1.37 million from the Department of State Cash Fund as the State's matching contribution. House Bill 03-1356 requires that any moneys received by the State from the federal government pursuant to HAVA be used only for the purposes specified by the provisions of HAVA. The Act also provides for a continuous appropriation of all moneys in the fund for HAVA-related expenditures. According to the State of Colorado's March 2007 Revised State HAVA Plan, in addition to federal and state funds, "it is estimated that approximately $5.7 million in interest will be earned over a ten-year period." Consequently, "the State estimates the use of at least $48.8 million on HAVA-related activities for the period 2003 through 2012."

Performance Audit Scope and Methodology

This performance audit focused on Colorado's implementation of HAVA and on voter registration activities administered by the Department of State's Elections Division. The Office of the State Auditor contracted with Clifton Gunderson LLP to conduct the audit work related to these areas. The specific objectives of the audit work conducted by Clifton Gunderson LLP were to determine:

- The extent to which Colorado has implemented the provisions of HAVA and whether the Department of State has adopted adequate controls to ensure Federal Elections Assistance Fund monies have been distributed in accordance with and used only for the purposes specified by the provisions of HAVA.

- The adequacy of the Department of State's policies, processes, and procedures for ensuring the accuracy of statewide and county voter registration lists with regard to duplicate registrations and ineligible voters (deceased individuals and felons only).

- The adequacy of the Department of State's systems and processes for ensuring the accuracy of statewide and county registration lists with regard to eligibility, identification verification, and notification.

Audit work included review and analysis of state and federal statutes, rules, policies, regulations, voting and financial records, correspondence, and other State and county documentation and data. In addition to staff from the Department of State's Office, we interviewed county clerk and recorder staff in six counties and staff from relevant state and federal government agencies. We conducted site visits to six counties where we obtained voter registration and financial data. The six counties we visited were Boulder, Denver, El Paso, Jefferson, Mesa, and Weld. We also obtained and reviewed data from the Colorado Departments of Corrections and Public Health and Environment.

During the course of the audit, the Secretary of State requested a review of issues concerning allegations of the misuse of state assets, including such assets as the State's voter registration list, and violations of state laws and personnel rules related to conflicts of interest and outside employment specific to Elections Division personnel. Consequently the audit scope was expanded to include procedures to address these issues and the audit work relative to these issues was conducted by staff of the Office of the State Auditor.

The audit scope did not include a review of provisional balloting, absentee voting, or the conduct of recent elections. The audit scope also did not include a review of the design and implementation of the statewide computerized voter registration system currently being developed though a contract with an outside vendor or the court-ordered retesting of previously certified voting systems (Conroy v Dennis, Denver District Court, Case No. 06CV6072).

Grant Management

Introduction

In addition to its programmatic requirements, the Help America Vote Act (HAVA or the Act) mandates that states apply sound accounting practices related to the receipt and use of federal HAVA funds. The federal Election Assistance Commission (EAC) and the U. S. General Services Administration (GSA) have provided the states with the specific administrative requirements they are to apply in overseeing and managing HAVA funds. According to the EAC and the GSA, states are to manage the funds in accordance with the following three federal Office of Management and Budget (OMB) standards:

- *Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments* describes principles for determining allowable costs, or costs that may be charged to federal programs, and the ways in which they should be supported.

- *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* requires grant recipients to obtain an audit of federal assistance in compliance with Circular A-133 if they spend $500,000 or more in federal funds during a fiscal year.

- *Grants and Cooperative Agreements with State and Local Governments* (the Grants Management Common Rule) prescribes the minimum standards for administering federal funds in areas such as accounting, purchasing, and property management.

We evaluated the Department of State's management of HAVA funds in accordance with these and other basic principles of accounting and grant management. Included in this analysis was a determination of whether the Department distributed funds to the counties according to federal mandates. As part of our audit work, we reviewed federally required reporting documents, Colorado Financial Reporting System (COFRS) data, and other expenditure information, including supporting documentation such as invoices, at both the Department and the six county clerk and recorder offices we visited. We found that the Department distributed funds to the six counties in accordance with HAVA requirements. In addition, we found that, on the basis of our testing at the counties, these six counties expended their HAVA funds for the purposes for which they were intended and that they maintained the necessary documentation to support these expenditures.

In reviewing other aspects of the Department's management of the State's HAVA grants, however, we identified several areas of concern. Although different in nature and magnitude, all of these concerns share a common element—the need for more thorough record keeping. Better record keeping is needed to fully document and demonstrate the ways in which the State has complied with HAVA grant management requirements. As we describe in the following sections, the lack of adequate record keeping to explain the rationale for certain funding decisions, to justify all expenditures, and to comprehensively reconcile reporting and accounting records could place the State in a position of having to repay federal dollars.

State Matching Funds

HAVA Title II, Section 251 payments represent the largest portion—about $34 million—of Colorado's federal HAVA funding. To qualify for Title II, Section 251 payments (also referred to as "requirements payments") states had to file a

certification with the EAC declaring that they had complied with a number of mandates. These mandates included the filing of a State HAVA Plan with the EAC and the implementation of a plan for uniform administrative complaint procedures. The states also had to certify that they had appropriated the required matching funds. According to the EAC, a matching fund requirement is a cost sharing method by which the federal government and the states share the expense of funding a particular endeavor. In the case of HAVA, a state's matching fund requirement is to equal "5 percent of the total amount to be spent for requirements payments activities, taking into account the requirements payment and the amount spent by the State." Section 251 funds can be used to implement any of the HAVA Title II requirements including, as specified in Colorado's State HAVA Plan:

- Purchasing compliant voting systems.
- Implementing provisional voting and voting information requirements.
- Implementing a computerized statewide voter registration list.

Also pursuant to HAVA, to meet the conditions for receipt of Section 251 funds, a state's HAVA plan had to specify "how the state will establish a fund for purposes of administering the State's activities, including information on fund management." The Act stated that a State's fund is to consist of the:

- Amounts appropriated or otherwise made available by the State for carrying out the activities for which the requirements payment is made to the State.
- Requirements payment made to the State (federal HAVA funds).
- Interest earned on deposits of the fund.

Colorado's Federal Elections Assistance Fund (Fund) was established by statute [Section 1-1.5-106, C.R.S.] in 2003. According to the statute, the Fund is to consist of "all moneys received by the state from the federal government pursuant to HAVA, all moneys appropriated or otherwise made available to the Fund by the General Assembly for the purpose of carrying out the activities required by HAVA, and all interest earned on deposits made to the Fund." In addition, "all moneys in the Fund are continuously appropriated to the Department for the proper administration, implementation, and enforcement of HAVA." Finally, the Fund shall be administered by the Secretary of State.

We reviewed Colorado's compliance with the federal and state HAVA mandates related to the State's matching funds. We identified two concerns requiring the attention of the Secretary of State to ensure Colorado is in compliance with HAVA

requirements and thus avoid possible repayment of HAVA funds to the federal government. Additionally, we believe the Department of State should more clearly identify and report on the sources and expenditures of State matching funds to provide needed accountability.

Appropriation of the State Match

In the State of Colorado's original 2003 Help America Vote Act State Plan, the Department reported that all federal funds received by the State pursuant to HAVA 2002 "will be deposited into the State's Federal Election Assistance Fund, along with state and county monies appropriated for the purpose of meeting the State's 5 percent match requirement." The Department reported the State's match to be $1.81 million. In 2003 the General Assembly appropriated $1.37 million from the Department of State Cash Fund as the State's matching contribution. According to staff from the Department of State, the balance of more than $445,000 was to come from other sources, including in-kind contributions from the counties.

In the 2007 Revised State HAVA Plan, the Department reported that Colorado had matched federal HAVA funds in the amount of $1.8 million and that "all federal funds received by the State pursuant to HAVA 2002 are deposited into the Fund, along with state monies appropriated for the purpose of meeting the State's 5 percent match requirement." In addition, "interest earned on the funds has been credited to the Fund by funding source . . . and used according to the purpose of the source." We found, however, that the balance of the State match has never been deposited into the Fund. Consequently, in addition to the Fund being more than $445,000 short, we estimate that it should have earned almost $59,000 in interest between July 2003 and December 2006; this amount should also have been maintained in the Fund.

According to Department staff, HAVA does not require that a state's total match amount be deposited into its federal election fund. Rather, the Act requires only that matching funds be appropriated. In addition, according to staff, HAVA does not mandate a date by which the total matching fund amount must be deposited. Therefore, staff believe they are in compliance with HAVA requirements. We are concerned that this position is not shared by the federal government. In its audits of HAVA compliance, one of the standard areas the Election Assistance Commission reviews is the 5 percent matching requirement. Specifically, the EAC Office of Inspector General's audit program (Section G) includes steps to "verify that state appropriations deposited into the fund are sufficient to meet the 5 percent matching requirement" (emphasis added). In March 2007 the EAC found that the State of Illinois ". . . did not properly deposit the matching contribution in the state election fund." According to the final audit resolution in this case, the EAC stated:

> The EAC believes the requirement for a 5 percent match was clearly articulated in HAVA section 253(b)(5), which requires the appropriation of "an amount equal to 5 percent of the total amount to be spent for such activities". . . and that the requirement to deposit those funds into the state election fund was clearly articulated in section 254(b)(1), which states that the election fund is to include "amounts appropriated or otherwise made available by the State for carrying out the activities for which the requirements payment is made."

Additionally, if a state intends to meet its match in whole or in part with funds provided by counties, the EAC will determine whether the State executed written agreements with the counties specifying the amount of the county match. Failure to meet these requirements could result in the loss or repayment of HAVA monies.

In addition to this concern, there are other issues related to Colorado's HAVA match that need to be addressed. All of these areas are discussed below:

Department's Cash Fund

According to Department staff, the State has met the match requirement because Colorado's Help America Vote Act [Section 1-1.5-106, C.R.S.] authorized the Secretary of State to direct that monies in the Department of State Cash Fund be used to satisfy in whole or in part the matching requirement. Staff report that, in accordance with this authorization, from 2003 through 2006 the Secretary of State directed almost $800,000 from the Department's Cash Fund to meet the match requirement. However, the Department has not deposited these monies into the State's Federal Elections Assistance Fund nor has it reported these expenditures as matching funds on the required federal HAVA reporting documents. Further, this approach does not appear to be entirely in keeping with legislative intent. According to statute [Section 1-1.5-106 (3), C.R.S.]:

> . . . In order to assist the state in satisfying the matching requirement of HAVA, the Secretary may assess the counties for a share of the financial requirement assessed against the state under HAVA and may establish by rule a plan to fairly and reasonably allocate the financial obligation among the counties.

To date, the Department has not assessed the counties any portion of the match requirement. We did not find any documentation explaining the Department's rationale for using its Cash Fund to fulfill the match requirement rather than assessing the counties for a share of the requirement. Also, it is unclear what

portion, if any, of the approximately $800,000 in expenditures from its Cash Fund the Department intends to be credited toward the State's match requirement.

State Match Calculation

We determined that the Department miscalculated the amount of the required match. The Department calculated Colorado's 5 percent state match to be $1,813,632. We recalculated the state match using the federally prescribed formula. We found the correct match amount to be $1,818,177 or $4,545 more than the amount reported to the federal government and used to satisfy the conditions for receipt of Section 251 funds. Therefore, the balance of the State match owed to the Fund, when the match is calculated correctly, is $446,907.

Ensure Match Requirements Are Met

The Department of State needs to resolve the discrepancies we identified by working with the appropriate federal authorities. The Department first needs to resolve the underlying issue of whether it is meeting the 5 percent match requirement by not depositing the total matching funds into the State's Federal Elections Assistance Fund. The Department will also need to determine whether interest income must be repaid because the entire state match has not been deposited into the Fund. Additionally, the Department needs to ensure that the sources of the matching funds are clearly documented and reported to federal and state officials. The General Assembly did authorize the Secretary of State, subject to available appropriations, to direct monies in the Department of State Cash Fund to be used to satisfy in whole or in part the federal matching requirement. We believe that such authorization does not eliminate the need for transparency related to the amount of funds that have been used for this purpose. Further, the Department needs to ensure reports submitted to the federal government clearly identify the use of state funds for HAVA matching purposes.

The Department also needs to correct the miscalculated match amount. Finally, if it is determined that part of the match should come from the counties then the Department needs to adopt rules and execute written agreements specifying the amount of each county's portion and the date upon which the monies will be deposited into the State Federal Election Assistance Fund. Department staff have indicated that the county portion of the match could come from in-kind contributions. If that is the case, the Department will need to determine the value of the in-kind portion, document the basis for the valuation, and record and report it accordingly.

(CFDA Nos. 39.011, 90.401, 93.617; Election Reform Payments, Help America Vote Act Requirements Payments, Voting Access for Individuals with Disabilities Grants

to States; Matching, Level of Effort, Earmarking. Classification of Finding: Significant Deficiency.)

Recommendation No. 120:

The Department of State should ensure compliance with the 5 percent state match requirement and provide greater accountability for the sources and uses of the HAVA state match by:

a. Working with the federal Election Assistance Commission or other appropriate federal agency to resolve the issue related to whether matching funds must be deposited into the State's Federal Election Assistance Fund.

b. Correcting the calculation of the match amount.

c. Revising reports to the federal government to reflect any corrections in the amount of matching funds expended by the State, as appropriate.

Department of State Response:

Agree. Implementation date: Prior to March 30, 2008 (required federal reporting date).

The Department agrees that the correct amount of the required 5 percent state match is $1,818,177, according to the federal formula issued in 2006, rather than $1,813,632 as originally calculated by the Department in 2003. The Department will revise its reports to the federal government to correct the amount of the required match.

The Department agrees that it should work with the Election Assistance Commission (EAC) to resolve whether the State has met the required state match. The Department believes that the $1.81 million match requirement has been more than fully satisfied by (1) The appropriation of $1.37 million from the Department of State Cash Fund to the Federal Elections Assistance Fund, plus (2) increased expenditures of over $800,000 for HAVA-related purposes from Department of State Cash Fund appropriations that would have otherwise reverted. Section 1-1.5-106 (3), C.R.S., expressly authorized the expenditure of such funds from the Department of State Cash Fund to meet the match requirement. The federal act does not require that such funds must first be deposited into the Federal Elections Assistance Fund prior to expenditure. Guidance issued by the EAC supports the use of such

expenditures to meet the state match requirement. (See EAC "Frequently Asked Questions Regarding Appropriate Uses of HAVA Funds," October 2006, Question 46, which allows states to count contributions from other sources, such as expenditures for employee compensation, toward the match requirement, so long as there is an overall increase in state spending.) The Department intends to provide a detailed accounting to the federal government when it files its next required report in early 2008.

Time Reporting

According to federal Office of Management and Budget (OMB) *Circular A-87*, the salaries and wages for non-federal employees who conduct activities solely related to a single federal award or cost objective should be supported by certifications. Certification provides authoritative support for the time employees spend on activities related to the federal program for the period covered by the certification. According to *Circular A-87*, certifications should be prepared at least semi-annually and should be signed by the employee or supervisor having first-hand knowledge of the work performed by the employee. For employees who work on multiple activities or cost objectives, including activities funded through federal programs, the distribution of these employees' salaries or wages among various programs should be based on personnel activity reports or equivalent documentation such as timekeeping records. The documentation for employees for whom a portion of their time is spent on federally funded activities should:

- reflect an after-the-fact distribution of the actual activity of the employees;
- account for the total activity for which each employee is compensated;
- be prepared at least monthly and coincide with one or more pay periods; and
- be signed by the employee.

The Department of State relies on federal HAVA funding to finance the costs associated with employees' HAVA-related activities. In Fiscal Year 2005 more than $646,000 of the Department of State's personal services costs were financed with HAVA funds. In Fiscal Year 2006 this figure increased to more than $740,000. Since Fiscal Year 2003, a total of 24 different employees have been wholly or partially paid with HAVA funds. At the time of our audit, 13 employees were designated as having HAVA-related job responsibilities; 7 of these were entirely paid with HAVA funds and 6 were partially (50 to 75 percent) paid from this source.

We reviewed the documentation maintained by the Department related to individuals whose salaries have been wholly or partially charged to HAVA from Fiscal Year 2003 through Fiscal Year 2006. Overall, we concluded that the Department of State does not maintain adequate documentation to support employees' activities related to and financed through HAVA. Specifically, we found:

- Employees whose positions were entirely HAVA-funded. Certifications for employees who were entirely funded with HAVA dollars were not always prepared, were not always complete, and were not always based on supporting documentation. For example, the Department was unable to locate certifications for two of the eight employees who were entirely funded with HAVA dollars in Fiscal Year 2004. In 2007 the Department prepared a general certification for Fiscal Year 2005 stating that "to the best of our knowledge" employees who were paid with HAVA funds worked on HAVA-related activities. We found no backup documentation to support this statement. Finally, prior to 2006 the Department prepared certifications annually rather than on the federally prescribed semi-annual basis. The Department changed this practice in January 2006 when it began certifying these employees' HAVA-related activities on a semi-annual basis.

- Employees whose positions were partially HAVA-funded. The Department does not have an agency-wide timekeeping system that can track staff hours spent on HAVA-related activities. Neither does the Department have an equivalent uniform manual system for employees who divide their time among various programs and funding sources to document the time spent on HAVA-related activities. Rather, staff report that various methods of tracking or determining the time spent on HAVA activities are maintained by staff.

Time sheets for part-time HAVA employees and certifications of work performed by full-time HAVA employees are two items the U.S. Election Assistance Commission's Office of Inspector General examines during its state audits of HAVA funds. If the EAC were to find Colorado lacked adequate time keeping documentation, the State may be required to repay HAVA funds to the U.S. Treasury or to the State Federal Elections Assistance Fund. The EAC has found that other states lacked adequate time keeping documentation, and in at least one case, has required a state to repay funds.

According to staff from the Department of State, beginning in April 2007 all employees who devote less than 100 percent of their time to HAVA-related tasks must sign monthly certifications attesting to the percentage of time spent on these tasks. Although this is a step in the right direction, we do not believe it is sufficient to satisfy the requirements of OMB *Circular A-87* or the EAC audits. Monthly self-

certifications of the estimated percentage of total time spent on HAVA activities does not reflect an after-the-fact distribution of the actual activity and does not provide adequate documentation for federal accounting purposes. The Department needs to do more to ensure time keeping or equivalent documentation is routinely and comprehensively prepared and recorded. This could include modifying the existing time keeping system to account for HAVA activities. A manual method for tracking the time spent on HAVA activities is also an option. Regardless the method chosen, time keeping records should be approved by the appropriate supervisor and maintained by the Department. The Department should also ensure that certifications for any employee who is assigned solely to HAVA activities are prepared at least semi-annually.

(CFDA Nos. 39.011, 90.401, 93.617; Election Reform Payments, Help America Vote Act Requirements Payments, Voting Access for Individuals with Disabilities Grants to States; Allowable Costs/Cost Principles. Classification of Finding: Significant Deficiency.)

Recommendation No. 121:

The Department of State should improve its documentation of staff time associated with the Help America Vote Act (HAVA). This should include:

a. Adopting a method for tracking staff time spent on HAVA activities that is consistent with OMB *Circular A-87* for employees whose positions are not fully dedicated to this program.

b. Ensuring that certifications are prepared and properly signed at least semi-annually by those employees whose positions are fully dedicated to HAVA.

Department of State Response:

Agree. Implementation date: By January 2008.

The Department's fully paid HAVA employees already sign semi-annual certifications as required by OMB *Circular A-87*. There were one or two HAVA employees in the past who did not sign such certifications, but they are no longer employed with the Department. For those staff whose positions are less than 100 percent HAVA, the Department has used a manual method of tracking time. Each of these staff manually documents his/her activities, retains such documentation, and signs monthly certifications that they have worked the required percentage of time on HAVA-related activities. In May

2007, the Department asked the EAC for permission to use documentation that was not equal to minute-by-minute accounting of time, but the EAC has not responded to our request. The Department will have partially paid HAVA employees maintain more detailed manual documentation and will keep such documentation in a central location rather than with the employees.

By January 1, 2008, the Department will implement a system by which employees will keep more detailed documentation of time spent on HAVA and will maintain all manual documentation in a central location.

Record Keeping and Reporting

Section 902 of the Help America Vote Act states that:

> . . . each recipient of a grant or other payment made under this Act shall keep such records with respect to the payment as are consistent with sound accounting principles, including records which fully disclose the amount and disposition by such recipient of funds, the total cost of the project or undertaking for which such funds are used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

Basically, this means that states should have adequate supporting documentation to substantiate all expenditures related to HAVA activities. In reviewing the Secretary of State's HAVA accounting and fund management activities we noted a number of areas in which record keeping was insufficient and records were not maintained in accordance with HAVA requirements. Consequently, we found it difficult to track and reconcile expenditures reported to the EAC to the State's accounting system.

The federal Election Assistance Commission requires the states to submit an annual report on the Office of Management and Budget's (OMB) Standard Form 269, Financial Status Report, for each HAVA funding source. The reports are to present fiscal information and the states are to annually submit the reports for as long as specific HAVA funds remain in a state's election fund. Among other information, the reports are to include detailed lists and narratives for expenditures by program, function, or task.

We reviewed the Form 269 reports submitted by the Department of State for the EAC reporting period 2003 through 2006. We also reviewed corresponding Colorado Financial Reporting System (COFRS) data and other financial documents. In

addition, we tested a sample of invoices and supporting records related to HAVA expenditures reported by the Department during this period. We tested a total of 72 expenditures totaling more than $4.2 million. Overall, we noted instances of misreporting, miscalculation, and misapplication of HAVA requirements. These included:

- Reconciliation to accounting records. For both 2005 and 2006 we were unable to completely reconcile the expenditures the Department reported to the EAC with the corresponding expenditures recorded in COFRS. We used the Department's documentation and spreadsheets, which are intended to serve as a crosswalk between expenditures reported to the federal government and those recorded in COFRS, to track and reconcile the figures. For 2005 the difference between the reported expenditures and the reconciled expenditures totaled $17,214. That is, the Department reported $17,214 more in expenditures to the EAC than was supported. In addition, the Department was unable to provide documentation to explain and resolve the discrepancy. For 2006 we found a similar discrepancy and lack of documentation for $17,272 reported as HAVA expenditures on the Form 269.

- Matching funds. We identified two problems related to matching funds reported to the federal government on Form 269. First, we found that in 2003 and 2006, the Department incorrectly recorded approximately $144,000 and $53,000, respectively, in state match expenditures for Section 101 funds. According to the EAC, there is no state match requirement for Section 101 funds. Second, in 2006 the Department reported expenditures of almost $234,200 in state matching funds for Section 251. According to Department staff, however, these expenditures represented state HAVA outlays made from the Department's Cash Fund and not from the state matching appropriation in the State Federal Elections Assistance Fund. While state outlays for HAVA purposes from sources other than the State's matching funds are allowed, they should be clearly and accurately reported as such.

- Certification. Pursuant to HAVA, states may use Section 251 funds for the "improvement of the administration of elections for federal office." Activities in this category include voter education, training of election officials, staff expenses related to development and implementation of voting equipment standards and equipment certification, and personal services and other operating expenses. Prior to the use of Section 251 funds for these purposes, HAVA requires that states certify that they have met certain requirements. In 2005 and 2006 the Department reported that it had expended almost $97,500 and $263,200, respectively, for these 'other activities.' However, the Department was unable to provide evidence that it has submitted the required certification to the EAC.

- Reporting errors and miscalculations. The Department incorrectly calculated and reported interest earned for July 2003, which resulted in an overstatement of $397 for Section 102 funds for that month. The Department carried this same error forward in subsequent years. Additionally, in 2006 the Department failed to record information on the state maintenance of effort spent during the State Fiscal Year and the amount appropriated for the next fiscal year in the Remarks section of the Form 269 report as required by EAC guidelines.

Adequate Documentation and Supervisory Review

The Department needs to make improvements in its record keeping and documentation related to HAVA. Questionable HAVA expenses, errors in reported expenditures, and inaccurate calculation of fund activities' expenditures could result in Colorado having to repay funds to the federal government and/or the State Federal Elections Assistance Fund. Expenditures that are not supported by documentation and cannot be reconciled to accounting records could also be deemed unallowable and have to be repaid. Overall, we found that the Department's records did not detail which specific expenditures recorded in COFRS were reported on Form 269 as HAVA expenditures. Therefore, we were unable to track amounts reported on Form 269 to the accounting records or examine invoices or other documentation to support all expenditures reported to the EAC for HAVA activities. The Department needs to develop a system for tracking HAVA-related expenditures that enable Form 269 expenditures to be reconciled to COFRS.

The Department also does not have adequate supervisory review procedures to prevent errors. Supervisory review helps ensure that errors are identified and corrected before reports are sent to the federal government and that reporting is accurate, timely, and in compliance with requirements.

Finally, the Department should develop written procedures for its business processes to allow for consistency and continuity in the event staff responsible for particular functions are unavailable to perform the required tasks. Written procedures also provide formal documentation for how the Department administers and complies with HAVA fund management requirements. The Department needs to adopt such written procedures for HAVA budgeting and funds management, including the preparation of the EAC Form 269 reports and narratives and the calculation and accounting for interest and indirect costs.

(CFDA Nos. 39.011, 90.401, 93.617; Election Reform Payments, Help America Vote Act Requirements Payments, Voting Access for Individuals with Disabilities Grants to States; Reporting. Classification of Finding: Significant Deficiency.)

Recommendation No. 122:

The Department of State should strengthen its controls over Help America Vote Act (HAVA) fund management and reporting by:

a. Ensuring expenditures reported to the EAC can be reconciled to COFRS and that all adjustments are supported by adequate documentation.

b. Implementing a supervisory review process designed to ensure federal HAVA expenditures are reported accurately and completely and EAC requirements are correctly applied and reported.

c. Adopting formal written procedures documenting the processes related to HAVA funds management, including reporting to the EAC and submitting required certifications.

Department of State Response:

Agree. Implementation date: March 2008.

The Department requires and retains documentation to support the use of all HAVA funds, and it has internal control processes to assure that funds are expended in accordance with state fiscal rules, federal guidelines, and HAVA requirements. This includes reviews of expenditures by at least three staff before they are approved in COFRS.

The Department agrees it was difficult for auditors to track and reconcile expenditures reported to the EAC to expenditures recorded in the State's accounting system, COFRS. Reporting on the use of HAVA funds requires manual record keeping as well as COFRS information. The Department has been improving this manual documentation to make it more clear what COFRS information was used to prepare reports to the EAC. The Department is also reviewing all past reports to the EAC to assure they align with recent EAC advisories on the use of HAVA funds. If corrections are required, the Department will file adjusted reports with the EAC and will have substantial documentation to support the amended reports.

The Department agrees that it did not file a certification with the EAC regarding the expenditure of Title II funds on activities to improve the administration of federal elections. The certification will be filed with the EAC prior to December 1, 2007.

All federal funds were placed in one special fund in 2003 and 2004 and have earned interest as required by law. In 2005, the EAC requested the interest be reported by funding section of HAVA (101, 102, or Title II). In distributing the interest across these sections, the Department incorrectly allocated approximately $400 more to Section 102 for July 2003 than it earned. The Department notified the EAC this year when it discovered this error, and it will file corrected reports to the EAC when the next reports are due in February and March 2008.

The Department will implement a supervisory review process designed to ensure that federal reporting is accurate, complete, and correct and will adopt formal written procedures documenting the processes relating to HAVA funds management in accordance with budget circulars, fiscal rules, statutes, and other guidelines and instructions.

Improvements in manual documentation to reconcile with COFRS began in July 2007; this will be completed by March 2008. The Department will file any necessary amended reports with the EAC by their reporting dates of February 29 and March 31, 2008. Written procedures documenting procedures will also be completed by March 31, 2008.

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Office of the State Treasurer

Introduction

The Office of the State Treasurer (Treasury) is established by the State Constitution. The Treasurer is an elected official who serves a four-year term. Please refer to the introduction in the Office of the State Treasurer chapter within the Financial Statement findings section for additional background information.

The following was prepared by the public accounting firm of BKD, LLP, which performed the Fiscal Year 2007 audit work at the Treasury.

Cash Management Improvement Act

The Cash Management Improvement Act (CMIA) regulates the transfer of funds between federal and state agencies for federal grants. The CMIA regulations required the State to match the disbursement of state general funds for federal programs with federal reimbursement. States are required to enter into a Treasury-State Agreement (Agreement) with the U.S. Treasury. This Agreement specifies the procedures that the State will follow to carry out the matching of disbursements and reimbursements.

The State has completed the fifth year of the current Agreement. The agreement lasts two additional years (through Fiscal Year 2009) and may be modified by either party. In Fiscal Year 2007 there were 23 programs in total covered by CMIA at the Departments of Education, Health Care Policy and Financing, Human Services, Labor and Employment, Local Affairs, Public Health and Environment, and Transportation. These programs had federal expenditures of approximately $3.6 billion in Fiscal Year 2007.

Sections 4 and 5 of the Agreement identify the programs and agencies covered by the Agreement based on the program expenditure threshold for Fiscal Year 2007 of $27.4 million in federal funds. These sections should be amended each year to add programs and agencies that are expected to exceed the established threshold and to delete program and agencies that are expected to fall below the established threshold.

The federal government assigns each program a Catalog of Federal Domestic Assistance (CFDA) number. It is not uncommon for more that one State agency to receive federal awards under the same CFDA number. The federal government

considers all awards with the same CFDA number as a program for applying the CMIA threshold. When evaluating federal programs for inclusion in the Treasury-State Agreement, the Treasury failed to combine federal awards with the same CFDA number if no single award met the threshold. As a result, the Center for Disease Control and Prevention–Investigations and Technical Assistance programs (CFDA No. 93.283) combined across all state agencies met the required threshold but were not included.

The Treasury must also identify in Appendix A2 of the Agreement the draw patterns of each program, which the agencies are required to follow. The Treasury miscoded the payment voucher days for the Child Care and Development Block Grant (CFDA No. 93.575) as 0 days instead of 5 days.

Even though there was no loss of interest income in either case noted above, failing to include the appropriate programs or the appropriate draw patterns puts the State at a risk of incurring interest costs.

(CFDA Nos. 93.283, 93.575; Center for Disease Control and Prevention Investigations and Technical Assistance Programs, Child Care and Development Block Grant; Cash Management. Classification of Finding: Not classified—not an internal issue.)

Recommendation No. 123:

The Office of the State Treasurer should continue to use the most current and accurate information available from both the Office of the State Controller and state agencies in order to ensure that the correct programs are included in the Agreement. In addition, programs should be combined based on CFDA number and evaluated in total against the threshold for inclusion in the Agreement. The Agreement should also be reviewed by someone other than the preparer to ensure the appropriate draw patterns are identified in the Agreement.

Office of the State Treasurer Response:

Agree. Implementation date: January 2008.

The Treasury will continue to use the most current and accurate information available from both the Office of the State Controller and state agencies in order to ensure that the correct programs are included in the Agreement. In addition, programs will be aggregated based on CFDA number and evaluated in total against the $27.4 million threshold for inclusion in the Agreement. The Agreement will be reviewed by the Treasury's CFO to ensure the appropriate draw patterns are identified in the Agreement.

Department of Transportation

Introduction

The Colorado Department of Transportation (CDOT) is responsible for programs that impact all modes of transportation. The State Transportation Commission, composed of eleven members appointed by the Governor and confirmed by the Senate, governs its operations. Please refer to the introduction in the Department of Transportation chapter within the Financial Statement Findings section for additional background information

The following was prepared by the public accounting firm of BKD, LLP, which performed the Fiscal Year 2007 audit work at the Department of Transportation.

Davis-Bacon Act Compliance

The Davis-Bacon Act of 1931 established requirements for paying prevailing wages on public works projects. All federal government construction contracts, and most contracts for federally assisted construction over $2,000, must include provisions for paying workers on-site no less than the locally prevailing wages and benefits paid on similar projects. Failure to comply with the prevailing wages provisions of the Davis-Bacon Act can result in the termination of the right to proceed with the work or such part of the work as to which there has been a failure to pay said required wages. The Department must comply with the procedures set forth in the Davis-Bacon Act for its federally funded construction projects.

While testing compliance with the Davis-Bacon Act in connection with our OMB *Circular A-133* testing, we noted that Department documentation for monitoring contractor and subcontractor payrolls for prevailing wage compliance could be enhanced to clarify the Department's policies and procedures that must be followed by its engineers in the field to monitor the payrolls of their contractors and subcontractors. The current language does not state specifically what the Department's personnel should be reviewing to address compliance with Davis-Bacon Act requirements and what constitutes sufficient evidence that this review is being performed.

(CFDA No. 20.205, Highway Planning and Construction, Davis-Bacon Act. Classification of finding: Control Deficiency.)

Recommendation No. 124:

The Department of Transportation should update its training manual to include specific language that directs its engineers on how to properly review contractor and subcontractor payroll information on a weekly basis for compliance with Davis-Bacon Act pay rate requirements and how to adequately document evidence of their review.

Department of Transportation Response:

Agree. Implementation date: Implemented.

CDOT has updated the training manual accordingly.

Disposition of Prior Audit Recommendations

The following audit recommendations are summarized from the Statewide Audit for Fiscal Years 2001 through 2006 and include only the recommendations not implemented as of Fiscal Year 2006. The Statewide Audit includes both financial audit and Single Audit recommendations.

The classification of findings described in the Report Summary has been applied throughout the dispositions, as needed. If the disposition is "Implemented" the classification is not needed; if the disposition references a current year recommendation, the classification will be with the current year finding. For other dispositions the classification of the findings are included in this section.

Report and Rec. No.	Recommendation	Disposition
	Department of Corrections	
2006 Single Audit Rec. No. 1	Continue to improve its controls over inmate banking by (a) maintaining complete and accurate documentation to support all activity in inmate accounts; (b) implementing procedures that assure all facilities are properly enforcing Department of Corrections Administrative Regulations to help ensure required deductions are made and inmate account activity is processed accurately; and (c) researching the benefits of expanding the percentage of time its internal auditor spends on testing compliance with regulations, policies, and procedures over inmate banking activities.	Partially implemented. See current year Recommendation No. 2.
	Department of Health Care Policy and Financing	
2006 Single Audit Rec. No. 2	Routinely reconcile accounts receivable balances on the Colorado Financial Reporting System to subsidiary ledgers and make necessary adjustments in a timely manner.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 3	Ensure that all assets recorded on the Colorado Financial Reporting System are properly valued.	Implemented.
2006 Single Audit Rec. No. 4	Establish consistent policies and procedures for calculating the year-end Incurred But Not Reported accrual and monitor the accuracy of the calculation through review of the prior year expenditures and by monitoring the liquidation of estimates made at year end for the Incurred But Not Reported estimates.	Implemented.
2006 Single Audit Rec. No. 5	Ensure receivables related to bankruptcies are fairly stated by periodically obtaining the updated status of each bankruptcy case.	Implemented.
2006 Single Audit Rec. No. 6	Make improvements to its internal controls over financial reporting by ensuring that there is an adequate supervisory review of all employees' work prior to submission to the Office of the State Controller or other parties.	Partially implemented. See current year Recommendation Nos. 4, 60, and 61.
2006 Single Audit Rec. No. 31	Ensure that remaining backlogs of Medicaid and Children's Basic Health Plan cases on the Colorado Benefits Management System that require cleansing are eliminated as soon as possible.	Partially implemented. See current year Recommendation No. 49.
2006 Single Audit Rec. No. 32	Ensure that Medicaid and Children's Basic Health Plan cases are processed within federal guidelines.	Partially implemented. See current year Recommendation No. 50.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 33	Improve controls over eligibility determination for the Medicaid program by (a) establishing an effective means for documenting and substantiating beneficiary eligibility determinations for each paid claim, (b) reviewing eligibility data in the Colorado Benefits Management System (CBMS) for accuracy and consistency with source and certified documentation via scanned or copied documentation maintained in the files, (c) requiring counties or Medical Assistance sites to maintain copies of verification documents, and (d) evaluating the training program that the State currently has in place and determining where improvements can be made to reduce the number of caseworker errors that are being repeated.	a. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. During our audit for Fiscal Year 2007, we did not note specific instances where information could not be obtained from CBMS. The Department of Health Care Policy and Financing (HCPF) has implemented archive mechanisms within the system. HCPF should continue to identify areas that need an improved archive mechanism and pursue changes accordingly. b. Not implemented. See current year Recommendation Nos. 52 and 53. c. Not implemented. See current year Recommendation No. 52. d. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. HCPF performs training on CBMS related activity. HCPF should continue to perform CBMS training to reduce caseworker errors on system.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 35	Take necessary action to ensure accurate Medicaid claims paid data runs on hospital cost data are generated on a timely basis and that required audits of cost report data are performed timely.	Partially implemented. The Department has completed its review of 77 backlog reports and has 45 remaining. The Department plans to fully implement this recommendation by June 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 36	Develop and implement a plan to automate the process for updating licenses for providers in the Medicaid program.	Deferred. The Department plans to fully implement this recommendation by July 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 37	Ensure that Medicare is the primary payer on claims processed through the Medicaid Management Information System (MMIS) for dual eligible Medicaid recipients by (a) reviewing the Medicaid claims identified during the audit as potentially eligible for Medicare reimbursement and billing Medicare as appropriate, (b) reviewing the procedure codes and edit settings for claims on behalf of dual-eligible recipients and ensuring that Medicare is identified as the primary payer as appropriate, and (c) updating MMIS for any procedure code changes issued by Medicare on a regular basis.	Deferred. The Department plans to fully implement this recommendation by July 2007. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 38	Improve utilization management in the Medicaid Community Mental Health Services Program by (a) requiring Behavioral Health Organizations (BHOs) to disclose the nature and extent of their financial and organizational relationship with the Community Mental Health Centers (CMHCs) to the Department annually; (b) reviewing the ownership and governance relationship between the CMHCs and BHOs to ensure that oversight of utilization management is sufficiently transparent and accountable given the potential for conflicts on interest between the CMHCs and BHOs; (c) working with the BHOs to develop requirements for a minimum set of utilization management procedures and incorporating these requirements into the State's contracts with the BHOs in order to supervise the activities of all providers, whether part of the BHO's internal or external provider networks; and (d) requiring BHOs to establish formal delegation agreements when delegating utilization management functions to any agency, especially their providers.	a. Implemented. b. Deferred. The Department plans to fully implement this part of the recommendation by July 2007. c. Deferred. The Department plans to fully implement this part of the recommendation by October 2007. d. Deferred. The Department plans to fully implement this part of the recommendation by December 2007. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 39	Improve reporting and analysis of financial and performance information related to the Medicaid Community Mental Health Services Program by (a) reviewing existing financial and clinical performance measures reported by the Behavioral Health Organizations (BHOs) to ensure the data elements are reported consistently across the BHOs; (b) developing standardized financial reports and performance measures that reflect key aspects of the Medicaid Community Mental Health Services Program and are consistent with nationally recognized measures; and (c) implementing periodic analysis of information reported by BHOs and their provider networks, including analysis of rates versus actual reported costs, detailed per member per month cost analysis by spending and eligibility category, rates by eligibility category, and clinical quality performance indicators.	a. Deferred. The Department plans to fully implement this part of the recommendation by July 2008. b. Deferred. The Department plans to fully implement this part of the recommendation by July 2008. c. Deferred. The Department plans to fully implement this part of the recommendation by July 2007. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 40	Ensure adequate performance of telephone access lines maintained by Behavioral Health Organizations (BHOs) by identifying performance standards and incorporating those standards into BHO contracts, along with penalties for noncompliance.	Deferred. The Department plans to fully implement this recommendation by January 2008. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 41	Work with the Behavioral Health Organizations (BHOs) to improve processes for identifying third party payers and recovering payments in its Medicaid Community Mental Health Services Program by (a) ensuring compliance with BHO contracts by reviewing and assessing the adequacy of BHO procedures for identifying and recovering from third party payers and ensuring that third party recovery efforts are adequate for services provided through both the internal and external provider networks and (b) requiring BHOs to actively monitor the third party recovery efforts of all providers.	Deferred. The Department plans to fully implement this recommendation by January 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 42	Require Behavioral Health Organizations to monitor and report on the use of allocated state mental health hospital beds by Medicaid members.	Deferred. The Department plans to fully implement the recommendation by October 2007. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 43	Ensure that encounter data for the Medicaid Community Mental Health Services Program from the Behavioral Health Organizations (BHOs) and other providers are reliable and valid for rate setting purposes by (a) conducting data analysis to determine the validity of current BHO and other provider encounter data, (b) implementing a process for monitoring encounters reported by service providers and BHOs to ensure that encounters are reported consistently and accurately, and (c) establishing a process to address and resolve discrepancies identified in the BHOs' tracking and reporting of encounter data as a result of these activities.	a. Deferred. The Department plans to fully implement this part of the recommendation by July 2008. b. Implemented. c. Deferred. The Department plans to fully implement this part of the recommendation by December 2007. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 44	Develop a standardized encounter reporting manual for the Medicaid Community Mental Health Services Program to ensure all services are coded by the service provider, at the point of service, in accordance with the Health Insurance Portability and Accountability Act-compliant procedure codes and to ensure the accuracy and consistency of encounter data reported.	Deferred. The Department originally stated that it would implement the recommendation by July 2008; however, the Department did not request the resources as part of its Fiscal Year 2007 or 2008 budget request and will continue to pursue the necessary resources during Fiscal Year 2008. Thus, the Department plans to fully implement this recommendation by July 2009. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 45	Initiate a cost study to assess and verify the fee schedule used to price encounters in the Medicaid Community Mental Health Services Program.	Deferred. The Department originally stated that it would implement the recommendation by July 2008; however, the Department will continue to pursue the necessary resources. Thus, the Department plans to fully implement this recommendation by July 2009. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 46	Work with the General Assembly to seek change in statutes related to Medicaid mental health capitation payments to align Colorado law with changes made to federal regulations.	Deferred. The Department originally stated that it would implement the recommendation by May 2007, if approved by the General Assembly and enacted by the Governor. However, the Department did not pursue statutory change in the 2007 Session. The Department is seeking statutory change in the 2008 Session, and plans to implement this recommendation by May 2008, if the legislation is approved by the General Assembly and signed by the Governor. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 47	Work with its actuaries to revise its rate setting methodology for the Medicaid Community Mental Health Services Program.	Deferred. The Department originally stated that it would implement the recommendation by July 2008; however, based on the timing of the implementation of other recommendations, the Department now plans to fully implement the recommendation by July 2009. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 42	Strengthen its disaster recovery procedures over the Medicaid Management Information System (MMIS) and Colorado Benefits Management System (CBMS) by (a) enforcing provisions in the fiscal agent's contract that allow HCPF access to the disaster recovery plan at the Department, (b) switching all MMIS users over to the new hardware to help ensure that claims processing would continue in the event of an emergency, (c) completing the MMIS disaster recovery test to ensure that all subsystems are operational and establishing a plan for periodic subsequent testing, and (d) ensuring that the CBMS Hot Site in Pueblo is operating and functional and that a full disaster recovery test is performed.	a. Implemented. b. Implemented. c. Implemented. d. Not implemented. See current year Recommendation No. 92.

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 31	Ensure full compliance with the Medicaid Drug Rebate Program requirements by (a) implementing a method for identifying the state-only portion of its prescription drug usage and excluding that portion from the federal Medicaid drug rebate calculations; (b) working with the Centers for Medicare and Medicaid Services (CMS) to determine whether some portion of drug rebates received by the Department are due back to participating Medicaid drug manufacturers and, as necessary, repaying any overpayments; (c) requesting advance approval from CMS for future rate changes related to its Medicaid Drug Rebate Program to ensure rebates are being properly invoiced to manufacturers, collected by the State and reported to CMS.	a. Implemented. b. Implemented. c. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. Effective with the invoices covering the fourth quarter of Calendar Year 2005, the Department has implemented a method for identifying the state-only portion of its prescription drug usage and excluding that portion from the federal Medicaid drug rebate invoices. On January 2, 2006, the Department notified CMS that the Department could identify specific drug code utilization amount associated with the state-only program that had been previously deducted from the amount billed under the Medicaid drug rebate invoices and that analysis can be used to make the necessary adjustments to the CMS 64.

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 35	Expand efforts to reduce the number and amount of newborn claims that are inappropriately paid as fee-for-service by (a) collecting data to determine where lags in the newborn enrollment process occur, whether certain counties experience more problems in this area than others, and what additional processes could be implemented to reduce inappropriate fee-for-service claims for newborns; (b) as part of the next payment correction process, evaluating the extent to which the Colorado Benefits Management System (CBMS) reduces the newborn portion of incorrect fee-for-service payments for Health Maintenance Organization (HMO) enrollees; and (c) after implementing the provisions of HB 04-1058, evaluating the success of the designated sites in increasing newborn enrollment in Medicaid and considering the possibility of pursuing statutory change to expand its ability to designate other providers.	a. Implemented. b. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. The Department of Health Care Policy and Financing (HCPF) has implemented policy changes within CBMS regarding newborn enrollment. These changes included HCPF switching from prospective capitation payments, where the capitation is paid prior to the enrollment month, to concurrent capitation payments made during the enrollment month, and HCPF now internally adds newborns identified as HMO covered directly to eligibility files. The Department reports that it cannot isolate the monetary impact of CBMS on reducing the newborn portion of incorrect fee-for-service payments for HMO enrollees as a result of these policy changes. However, the Department believes that it has gained efficiencies through the use of CBMS to implement these changes. c. Implemented.

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 41	Maximize drug rebate collections through the Drug Rebate Program by (a) improving the drug rebate accounting system to increase the collection rate and expedite recovery of rebate program revenue; (b) tracking rebate amounts invoiced, disputed, and collected to establish benchmarks and evaluate trends; (c) evaluating staffing/workload and assigning staff resources to compute interest on unpaid balances, properly track pricing and rebate per unit changes, research disputed rebates, and resolve all outstanding disputes with manufacturers in a timely manner; (d) investigating and implementing system edits which will prevent payment of claims that could lead to rebate disputes; and (e) using the dispute resolution services of the Centers for Medicare and Medicaid Services, when appropriate.	Implemented.
2004 Single Audit Rec. No. 43	Improve the effectiveness of the prior authorization program and ensure that Medicaid payments are appropriate for restricted, covered drugs by (a) developing and enforcing fiscal agent contract performance standards for drug prior authorization program administration to minimize the risk of prior authorizing non-covered drugs; (b) increasing the frequency of analytical review and conducting independent audits of the fiscal agent's accuracy and consistency in following prior authorization guidelines and procedures; (c) increasing oversight of fiscal agent training to ensure proper interpretation and implementation of federal and state statutes, policies, procedures, and clinical prior authorization criteria; and (d) hiring or contracting with a licensed physician to oversee drug and other utilization control programs.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 44	Strengthen its controls over pharmacy overrides by (a) enforcing existing policies by conducting regular audits of prescription drug claim overrides, (b) expanding analytical review of paid prescription drug claims to include routine analysis and trending of pharmacy override codes to detect patterns of misuse or abuse, (c) conducting provider education and outreach to reinforce the Department's policies and procedures concerning overrides and other utilization controls, (d) establishing additional internal controls to limit quantities dispensed and developing clinical guidelines to prevent pharmacy overrides for drugs that are clinically inappropriate or subject to abuse, and (e) establishing controls to prevent fraudulent billing practices for the "brand cheaper than generic" override and expanding post payment pharmacy audit criteria to include the identification of overpayments resulting from "brand cheaper than generic" overrides.	a. Implemented. b. Implemented. c. Implemented. d. Implemented. e. Partially implemented. The Department has provided information to pharmacy providers limiting the use of generic override codes and produced a report to monitor that code. The Department is planning to implement monitoring procedures as of September 1, 2007. (Classification of Finding: Control Deficiency.)
2001 Single Audit Rec. No. 50	Implement edits in the Medicaid Management Information System to review laboratory claims for compliance with Clinical Laboratory Improvement Amendment requirements in accordance with state Medicaid policy.	Not implemented. See current year Recommendation No. 56.

Department of Higher Education

University of Colorado

2006 Single Audit Rec. No. 48	Establish a management review of calculations to ensure the Return of Title IV calculations are performed properly.	Implemented.

Report and Rec. No.	Recommendation	Disposition
	Colorado State University - Pueblo	
2006 Single Audit Rec. No. 49	Strengthen procedures and controls to ensure that Pell payment data is submitted to the students within the specified time frame.	Implemented.
2006 Single Audit Rec. No. 50	Strengthen procedures to ensure that the Return of Title IV funds calculations and the related returns are performed on a timely basis.	Implemented.
	Colorado School of Mines	
2006 Single Audit Rec. No. 51	Assure that adequate review procedures are in place to verify that its policies are adhered to with respect to disbursing Federal Family Education Loan program funds within the federally mandated time frame.	Implemented.
2006 Single Audit Rec. No. 52	Review all costs charged to federal programs to assure that they are allowable under federal regulations and specific grant provisions.	Implemented.
2006 Single Audit Rec. No. 53	Assure that its expanded procedures for the monitoring of subrecipients to include review of the Federal Audit Clearinghouse database and the monitoring of for-profit subrecipients are consistently followed and documented.	Implemented.

Report and Rec. No.	Recommendation	Disposition
	Colorado Community College System	
2006 Single Audit Rec. No. 54	Improve its subrecipient monitoring by implementing policies, procedures, and controls to ensure compliance with Office of Management and Budget (OMB) *Circular A-133*. Specifically, CCCS should (a) develop a risk based approach for monitoring subrecipients, including written policies and procedures, in compliance with OMB *Circular A-133*; (b) require all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to OMB *Circular A-133* audit requirements; (c) develop written policies, procedures, and documentation requirements for subrecipients to support allowability and appropriateness of grants expenditures and other compliance requirements; (d) provide training to improve the technical skill of staff responsible for subrecipient monitoring; and (e) provide adequate oversight and supervisory review of the Perkins monitoring process.	Partially implemented. See current year Recommendation No. 68.
2006 Single Audit Rec. No. 57	Improve its evaluation of new and renewal program applications by ensuring that programs provide students with entry-level skills, job readiness skills, or the ability to articulate to further training.	Partially implemented. Colorado Community College System (CCCS) will propose statutory change during the 2008 Legislative Session to the program approval requirements so that the statutory language reflects the CCCS' current practice of approving career and technical education programs that are designed primarily to allow students to articulate to further training. CCCS also plans to redesign its program approval process by June 2008. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 58	Ensure that programs whose approvals have expired do not receive Colorado Vocational Act (CVA) or Perkins funding by (a) prohibiting reimbursement for programs that are expired, as determined by Board criteria; (b) routinely monitoring the status of programs using the Expired Programs report before processing CVA and Perkins reimbursement requests; and (c) reevaluating its regulations to ensure that programs do not receive continued CVA and Perkins funding without being renewed timely.	Partially implemented. Colorado Community College System (CCCS) implemented procedures to monitor expired programs and help ensure that they do not receive CVA or Perkins funding that includes using the Expired Programs report. For a sample of four expired programs, we found that none of the expired programs received Perkins funding in Fiscal Year 2007. However, we estimate that one of the expired programs received about $2,100 in CVA funding for Fiscal Year 2007. In addition, CCCS has not updated its Administrators' Handbook to reflect new rules regarding when expired programs are no longer eligible for funding. CCCS expects to update its handbook by March 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 59	Clarify whether school districts may receive Colorado Vocational Act and/or Perkins reimbursement for academic courses such as English, biology, and American History offered through Alternative Cooperative Education programs.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 60	Improve the reliability of accountability data for career and technical education programs by (a) developing and implementing a risk-based approach to conducting on-site data reliability testing; (b) ensuring that staff review appropriate sample sizes at each site; and (c) requiring subrecipients with identified data reporting errors to develop and implement a corrective action plan, subject to the Colorado Community College System's review and approval, that identifies the causes of the errors and minimizes future errors.	Partially implemented. Colorado Community College System (CCCS) is developing a risk-based approach to monitoring Perkins subrecipients, including data reliability testing. CCCS expects to have the new monitoring procedures, which will address sample sizes and the corrective action process, in place and working by January 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 61	Improve its oversight of Perkins grant subrecipients by developing and implementing a more systematic process for using local improvement plans.	Partially implemented. Colorado Community College System (CCCS) developed a process to identify and address subrecipient performance deficiencies for Fiscal Year 2007. CCCS chose not to identify performance deficiencies for Fiscal Year 2008 because it was a transition year to the new Perkins Act requirements. CCCS plans to implement a new local improvement plan system as of July 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 62	Ensure that matching requirements are met for Perkins administrative costs by designing and implementing a process that assigns Perkins administrative costs equally between Perkins and non-federal cost centers.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 63	Ensure salaries charged to the Perkins grant and the Perkins non-federal administrative match are accurate, properly substantiated, and reported by (a) requiring that employees whose salaries are charged to cost centers associated with the Perkins grant or the Perkins non-federal administrative match submit time reports in accordance with Office of Management and Budget (OMB) *Circular A-87* and (b) reviewing the time reports periodically and adjusting the amount of salaries charged to Perkins, as appropriate, in accordance with OMB *Circular A-87.*	Partially implemented. See current year Recommendation No. 69.
2006 Single Audit Rec. No. 64	Reevaluate its use of Perkins leadership funds to maximize their effectiveness.	Partially implemented. Colorado Community College System (CCCS) changed the job descriptions for staff performing Perkins leadership activities to ensure that staff time is spent on activities that benefit the highest number of career and technical education students. CCCS expects to complete a workload analysis by June 2008 to determine if it is maximizing the effectiveness of Perkins leadership funds. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 65	Improve its on-site subrecipient monitoring of Perkins grant expenditures by (a) including specific steps in its monitoring process to test the allowability and appropriateness of Perkins grant expenditures made by subrecipients, (b) improving the technical skills of on-site reviewers through additional training and considering using the Colorado Community College System's internal audit staff to supplement the monitoring review teams, and (c) defining documentation requirements for subrecipients to support the allowability and appropriateness of Perkins grant expenditures.	Partially implemented. Colorado Community College System (CCCS) is developing a risk-based approach to monitoring Perkins subrecipients. As part of the development of a new monitoring approach, CCCS is considering the most appropriate use of staff for the monitoring and additional training opportunities, as well as defining documentation requirements for subrecipients. CCCS expect to have the new monitoring procedures in place and working by January 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 66	Improve its Perkins administrative and program monitoring processes by (a) considering reassigning staff duties so that more resources are devoted to monitoring activities or revising monitoring procedures to focus on those areas with the greatest risk; (b) requiring staff to complete monitoring checklists and issue formal reports of findings and recommendations; (c) instituting a supervisory review to ensure that monitoring checklists and reports have been completed sufficiently; (d) following up on all monitoring recommendations to ensure they have been implemented; and (e) establishing time frames in its monitoring procedures for the timely completion of monitoring reports, supervisory reviews, and follow-up on recommendations.	Partially implemented. Colorado Community College System (CCCS) is developing a risk-based approach to monitoring Perkins subrecipients. As part of the development of a new monitoring approach, CCCS is considering the reassignment of staff duties, the use of monitoring checklists and formal reports of finding and recommendations, the institution of a supervisory review process, and the establishment of time frames. CCCS expects to have the new monitoring procedures in place and working by January 2008. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 67	Improve its monitoring process for the federal Perkins program by (a) reassessing its monitoring schedule to ensure that it meets its commitment to monitor each subrecipient once every five years as provided in the State's Perkins plan, (b) expanding monitoring policies to include written policies that outline the number of schools and programs required for review during each program monitoring visit, and (c) ensuring that consortium administrators complete on-site monitoring visits in accordance with established procedures.	Deferred. The Department is planning to fully implement this recommendation by January 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 68	Ensure that Perkins subrecipients comply with Office of Management Budget (OMB) *Circular A-133* audit requirements by (a) implementing a process to help identify subrecipients subject to OMB *Circular A-133* audit requirements and (b) amending the Perkins grant agreement to include a provision requiring all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to OMB *Circular A-133* audit requirements.	Partially implemented. Colorado Community College System (CCCS) grant agreement requires a subrecipient to either submit an OMB *Circular A-133* audit or an exemption form stating that it is not subject to the audit requirement. CCCS tracked which subrecipients submitted audits or exemption forms in Fiscal Year 2007 but did not otherwise enforce this requirement. CCCS implemented a policy in Fiscal Year 2008 of not allowing a subrecipient to request grant reimbursements unless it submitted an audit or exemption form. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
	Colorado Community College System Front Range Community College	
2006 Single Audit Rec. No. 55	Ensure Front Range Community College enhances procedures to ensure that the institution's portion of a student's unearned Title IV funds are returned within 30 days after the school has determined a student has withdrawn.	Implemented.
	Colorado Community College System Front Range Community College and Pikes Peak Community College	
2006 Single Audit Rec. No. 56	Ensure Front Range Community College and Pikes Peak Community College enhance procedures to ensure that students are not allowed additional days of eligibility before they are reported to the National Student Loan Data System.	Implemented.
	Adams State College	
2006 Single Audit Rec. No. 69	Improve the timeliness of the return of unearned Title IV funds and ensure federal timeframes are met.	Not implemented. See current year Recommendation No. 75.
2006 Single Audit Rec. No. 70	Improve controls over additional authorizations of Federal Work-Study by implementing the policy currently in place to ensure that appropriate documentation is maintained for requests and authorizations for increases in student work-study funding.	Implemented.

Report and Rec. No.	Recommendation	Disposition
	Metropolitan State College	
2006 Single Audit Rec. No. 71	Ensure that federal requirements for return of funds under Title IV are met by changing the approach to calculating the number of days per semester and ensuring calculations are accurate.	Implemented.
	Colorado Student Loan Program dba College Assist	
2006 Single Audit Rec. No. 72	Implement and strengthen controls over the claims system and claims review process by (a) establishing history capabilities within the claims system to reflect all individual changes made to all claims; (b) establishing segregation of duties between those making changes to the system and those approving the changes to the system and ensuring that all approving sign-offs are present to ensure the integrity of the information on the system; and (c) ensuring that the quality control process over claims performed by the Colorado Student Loan Program dba College Assist and by NelNet are appropriately documented, conducted timely and consistently, and that results are evaluated and used to implement changes to the claims process when needed.	Implemented.

Report and Rec. No.	Recommendation	Disposition
	Department of Human Services	
2006 Single Audit Rec. No. 7	Complete its research of nursing home capital asset accounting problems identified during Fiscal Year 2006 and make adjusting entries to the Colorado Financial Reporting System (COFRS) as appropriate. The Department should also ensure that capital asset accounting staff are adequately trained and supervised to ensure similar problems do not occur in future years.	Implemented and ongoing. The Department has substantially implemented the recommendation. It has completed its research of the issues noted in the Fiscal Year 2006 audit and made necessary corrections to COFRS. Further, the Department held training for all accounting staff that specifically addressed issues that have been identified as problems. The Department reports that it is monitoring financial transactions related to the nursing homes on a regular basis.
2006 Single Audit Rec. No. 8	Improve controls over the patient revenue reconciliation process at the mental health institutes and regional centers by (a) performing revenue reconciliations in a timely manner and making corrections to financial data, as appropriate and (b) ensuring staff members performing revenue reconciliations are adequately trained and supervised.	Implemented.
2006 Single Audit Rec. No. 9	Improve controls over the preparation of fiscal year-end exhibits submitted to the Office of the State Controller by (a) ensuring staff preparing exhibits are adequately trained on exhibit preparation requirements and (b) enhancing the secondary review process over exhibits to include a detailed review of all supporting documentation used to prepare the exhibits.	Partially implemented. See current year Recommendation No. 14.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 10	Improve controls over the preparation of the Schedule of Federal Expenditures, or Exhibit K, by (a) developing formal, written procedures for the preparation of the Exhibit K, including steps required to prepare adequate supporting documentation; (b) expanding its supervisory review process over the Exhibit K to include a review of supporting documentation; and (c) providing training to staff preparing supporting reconciliations and the Exhibit K that addresses the format to be used for reconciliations and the importance of accurate information.	Partially implemented. The Department has improved the process for the preparation of the Exhibit K and significantly reduced the number of errors and revisions over the prior year. However, exceptions noted during our Fiscal Year 2007 audit should have been detected through the supervisory review process. Further, the Department has not formally documented written procedures for the Exhibit K. The Department plans to fully implement this recommendation by June 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 11	Improve controls over payroll by (a) working with the Department of Personnel & Administration to determine the appropriate method to be used for calculating leave taken without pay adjustments, (b) establishing a written procedure for payroll staff to follow when calculating leave taken without pay, and (c) reviewing all future leave taken without pay adjustments to ensure compliance with Department procedures.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 12	Improve its internal controls over purchasing cards by (a) instituting a formal policy requiring approving authorities to report to Department procurement staff regarding disciplinary or other actions taken for employee purchasing card errors and misuse, (b) tracking and enforcing consequences for violations of purchasing card policies, (c) providing ongoing training focusing on responsibilities of cardholders and approving authorities and consequences for policy violations, and (d) considering the use of a graduated point system as a cardholder consequence for repeated violations of the procurement card system.	Partially implemented. See current year Recommendation No. 15.
2006 Single Audit Rec. No. 13	Strengthen controls over travel expenditures by ensuring adequate supporting documentation accompanies each expenditure, expenditures are appropriately coded on the Colorado Financial Reporting System, and all other state and Department policies regarding travel are followed.	Deferred. The Department plans to fully implement this recommendation by September 2007. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 74	Ensure that Food Stamps and Temporary Assistance for Needy Families/Colorado Works cases are processed within federal and state guidelines.	Partially implemented. See current year Recommendation No. 80.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 75	Improve eligibility determination and allowable cost internal controls over the Temporary Assistance for Needy Families/Colorado Works program by (a) directing county departments of human/social services to institute effective supervisory review processes over eligibility determinations, (b) directing county departments of human/social services to provide training or access state-provided training to appropriate staff regarding allowable and unallowable program benefits, and (c) using eligibility determination monitoring procedures currently in place to review for compliance with eligibility requirements and to assess the county supervisory review function .	Partially implemented. During our Fiscal Year 2007 audit we noted the Department provided ongoing training to the counties regarding allowable program costs and continued to utilize its program monitoring process to assess the supervisory review function at the counties. However, the Department did not issue an agency letter to the counties directing the establishment of regular supervisory case reviews during Fiscal Year 2007. Further, we continued to note several instances of non-compliance related to eligibility determination and allowable costs. See current year Recommendation No. 81.
2006 Single Audit Rec. No. 76	Take immediate steps to correct the income disregard and Monthly Status Report problems identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.	Partially implemented. A system change was requested and corrected the income disregard issue within CBMS in October 2006. However, a system change to correct the Monthly Status Report (MSR) problem is not scheduled to be implemented until December 2007. Further, we continued to identify MSR problems during our current year audit. See current year Recommendation No. 82.
2006 Single Audit Rec. No. 77	Use its eligibility determination monitoring procedures to identify and work with the counties to correct overpayments related to the income disregard and Monthly Status Report problems in the Colorado Benefits Management System and any additional system-related problems.	Partially implemented. The Department continued to utilize its monitoring function during Fiscal Year 2007; however, the Monthly Status Report problem within CBMS was not implemented by the end of the fiscal year. See current year Recommendation No. 82.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 78	Work with the county departments of human/social services to ensure that they address Income, Eligibility, and Verification System data discrepancies within 45 days as required by federal and state regulations.	Not implemented. See current year Recommendation No. 83.
2006 Single Audit Rec. No. 79	Ensure that case file documentation for the Temporary Assistance for Needy Families/Colorado Works program is adequate to support all benefit payments to recipients by (a) using existing monitoring procedures to ensure required eligibility information is contained in county case files and (b) communicating timely to Department staff, as appropriate, changes in policies and procedures affecting required case documentation.	Partially implemented. See current year Recommendation No. 84.
2006 Single Audit Rec. No. 80	Improve controls over Food Stamps eligibility determinations and data entry into the Colorado Benefits Management System (CBMS) by (a) requiring county departments of human/social services to institute effective supervisory review processes over data entry into CBMS and eligibility determinations and (b) using eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS.	Partially implemented. See current year Recommendation No. 86.
2006 Single Audit Rec. No. 81	Take immediate steps to correct the Food Stamps redetermination and change reporting problems identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.	Partially implemented. See current year Recommendation No. 88.
2006 Single Audit Rec. No. 82	Use its eligibility determination monitoring procedures to identify and correct overpayments related to the Food Stamps redetermination and change reporting problems in the Colorado Benefits Management System and any additional system-related problems.	Partially implemented. See current year Recommendation No. 88.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 83	Ensure that case file documentation for the Food Stamps program is adequate to support all benefit payments to recipients by (a) utilizing established monitoring procedures to ensure required eligibility information is contained in county case files and (b) communicating timely to appropriate Department staff, changes in policies and procedures affecting required case documentation.	Partially implemented. See current year Recommendation No. 90.
2006 Single Audit Rec. No. 84	Ensure that county departments of human/social services address all of the Colorado Benefits Management System alerts in a timely manner.	Partially implemented. The Department requested system changes to CBMS that are scheduled to be implemented in September 2007. These changes are designed to decrease the number of alerts and enhance the counties abilities to effectively manage the alerts. Further, we identified a number of instances of Income, Eligibility, and Verification System "hits" not being addressed by the counties. See also current year Recommendation No. 89. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 85	Improve controls over the administration of the Foster Care Grant Program in order to ensure that the State is in compliance with federal requirements for the grant in the areas of activities allowed or unallowed, allowable costs/cost principles, reporting, and subrecipient monitoring.	Partially implemented. See current year Recommendation Nos. 93, 94, 96 - 99, and 101 - 106.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 86	Ensure that signed certifications on compliance with federal debarment and suspension provisions have been received from all contractors and perform followup as needed.	Partially implemented. The Department obtained signed certifications from contractors to ensure compliance with federal provisions. However, the standard wording included in the Departments boiler plate contract was not fully in compliance with federal debarment and suspension requirements. The Department plans to fully implement this recommendation by November 2007. (Classification of Finding: Control Deficiency.)
2005 Single Audit Rec. No. 10	Establish adequate controls over benefit authorization and issuance data by (a) performing routine and comprehensive reconciliations between the Colorado Benefits Management System, County Financial Management System, the State's Electronic Benefit Transfer service provider, and the State's accounting system to ensure that financial information is accurately and completely recorded; (b) ensuring that all reconciliations are reviewed by knowledgeable personnel; and (c) making any necessary adjustments in a timely manner to the appropriate systems.	Partially implemented. See current year Recommendation No. 9.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 11	Improve controls over capital assets by (a) reviewing quarterly capital asset reconciliations to identify and correct errors and ensuring that capital asset accountants are adequately trained on Department policies over capital assets; (b) enforcing the requirement that all capital assets be inventoried at year-end and deleting assets from financial records as appropriate; (c) ensuring capital asset expenditures, including depreciation, are appropriately recorded on the State's accounting system, COFRS; and (d) transferring costs for completed capital construction projects to appropriate asset accounts prior to year-end close.	a. - c. Implemented and ongoing. The Department has substantially implemented these parts of the recommendation. During Fiscal Year 2007 we noted that the Department of Human Services performed a thorough review of the capital asset reconciliations to ensure that information presented was accurate, conducts annual training for all accounting staff, all assets requiring deletion were removed from COFRS prior to fiscal year end, and improved controls to ensure all capital asset expenditures were recorded appropriately on COFRS. d. Implemented.
2005 Single Audit Rec. No. 13	Improve controls over payroll by (a) ensuring time sheets are certified within the Department's stated policy; (b) reviewing adjustments made to ensure adjustments are calculated correctly, made timely, and supported by appropriate documentation; and (c) revising its policy on payouts for compensatory time to be in accordance with State Personnel Rules.	a. Not implemented. See current year Recommendation No. 13. b. Implemented. c. Implemented.
2005 Single Audit Rec. No. 14	Improve controls over amounts owed to or from counties by discontinuing the practice of offsetting abnormal balances related to county administration and instituting a secondary review process over manual adjustments.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 15	Work with the Attorney General's Office to determine the potential risk to the State resulting from the Department's existing practice to make bond payments on behalf of service providers. This should include considering revising language in future contracts to eliminate requirements for the Department to make bond payments on behalf of service providers. In the event that service providers with existing bond financing agreements refinance their agreements, the Department should ensure that the provisions in the financing agreement requiring Department payments are revised. The Department should also ensure that all conditions that may result in material liabilities contingent on future events are disclosed annually to the Office of the State Controller.	Implemented and ongoing. The Department has substantially implemented the recommendation. The Department of Human Services met with the Attorney General's Office and revised the contract relating to loan payments to state that the State would not be obligated to make payments if the contract is terminated. The Department reports that it will ensure that it discloses any conditions that may result in material liabilities annually to the State Controller.
2005 Single Audit Rec. No. 69	Ensure it is in compliance with federal reporting requirements for the Temporary Assistance for Needy Families (TANF) program by (a) immediately addressing the Colorado Benefits Management System reporting deficiencies and ensuring that critical predefined reports for sanctions; the Income, Eligibility, and Verification System (IEVS), caseload; clock tick; and accounting-related data are programmed into the system; (b) reviewing monthly critical reports, including those on sanctions, IEVS verifications, and length of benefits, for identifying and investigating discrepancies and monitoring for federal compliance; and (c) reviewing monthly TANF sanction reports and identifying and investigating discrepancies.	Partially implemented. See current year Recommendation No. 85.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 70	Improve controls over sanctions for the Temporary Assistance for Needy Families (TANF) program and ensure compliance with federal requirements by (a) identifying and correcting the Colorado Benefits Management System (CBMS) system errors that are causing inappropriate benefit payments to be made, (b) investigating and correcting problems with the Automated Child Support Enforcement System to CBMS interface to ensure all appropriate information is being transferred, (c) providing training and technical assistance to all county caseworkers on the correct way to enter sanction data into CBMS, (d) formally incorporating reviews of sanctions as part of the current on-site county monitoring process and following up on problems as appropriate, and (e) researching the current system functionality to determine the feasibility of changing the system to limit the ability of county staff to delete sanctions from CBMS and requiring that the case note function be used when deletions are made to a participant's case.	a. Not implemented. See current year Recommendation No. 82. b. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. CDHS reports that all child support enforcement sanctions are properly being transferred from the Automated Child Support Enforcement System (ACSES) to CBMS. We did not identify any issues with the ACSES to CBMS interface during our Fiscal Year 2007 audit. c. and d. Partially implemented. See current year Recommendation No. 81. e. Partially implemented. See current year Recommendation No. 88.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 71	Improve subrecipient monitoring over the Temporary Assistance for Needy Families program by (a) ensuring performance improvement plans for all areas of noncompliance are received from the counties by the Department's stated due date and (b) ensuring that all county plans are in compliance with federal and state regulations by following up with all counties where issues of noncompliance have been identified.	Implemented and ongoing. The Department has substantially implemented the recommendation. During Fiscal Year 2007 the Department improved controls over subrecipient monitoring, in which its review process includes a method to communicate findings to the counties, allows for the counties to provide responses during on-site visits, and to follow up with serious deficiencies in a timely manner. Our Fiscal Year 2007 audit did not identify any counties tested as requiring a performance improvement plan.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 73	Improve controls over the Food Stamps program to ensure compliance with federal and state regulations by (a) reinstating on-site management evaluation reviews of county Food Stamps program activities, (b) completing review reports and citing counties for all instances of noncompliance with Food Stamp policies and regulations within 60 days after the review, (c) ensuring corrective action plans for all areas of noncompliance are received from counties within 30 days of the issuance of the monitoring report, and (d) addressing the underlying causes of rising error rates to lower the rates and to ensure that the State does not incur future federal sanctions.	a. Implemented. b. Partially implemented. During our Fiscal Year 2007 audit we noted that staff continued to submit final monitoring reports to counties after the 60-day timeline. The Department reports it was appropriated an additional three full-time equivalents (FTE), which once in place by September 2007, will allow it to fully implement this recommendation. c. Implemented. d. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. The Department of Human Services reports a correction action plan has been approved by the U.S. Department of Agriculture to improve the Department's error rates. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 74	Strengthen its controls over federal reporting and immediately address the Colorado Benefits Management System (CBMS) reporting deficiencies for the Food Stamps program by (a) ensuring that validated reports are programmed into CBMS so that Department staff have the data necessary to accurately prepare federal Food Stamps reports and perform routine accounting entries, (b) documenting specific procedures for the preparation of the Food Stamps Issuance Reconciliation Report and preparing the report timely, and (c) requiring that the Food Stamp Issuance Reconciliation Report be reviewed by knowledgeable personnel prior to submission to ensure accurate information is reported to the federal government.	a. Partially implemented. During Fiscal Year 2007 the Department validated data used to complete the federally required Food Stamps Issuance Reconciliation Report. However, the Department reports it is still in process of validating the data used to complete the federally required Claims Activity Report. The Department plans to fully implement this recommendation by March 2008. b. Implemented. c. Implemented. (Classification of Finding: Control Deficiency.)
2005 Single Audit Rec. No. 76	Ensure it is in compliance with federal Low-Income Energy Assistance Program (LEAP) reporting requirements by (a) ensuring that staff preparing federal LEAP reports are adequately trained and (b) improving communication between LEAP program and accounting staff to ensure data reported by both divisions are consistent and accurate.	Implemented and ongoing. The Department has substantially implemented the recommendation. During Fiscal Year 2007 the Department hired and trained a new LEAP program accountant. Further, the Department reports that accounting and program staff continue to meet as needed to ensure data reported by both divisions is accurate and consistent.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 86	Ensure that Food Stamps and Temporary Assistance for Needy Families overpayments are appropriately recouped by (a) developing policies that define overpayments resulting from the Colorado Benefits Management System (CBMS) defects and overpayments resulting from other errors or omission, either by the county or the recipient; (b) using the Department's established county monitoring procedures to institute targeted reviews of county supervision and caseworker actions related to overpayments and resulting claims; and (c) providing targeted user training on the proper use of CBMS for benefit recoveries.	Implemented.
2004 Single Audit Rec. No. 87	Reduce the costs of providing services to people who are ineligible by (a) training Area Agencies and service providers on correct assessment practices and methods for documenting participant eligibility, (b) reviewing participant eligibility during the Department's on-site assessments of Area Agencies and during the Area Agencies' on-site assessments of service providers, and (c) examining options for improving the objectivity of assessments and service authorizations by using independent case managers to authorize all services or reorganizing the program.	a. Implemented. b. Implemented. c. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. The Department of Human Services is in the second year of the Aging and Disability Resource Center grant. Larimer County is currently piloting a project to coordinate access to long-term care services. The Department plans to expand the pilot to additional areas and continue to evaluate the potential of using case managers to authorize services provided through the Older Americans Act.

Report and Rec. No.	Recommendation	Disposition
2002 Single Audit Rec. No. 75	Ensure reports from the Trails system are accurate and meet requirements by (a) providing specialized training to appropriate county workers on reports, (b) working with the counties and other stakeholders to identify critical reports and other reporting issues, and (c) establishing procedures to solicit courts to accept one established format for court documents.	Implemented.
2005 Single Audit Rec. No. 78	Improve controls over data input into the Colorado Benefits Management System (CBMS) by (a) requiring county departments of social services and Medical Assistance sites to institute effective supervisory review processes over Medicaid, Food Stamps, and Temporary Assistance for Needy Families data entry into CBMS and (b) using eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS and areas in which automated tools within CBMS are not used appropriately.	Partially implemented. See current year Recommendation Nos. 81 and 86.

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 79	Work together to pilot a system for reorganizing the Older Americans Act and Older Coloradans' Act programs.	*Department of Human Services:* Implemented and ongoing. The Department has substantially implemented the recommendation. Larimer County has begun piloting the Aging and Disability Resource Center to provide consumers with information on the most relevant long-term care services available. The Department reports that the pilot program will be expanded to additional regions. *Department of Health Care Policy and Financing:* Implemented and ongoing. The Department has substantially implemented the recommendation. The Larimer County pilot project has been completed, which coordinated information and assistance in accessing long-term care services, and Department of Human Services and Health Care Policy and Financing are working jointly to expand the pilot project to additional regions in Colorado.

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 86	Work with the United States Department of Health and Human Services to clarify the program that is responsible for payment when participants are eligible for services under both the Older Americans Act and Medicaid programs.	*Department of Human Services:* Implemented and ongoing. The Department has substantially implemented the recommendation. CDHS received a memorandum from the federal Department of Health and Human Services clarifying the program that is responsible for payment when participants are eligible for services under both the Older Americans Act and Medicaid programs. CDHS reports that due to Health Insurance Portability and Accountability Act (HIPAA) concerns, the Department of Health Care Policy and Financing (HCPF) has been unable to share consumer/claims information with CDHS. However as an effort to ensure no duplication of services exist, the Department has built into its onsite evaluations with the Area Agencies on Aging confirmation that providers receiving reimbursement from both Medicaid and Older Americans Act maintain separate tracking systems. The Department states that it can now verify with the provider during the onsite visit that no duplication has occurred. Further, the Department has revised its policies and procedures manual to identify that if Medicaid was paying for a service, federal aging funds cannot be used for that service. *(Continued on the next page.)*

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 86		*(Continued from the previous page.)* *Department of Health Care Policy and Financing:* Implemented and ongoing. The Department has substantially implemented the recommendation. Clarification from the U.S. Department of Health and Human Services has been obtained, which states that the Medicaid program is the payor of last resort. The Department of Health Care Policy and Financing and the Department of Human Services should continue to work together to identify potential duplicate payments and make appropriate recoveries.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 83	Use their eligibility determination monitoring procedures to establish periodic review procedures for each of the Colorado Benefits Management System interfaces to determine if the interfaces are working correctly and investigate and follow up on problems identified as appropriate.	*Office of the Colorado Benefits Management System (OCBMS):* No longer applicable. OCBMS was dissolved through Executive Order No. D005 07 issued in February 2007. *Department of Human Services:* Implemented and ongoing. The Department has substantially implemented the recommendation. It continues to perform county monitoring procedures to ensure interfaces are working correctly and investigates any problems identified through the reviews.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 84	Implement a well-defined, accessible archive mechanism in the Colorado Benefits Management System (CBMS) that will eliminate the need for manual interventions to recreate historical eligibility determinations.	*Department of Human Services:* Implemented and ongoing. The Department has substantially implemented the recommendation. During Fiscal Year 2007 the Department implemented several system enhancements to CBMS to further facilitate the review of historical eligibility determinations. The Department has planned additional system enhancements in Fiscal Year 2008. *Department of Health Care Policy and Financing*: Implemented and ongoing. The Department has substantially implemented the recommendation. During Fiscal Year 2007 the Department developed numerous CBMS reports that capture historical data.

Report and Rec. No.	Recommendation	Disposition
	Office of the Colorado Benefits Management System, Department of Human Services, and Department of Health Care Policy and Financing	
2005 Single Audit Rec. No. 85	Improve the program monitoring over the Medicaid, Food Stamps, and Temporary Assistance for Needy Families (TANF) programs by (a) developing within the Colorado Benefits Management System (CBMS) predefined reports that contain denied and closed cases for each of the three programs and reports that list by caseworker and county all recipients whose eligibility is subject to redetermination, recipients whose redetermination is in process, or recipients whose cases otherwise require caseworker action; and (b) utilizing these reports to improve ongoing review processes over denied and closed cases to ensure determinations and redeterminations made were appropriate and to monitor redeterminations or other instances requiring caseworker action.	*Office of the Colorado Benefits Management System (OCBMS):* No longer applicable. The OCBMS was dissolved through Executive Order No. D005 07 issued in February 2007. *Department of Human Services:* a. Implemented. b. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. The Department of Human Services reports that the predefined reports are used as a sampling source for a review of eligibility determinations and continues to use the Food Stamps' Management Evaluation process and TANF's County Performance Reviews for monitoring case files to ensure eligibility determinations and termination are appropriate. *(Continued on the next page.)*

Report and Rec. No.	Recommendation	Disposition
Rec. No. 85		*(Continued from the previous page.)* *Department of Health Care Policy and Financing:* a. Implemented. b. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. The Department has stated that these reports can only be used as a source of sampling for a review of eligibility determinations, which includes a review of denied, closed, and redetermined cases. The Department agrees to continue to use the current monitoring processes in place to monitor county and Medical Assistance site performance.

Report and Rec. No.	Recommendation	Disposition
	Department of Labor and Employment	
2006 Single Audit Rec. No. 14	Improve controls over federal expenditure and revenue reporting and draw downs by implementing a periodic reconciliation process to identify and resolve discrepancies between the Financial Accounting and the Reporting System (FARS) and the Colorado Financial Reporting System (COFRS) in a timely manner and ensure that grant revenue and expenditures in COFRS are in agreement.	Partially implemented. FARS to COFRS reconciliations are performed and documented monthly. However, there remains an uncorrected reconciling difference of approximately $374,000 that has been traced back to prior years that needs to be resolved. The Department plans to fully implement this recommendation by October 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 15	Ensure that Petroleum Storage Tank reimbursements are disbursed within the statutorily established thirty days of the application approval.	Implemented.
2006 Single Audit Rec. No. 16	Process unemployment insurance refunds in a timely manner and ensure the refunds are processed in the proper fiscal year.	Implemented.
2006 Single Audit Rec. No. 87	Ensure time sheets for the Unemployment Insurance Program are certified in accordance with federal regulations, State Personnel Rules, and Department policy by enforcing electronic time sheet certifications by both the employee and supervisor.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 16	Ensure amounts recorded as refunds due to employers for overpayment of unemployment insurance tax are accurate and complete and ensure that the State Unemployment Program E-government Resource system will generate reports listing the detail on refunds owed to individual employers for unemployment insurance tax refunds.	Not implemented. The Department has not developed procedures to ensure amounts recorded as refunds due to employers of unemployment insurance tax are accurate and complete. Further, the Department has discontinued the development and completion of the State Unemployment Program E-Government Resource. See current year Recommendation No. 17.
2005 Single Audit Rec. No. 17	Ensure that the State Unemployment Program E-government Resource (SUPER) system will generate reports listing benefits payable at any point in time and use this information to record benefits payable on the State's financial system.	Implemented and ongoing. The Department has substantially implemented the recommendation. Although the Department has terminated the development of the SUPER system the Department has implemented an extensive process to estimate benefits payable at year-end.
2005 Single Audit Rec. No. 89	Ensure amounts recorded in its reports to the federal government for unemployment benefit activities are accurate.	Partially implemented. See current year Recommendation No. 111.
2003 Single Audit Rec. No. 73	Improve controls over the use of Workforce Investment Act (WIA) funds by working with the regions to ensure that limited funds are used effectively in compliance with WIA requirements and to promote achievement of WIA's goals by (a) revising policies on training and supportive services to provide additional guidance to the regions in determining and documenting the need for such services in each case (b) ensuring that regions adopt policies and practices consistent with the Department's additional guidance through its monitoring efforts.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2003 Single Audit Rec. No. 74	Clarify the circumstances under which funds can be considered limited for purposes of offering priority of service to low-income clients in the Adult program by (a) developing criteria to help the regions determine the availability of funds, (b) working with the regions to expand and clarify regional policies to be consistent with the Department's criteria and to contain specific criteria for determining funds availability, and (c) ensuring that the regions maintain priority systems for low-income clients in the Adult program unless the regions demonstrate that funds are not limited in accordance with state and local criteria.	a. The Department disagreed with this part of the recommendation and did not implement it. b. Implemented. c. Implemented.
Department of Local Affairs		
2006 Single Audit Rec. No. 88	Improve controls over the purchasing and payment processes for the Homeland Security Grant Program by (a) continuing to work with subrecipients to inform them of grant requirements and to ensure compliance with federal requirements that purchases are substantiated by appropriate supporting documentation, documentation is adequately maintained by regional fiscal agents, including information on inventory location, and expenditures must be paid prior to requesting reimbursement from the State and (b) improving review of reimbursement requests and payments to subrecipients to help ensure that all items and activities reimbursed are allowable and substantiated by appropriate supporting documentation maintained by regional fiscal agents.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 90	Improve controls over purchasing and payment processes for the Homeland Security Grant Program by (a) reviewing grant applications and awards to ensure grant funds are only awarded for allowable and reasonable purchases and activities; (b) modifying grant budget and reimbursement request forms to ensure items requested for reimbursement are linked to the appropriate budget line item; (c) improving review of reimbursement requests and payments to subrecipients to ensure that all items and activities reimbursed are allowable, included in the approved grant award budget, and substantiated by appropriate supporting documentation; (d) establishing controls to ensure that all administrative costs paid with grant funds are allowable and appropriate, recorded as administrative expenses, and within the federal grant limits on administrative expenses; and (e) strengthening supervisor review of reimbursement requests.	Implemented.
2005 Single Audit Rec. No. 95	Improve its accounting for federal and state grant funds and equipment purchased with those funds by (a) reviewing all South Metro grant expenditures to date and reclassifying expenditures as necessary to ensure that expenditures are paid from the appropriate grant award and (b) working with South Metro to ensure that all equipment is properly inventoried and accurately reflected in both South Metro's and the State's financial statements.	Implemented.

Report and Rec. No.	Recommendation	Disposition
Department of Military and Veterans Affairs		
2006 Single Audit Rec. No. 17	Improve controls for processing applications and administering the Tuition Assistance Program to ensure compliance with all statutory and regulatory requirements by (a) reconciling information provided by member applicants with information provided by higher education institutions related to tuition payments, and identifying and resolving discrepancies prior to payment; (b) maintaining adequate documentation to support amounts paid; and (c) formalizing current policy in regard to the payment of fees.	Implemented.
Department of Natural Resources		
2006 Single Audit Rec. No. 18	Enforce its payroll policies and strengthen its controls over personnel and payroll activities by (a) reviewing time sheets to ensure they are signed off by the employee and approved by the manager at the end of each pay period and (b) verifying employment of all personnel and ensuring that the Department pays only bona fide employees through the use of the Payroll Certification Form.	Partially implemented. See current year Recommendation No. 21.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 19	Improve controls over capital expenditures by (a) reviewing the expenditures related to capital projects incurred in Fiscal Year 2006 at the Division of Parks and Outdoor Recreation level to ensure that costs are appropriately capitalized as an asset rather than expensed on the Colorado Financial Reporting System (COFRS), (b) enforcing the existing quarterly review procedure for transactions recorded on COFRS to identify and correct coding errors, and (c) providing adequate training to Division staff regarding the proper usage of expenditure accounts.	a. Partially implemented. See current year Recommendation No. 22. b. Implemented. c. Implemented.
	Division of Parks and Recreation	
2005 Single Audit Rec. No. 19	Improve its internal controls by (a) ensuring that the total of the cash balances on the bank reconciliations and the Division's internal records agree to the total cash balance recorded on the State's accounting system, all differences are resolved in a timely manner, and that necessary adjustments are made; (b) completing the reconciliation between park pass revenue recorded on the Division's internal records and the amount recorded on the State's accounting system in a timely manner and making necessary adjustments in the proper fiscal year; and (c) ensuring that at a minimum, the results of the inventory are reviewed by an independent party to minimize risk of errors and irregularities.	Implemented.

Report and Rec. No.	Recommendation	Disposition
	State Board of Land Commissioners	
2005 Single Audit Rec. No. 20	Ensure that year-end accounts receivable and deferred revenue balances are properly stated by (a) performing a complete reconciliation monthly and at year-end that includes agreeing accounts receivable and deferred revenue balances on COFRS to supporting documentation and (b) making necessary adjustments identified in the reconciliation process to COFRS in a timely manner.	Implemented.
	Department of Personnel & Administration	
2006 Single Audit Rec. No. 20	Strengthen controls over payroll by (a) ensuring adjustments are calculated correctly and documented appropriately and (b) accurately reflecting these adjustments on the State's accounting system.	Partially implemented. See current year Recommendation No. 23.
2006 Single Audit Rec. No. 21	Improve controls over capital assets by (a) ensuring that expenditures for all future capital asset projects are reviewed and recorded appropriately on the Colorado Financial Reporting System in accordance with the State Fiscal Procedures Manual and (b) reviewing expenditures related to the Department's capital projects incurred prior to Fiscal Year 2006.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 22	Ensure that the Office of the State Controller develops and implements formal procedures for communicating with all entities that are component units of the State to inform the component units of financial reporting requirements and to request audited financial statements in a timely manner.	Implemented.
2006 Single Audit Rec. No. 23	Strengthen its controls over the mainframe computer and the Colorado Financial Reporting System (COFRS) by (a) monitoring for agency compliance with COFRS security policies, including those in place over multiple and generic IDs; (b) implementing a process that will provide for the timely detection of changes in user employment status and ensure that access to COFRS is deleted immediately; and (c) immediately addressing mainframe security issues identified in the audit.	a. Partially implemented. See current year Recommendation No. 25. b. Partially implemented. See current year Recommendation No. 25. c. Deferred. The Department plans to fully implement this part of the recommendation by March 2008. (Classification of Finding: Control Deficiency.)
2006 Single Audit Rec. No. 24	Ensure the security of employee benefit information contained in Benefitsolver by establishing user administration procedural controls including (a) ensuring that agencies have access only to the information related to the employees within their respective agencies, (b) disabling or deleting user accounts in a timely manner, and (c) performing periodic reviews of existing user access.	Not implemented. See current year Recommendation No. 26.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 25	Improve controls over the Benefitsolver system by (a) requiring agency Benefitsolver administrators and their back-ups to attend training that includes training on requirements for the synchronization of employee data between the Colorado Personnel and Payroll System (CPPS) and Benefitsolver, as well as the validation of employee and dependent data entered into Benefitsolver; (b) continuing to conduct monthly reconciliations of CPPS and Benefitsolver data and making adjustments to employee pay, as appropriate; (c) exploring ways to automate the synchronization of employee termination information in the Colorado Personnel and Payroll System and Benefitsolver system; and (d) conducting insurability and eligibility audits on a regular basis.	a. The Department disagreed with this part of the recommendation and did not implement it. b. Implemented. c. Implemented. d. Deferred. The Department plans to fully implement this part of the recommendation by June 2008. (Classification of Finding: Control Deficiency.)
	State Archives	
2001 Single Audit Rec. No. 29	Convert the current cataloging system from a paper to an electronic format.	Partially implemented. State Archives has automated its cataloging system and uses an electronic database to archive its data. It has converted 8 out of the 19 departments to this database and plans to convert 1 additional department during Fiscal Year 2008. Due to budget constraints, the State Archives reports that it will continue to convert department data as staff time is available, until all data are converted to an electronic system. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
	State Fleet Management	
2003 Single Audit Rec. No. 18	Implement year-end physical inventory procedures by (a) performing physical inventories of all capital assets and (b) comparing the results of the physical inventories with the Colorado Automotive Reporting System and the State's accounting system.	Implemented.
	Department of Public Health and Environment	
2006 Single Audit Rec. No. 89	Improve its procedures and review process related to requesting federal reimbursements for the Women, Infants, and Children's program to ensure compliance with the federal Cash Management Improvement Act.	Partially implemented. See current year Recommendation No. 115.

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 90	The Department of Public Health and Environment and the Department of Health Care Policy and Financing should periodically reexamine the methodology used to calculate Medicaid reimbursement rates for targeted case management services provided through the Nurse Home Visitor Program (NHVP). This examination should consider (a) methodologies used to develop reimbursement rates for targeted case management services for other Medicaid-funded programs, (b) eliminating site-specific rates and developing one statewide rate for targeted case management services across all sites, (c) using funded caseload rather than actual caseload when calculating the reimbursement rates, (d) including data on a site's total Nurse Home Visitor Program costs in setting targeted case management reimbursement rates, and (e) revising the Medicaid State Plan to include the rate-setting methodology and submitting the revision to the Federal Government for approval.	*Department of Public Health and Environment:* Partially implemented. The Department has an Interagency Agreement with the Department of Health Care Policy and Financing (HCPF) giving it the responsibility for setting Medicaid reimbursement rates. Implementation steps in Fiscal Year 2007-08 include the Nurse Home Visitor Program director meeting with HCPF staff, Department purchasing staff, and a consultant with the Public Consulting Group to determine the bid/purchasing process, and to discuss a rate revision method and related costs. An initial cost estimate for a rate revision method was set at $55,000 - $60,000. In Fiscal Year 2006-07, the Nurse Home Visitor Program incurred an $800,000 funding reduction thereby suspending a revised time study due to lack of available funds. However, the Nurse Home Visitor Program dollars have been restored in Fiscal Year 2007-08 and the cost for a rate revision method has been budgeted for Fiscal Year 2008. *(Continued on the next page.)*

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 90		*(Continued from the previous page.)* With the availability of funding July 1, 2007, the Department, with consultation from the HCPF, can finalize a rate revision method, timeline, and pursue the bid/purchasing process to hire a contractor to conduct a revised method resulting in new reimbursement rates. The study will address points a-e in the recommendation including the re-examination of the methodology for rate setting as well as the rates themselves. The study will consider the idea of one statewide rate, but the department believes that site-specific rates are more appropriate for this program. CMS has issued Interim Final Rules related to Targeted Case Management which will take effect March 3, 2008. At that time the study may commence. The bid/procurement preparation to be ready March 3rd is continuing , and HCPF is working with CMS to clarify NHVP language in the Medicaid State Plan. *(Continued on the next page.)*

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 90		*(Continued from the previous page.)* *Department of Health Care Policy and Financing:* Implemented and ongoing. The Department has substantially implemented the recommendation. The Department of Health Policy and Financing (HCPF) is working with the Department of Public Health and Environment (DPHE) to reexamine methodology used to calculate the rates for targeted case management services. The Department has met with the DPHE to discuss cost considerations for the Targeted Case Management services within the Nurse Home Visitor Program. HCPF has agreed to contribute to the scope of work section on the Fiscal Year 2008 Request for Proposal that will address provider specific rate methodology development and time studies which is planned for distribution in December 2007. HCPF has also agreed to contribute to the review of the resulting contract, if needed. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2006 Single Audit Rec. No. 91	Ensure the maximization of Medicaid reimbursements at local sites by working with the National Center and its subcontractors, the Nurse-Family Partnership, Inc. and Invest in Kids, to (a) visit local sites and review a sample of client files to verify that bills have been submitted for Medicaid services provided, (b) share the aggregate data provided by the Department of Health Care Policy and Financing (HCPF) with sites so that sites may review their billings and reimbursements for reasonableness, (c) ensure that all Medicaid-eligible participants are identified and receive assistance with enrollment, and (d) work with the Department of Health Care Policy and Financing to provide additional training to local sites regarding Medicaid client enrollment and billing procedures.	a. The Department disagreed with this part of the recommendation and did not implement it. b. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. The Nurse Home Visitor Program director emails out quarterly Medicaid reports to each grantee site indicating their actual Medicaid payments made to date. Sites are to compare these figures to their estimated Medicaid revenue and to reconcile any concerns as soon as they arise. c. Implemented. d. Implemented and ongoing. The Department has substantially implemented this part of the recommendation. Sites have been informed of the specific contact person at HCPF assigned to work with Nurse Home Visitor Program grantees. In October 2007, HCPF staff will be conducting another Medicaid enrollment and billing training. Local nurse supervisors and fiscal staff will be present to have their questions and needs addressed.

Report and Rec. No.	Recommendation	Disposition
	Department of Regulatory Agencies	
2006 Single Audit Rec. No. 26	Adhere to the appropriation process and generally accepted accounting principles by recording revenue for contributed services and related expenditures on the Colorado Financial Reporting System	Implemented and ongoing. The Department has substantially implemented the recommendation. The Department recognized that its interpretation of the statutory directive for the Commissioner to rely on the assistance of the Associations in Section 10-5-115 C.R.S. did not adhere to established management's controls for spending authority in the appropriation process as it relates to contributions of services. As of July 2006, the services under the Memorandum of Understanding were the concern addressed in this recommendation. The Department is committed to adhering to the controls established over the appropriation process and to generally accepted accounting principles.
	Department of Revenue	
	Information Technology Division	
2006 Single Audit Rec. No. 27	Continue to improve the Department's compliance with the Security Standards and Policy Document to prevent unauthorized access to the Department's network and confidential information by (a) requiring employees to use a password-protected screensaver set to activate after no more than 15 minutes of inactivity and (b) training employees on the importance of password protection and securing their computers.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 21	Improve controls over processing severance tax returns by (a) following up with taxpayers who do not submit required supporting documents with returns; (b) entering all critical data from returns and supporting documents; (c) implementing additional math edits to match information from supporting documents to that reported on returns and to recalculate the tax liability owed, as well as penalties and interest due; (d) establishing more rigorous review procedures for returns that exceed that Department's internal threshold for refund requests; and (e) seeking statutory change to allow enforcement of the withholding requirement in cases where the producer fails to withhold and submit the statutorily required 1 percent of gross income from interest owners on a quarterly basis.	a. Implemented. b. Implemented. c. Implemented. d. Implemented. e. Partially implemented. The Department completed an evaluation in Fiscal Year 2005 of existing withholding requirements, but decided not to seek legislative changes. The Department is planning to reconsider the need for legislation to enforce the withholding requirement based on other legislation introduced in the 2008 Legislative Session. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2002 Single Audit Rec. No. 18	Develop controls to ensure that future Taxpayers Bill of Rights (TABOR) credits are claimed and received only by eligible individuals by (a) identifying and billing individuals who were ineligible to claim TABOR credits; (b) implementing a methodology to verify taxpayers' federal adjusted gross income at the time a credit is claimed and to ensure that taxpayers are eligible for the credits taken; and (c) processing only complete returns, or evaluating alternative methods of ensuring that only qualifying credits are claimed, should the taxpayer fail to submit the required schedules.	a. Implemented. b. Partially implemented. The Department modified the individual income tax form by adding a line for the taxpayer's federal adjusted gross income. This information will be used in conjunction with federal information to confirm eligibility for the TABOR credits. However, with the passage of Referendum C, the Department anticipates that there will be no TABOR credits available after tax year 2007 for at least another three years. The Department will set an implementation date when TABOR credits are available. c. Implemented. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2002 Single Audit Rec. No. 20	Develop and implement procedures to review charitable contribution deductions claimed by taxpayers.	Partially implemented. The Department implemented necessary Information systems programming changes by creating a computer edit to deny the deduction when a taxpayer claims the state income tax add back. The Department created a review list that identifies taxpayers claiming the deduction in an amount exceeding a certain dollar threshold, however Department still has to followup with the taxpayers identified in the review list. The Department plans to develop a risk-based approach to followup with the identified taxpayers. The Department plans to complete the implementation by December 2008. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
	Department of Transportation	
2006 Single Audit Rec. No. 28	Implement adequate controls over capital asset transactions and balances by (a) preparing a monthly roll forward report of capital asset transactions that shows beginning of the month asset balances, additions and deletions during the month, and end of the month balances; (b) establishing a process in which the monthly roll forward report of capital asset transactions is reviewed and approved by an individual other than the preparer, reconciled to the general ledger, and any differences between the roll forward and the general ledger be identified, researched and resolved each month; and (c) assigning the responsibility for determining when and how a capital asset transaction is recorded to Department accounting personnel rather than regional business managers.	Implemented.
2006 Single Audit Rec. No. 29	Improve controls over reimbursements to employees by ensuring that appropriate supporting documentation is obtained and reviewed by accounting personnel prior to issuing payment for any reimbursement requests and maintaining this documentation for the required period.	Implemented.
2006 Single Audit Rec. No. 30	Ensure that the Security Administrator or his or her designee review the Top Secret "Security Activity/Incidents Report" at least weekly to identify high risk or suspicious events as outlined in the State's policy. Any identified events or errors should be investigated and resolved, and the documentation of the resolution should be filed along with the report in a secure location.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2005 Single Audit Rec. No. 37	Improve controls over user access to information systems by (a) developing and implementing a policy that states explicit criteria that should be considered in a periodic review of user access, the required frequency of the reviews, and the appropriate personnel responsible for performing the review; (b) providing training for system managers and administrators to ensure responsible personnel are aware of existing policies, procedures, and access requirements; and (c) documenting monitoring procedures to ensure that policies and procedures related to periodic review of user access are followed.	Implemented.
2004 Single Audit Rec. No. 26	Develop a system to estimate the annual amount required to maintain and preserve state bridges, tunnels, and roadways at the condition level established and disclosed by the Department.	Implemented.
2004 Single Audit Rec. No. 94	Adequately verify and substantiate indirect cost rates to ensure consultant fees are fair and reasonable by (a) developing requirements that consultants and subconsultants who perform work on consultant contracts over a certain dollar threshold submit a schedule of direct labor, fringe benefits, and general overhead that has been audited by an independent CPA firm; (b) developing and implementing an audit program to conduct quality assurance reviews of CPA firm audit reports and ensure that indirect cost rates are prepared in accordance with Department policy; and (c) developing and implementing an audit program to conduct, on a sample basis, actual indirect cost rate audits at regular intervals according to predetermined risk factors.	a. Implemented. b. Partially implemented. A program has been developed and will become operational in January 2008. The Department plans to fully implement this part of the recommendation by January 2008. c. Implemented. (Classification of Finding: Control Deficiency.)

Report and Rec. No.	Recommendation	Disposition
2004 Single Audit Rec. No. 95	Ensure the selection of qualified consultants for contracts by tracking and monitoring consultants compliance with contract terms related to disadvantaged business enterprises, and include a review of consultants' progress toward meeting the disadvantaged business enterprise goals in the consultant performance evaluations.	Partially implemented. The Department's regions are inputting the consultant information into the Department's new SAP system, but not all regions have input the necessary information to comply with this recommendation. Implemented is targeted for June 30, 2008. (Classification of Finding: Control Deficiency.)
2003 Single Audit Rec. No. 26	Secure offsite data processing capabilities for use in the event a disaster occurs that renders current data processing functions partially or fully inoperable.	Not implemented. See current year Recommendation No. 46.

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December 21, 2007

Independent Auditor's 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*

Members of the Legislative Audit Committee:

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 State of Colorado, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Colorado'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 State of Colorado's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the State of Colorado's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the State of Colorado's financial statements that is more than inconsequential will not be prevented or detected by the State of Colorado's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal

control over financial reporting. See Recommendation Nos. 4-6, 8-12, 16-18, 20, 25, 26, 30, 31, 33-36, 46, 47, 56, 67, and 79.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the State of Colorado's internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance

As part of obtaining reasonable assurance about whether the State of Colorado'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 that are required to be reported under *Governmental Auditing Standards.*

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December 21, 2007

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

Members of the Legislative Audit Committee:

Compliance

We have audited the compliance of the State of Colorado 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 June 30, 2007, except the requirements discussed in the second paragraph of this report. The State of Colorado's major federal programs are identified in the Summary of Auditor's Results within the Report Summary section of this report. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on the State of Colorado's compliance based on our audit.

We did not audit the State of Colorado's compliance with the requirements governing Reporting and Special Tests and Provisions 1 through 10 in accordance with the requirements of the Federal Family Education Loan program as described in section 84.032L of the Compliance Supplement (school as lender). Those requirements govern functions performed by Nelnet. Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. Nelnet's compliance with the requirements governing the functions that it performs for the State of Colorado was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program* for the year ended December 31, 2006. Our report does not include the results of the other accountants' examination of Nelnet's compliance with such requirements.

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 State of Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the State of Colorado's compliance with those requirements.

As described in Recommendation Nos. 50-57, 59, 62, 67, 68, 70, 74, 80, and 86-90 and in the accompanying schedule of findings and questioned costs, the State of Colorado did not comply with requirements regarding the following: Activities Allowable and Unallowable; Allowable Costs/Cost Principles; Eligibility; and Subrecipient Monitoring that are applicable to the Food Stamps Cluster (CFDA Nos. 10.551 and 10.561); Eligibility and Special Tests and Provisions that are applicable to the Federal Family Education Loans (CFDA No. 84.032) and Federal Pell Grant Program (CFDA No. 84.063); Subrecipient Monitoring that is applicable to the Vocational Education Basic Grants to States (CFDA No. 84.048); Eligibility that is applicable to the Temporary Assistance for Needy Families (CFDA No. 93.558) and State Children's Insurance Program (CFDA No. 93.767); and Activities Allowable and Unallowable; Allowable Costs/Cost Principles; Cash Management; Eligibility; Procurement, Suspension, and Debarment; and Subrecipient Monitoring that are applicable to the Medicaid Cluster (CFDA Nos. 93.777 and 93.778). Compliance with such requirements is necessary to meet requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Colorado complied, in all material respects, with the requirements referred to in the first paragraph above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed 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 Recommendation Nos. 48, 49, 58, 60, 61, 66, 69, 71-73, 75, 77, 81-85, 93-95, 97-99, 101, 102, 104-106, 108-110, 112, 115, and 120-122.

Internal Control Over Compliance

The management of the State of Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Colorado's internal control over compliance.

Requirements governing Reporting and Special Tests and Provisions 1 through 10 in the Federal Family Education Loan program as described in section 84.032L of the Compliance Supplement (school as lender) are performed by Nelnet. Internal control over compliance related to such

functions was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Compliance Audits (Attestation Engagements) for Lenders and Lender Servicers Participating in the Federal Family Education Loan Program* for the year ended December 31, 2006. Therefore, the scope of our work did not extend to internal control maintained at Nelnet. Our report does not include the results of the other accountants' examination of Nelnet's internal control over compliance related to such functions.

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate remaining fund information of the State of Colorado as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Colorado's basic financial statements taken as a whole. 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Recommendation Nos. 49-60, 62, 67, 68, 70, 74, 75, 79-94, 98, 99, 101-106, 110, 113, 114, and 120-122 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items Recommendation Nos. 50-57, 59, 62, 67, 68, 70, 74, 80, and 86-90 to be material weaknesses.

Sally Symanski

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STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
A - UNCLUSTERED PROGRAMS					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
PASS-THROUGH PROGRAMS FROM:					
STEVE WINTER ASSOCIATES, INC.					
Unclassified Grants and Contracts		GFE	14.000 / .SUB NO. HUD 18.7	59,065	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				59,065	0
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				59,065	0
SUBTOTAL				59,065	0
OFFICE OF NATIONAL DRUG CONTROL POLICY					
OFFICE OF NATIONAL DRUG CONTROL POLICY					
DIRECT FROM:					
OFFICE OF NATIONAL DRUG CONTROL POLICY					
HIDTA Grants CBI		RAA	07.PRMP515/580	327,572	0
HIDTA Grants CSP		RAA	07.PRMP518	347,912	0
SUBTOTAL DIRECT FROM:				675,484	0
SUBTOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY				675,484	0
SUBTOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY				675,484	0
DEPARTMENT OF AGRICULTURE					
AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE					
Market News		BAA	10.12-25-A-2114	22,326	0
Federal Seed		BAA	10.12-25-A-3324	5,700	0
Federal-State Marketing Improvement Program		BAA	10.156 / 10.12-25-G-0473	21,878	0
Federal-State Marketing Improvement Program		BAA	10.156 / 10.none	11,805	0
Inspection Grading and Standardization		BAA	10.162 / 10.12-25-A-3270	2,331	0
Market Protection and Promotion		BAA	10.163 / 10.12-25-A-4429	168,628	0
Market Protection and Promotion		BAA	10.163 / 10.12-25-A-4445	56,781	0
Market Protection and Promotion		BAA	10.163 / 10.12-25-A-4629	260,169	0
Market Protection and Promotion		BAA	10.163 / 10.12-25-A-4645	107,016	0
Market Protection and Promotion		BAA	10.163 / 10.none	26,479	0
Specialty Crop Block Grant Program		BAA	10.169 / 10.12-25-G-0532	6,978	0
SUBTOTAL DIRECT FROM:				690,091	0
SUBTOTAL AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE				690,091	0
AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
Agricultural Research Basic and Applied Research		GGB	10.001	8,274	0
Agricultural Research Basic and Applied Research		GGB	10.001 / 10.25-6235-0079-008	1,800	0
Agricultural Research Basic and Applied Research		GGB	10.001 / 10.BJKC68-CSU MOD 3	381	0
SUBTOTAL DIRECT FROM:				10,455	0
SUBTOTAL AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE				10,455	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE					
Plant and Animal Disease, Pest Control, and Animal Care		GGB	10.025	8,643	0
Plant and Animal Disease, Pest Control, and Animal Care		PBA	10.025	213,890	61,250
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.03-9708-1372-CA	91,439	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.03-9708-1485-CA	40,203	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.03-9708-1486-CA	81,617	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.03-9708-1503-CA	1,135	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.04-8564-0013-CA	146,347	99,114
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.04-9708-1340-CA	17,298	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.05-9708-1548-CA	0	108,480
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.05-9708-1550-CA	145,282	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.05-9708-1569-CA	24,305	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.06-8564-0930-CA	45,695	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.06-9100-1071-CA	0	141,206
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.06-9708-1372-CA	67,070	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.06-9708-1486-CA	63,252	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.06-9708-1550-CA	22,803	168,263
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.06-9708-1597-CA	59,980	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.06-9708-1598-CA	0	82,268
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.07-8564-0013-CA	30,420	6,839
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.07-9708-1735-CA	131,575	24,707
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.07-9708-1780-CA	960	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.07-9708-1794-CA	20,847	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.43-6395-6-0047	13,523	0
Plant and Animal Disease, Pest Control, and Animal Care		GGB	10.025 / 10.5-45345-A PO 1622929	6,544	0
Plant and Animal Disease, Pest Control, and Animal Care		BAA	10.025 / 10.AG-6395-P-07-0004	34,071	0
Wildlife Services		BAA	10.028 / 10.03-7308-5679-CA	11,782	0
Wildlife Services		BAA	10.028 / 10.06-7308-5679-CA	33,969	0
Wildlife Services		GGB	10.028 / 10.061141002	7,853	0
Wildlife Services		GGB	10.028 / 10.061141003	13,676	0
FY06 GYPSY MOTH -USDA-APHIS-ANIMAL		GGB	10.06-8564-0636-CA	28,824	0
NAIS ANALYSIS - INCLUDING EFFECTS		GGB	10.07-9208-0190-CA	8,140	0
EARLY DETECTION OF HIGH PATHOGENIC		GGB	10.07786502	3,030	0
NATIONAL POULTRY IMPROVEMENT PLAN		GGB	10.07786802	3,433	0
EARLY DETECTION OF HPAI IN NON-COM		GGB	10.07791803	2,559	0
SUBTOTAL DIRECT FROM:				1,380,165	692,127
SUBTOTAL ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE				1,380,165	692,127
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE					
MANURE MANAGEMENT: AN ESSENTIAL C		GGB	10.051688007	19,331	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200	322	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.04-1535007	52,627	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.04-1535038	5,425	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.05-1687009	63,781	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.061553002	10,446	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.103215_G001684_0	257	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.105047_G001871	2,413	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.143071	18,558	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.319400	26,458	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.48839-7977	155,785	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.AB-5-60710-CSU	6,130	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.CO340A-A	39,000	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.CO299A-A	14,579	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.SO3056 .01 ADMINISTRA	11,152	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.SO3056 TASK 1	7,563	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.SO3056 TASK 2	57,143	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.SO3056 TASK 3	25,701	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.SO3056.01 TASK 5	21,226	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.SO4002.04	10,657	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.USDACSRE45205CS	17,683	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206	40	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.102432_G002043	24,384	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.AB-5-60250-CO	8,597	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.CR-19019-428157	18,614	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.K016618-11	17,027	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.Q6286224112	31,713	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.RF01003949	77,376	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.TIGR-06-002	31,864	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.UA AES 90805-11 AMEND	36,895	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.USDACSRE45206CS	84,846	0
Food and Agricultural Sciences National Needs Graduate Fellowship Grants		GGB	10.210	48,248	0
Higher Education Challenge Grants		GGB	10.217 / 10.9824	9,186	0
Biotechnology Risk Assessment Research		GGB	10.219 / 10.RF01003933 745518	38,194	0
Hispanic Serving Institutions Education Grants (B) -		GJM	10.223	20,902	0
Integrated Programs		GGB	10.303 / 10.K009607-C03	30,649	0
Integrated Programs		GGB	10.303 / 10.K009607-CO1	1,212	0
Integrated Programs		GGB	10.303 / 10.K009607-CO4	4,958	0
Integrated Programs		GGB	10.303 / 10.K009607-CO5	33,786	0
Integrated Programs		GGB	10.303 / 10.RF01041910 #60003400	36,696	0
Integrated Programs		GGB	10.303 / 10.SO7017	12,226	0
Homeland Security_Agricultural (Homeland Security Program)		GGB	10.304 / 10.SO3088.05	71,815	0
Cooperative Extension Service		GGB	10.500	3,122,734	0
Cooperative Extension Service		GGB	10.500 / 10.11838-G001643	(1,095)	0
Cooperative Extension Service		GGB	10.500 / 10.11838-G001816	23,061	0
Cooperative Extension Service		GGB	10.500 / 10.11838-G001818	1,206	0
Cooperative Extension Service		GGB	10.500 / 10.11838-G001856	15,541	36,000
Cooperative Extension Service		GGB	10.500 / 10.2002-45201-01528	2,683	0
Cooperative Extension Service		GGB	10.500 / 10.2006-0457-16	12,748	0
Cooperative Extension Service		GGB	10.500 / 10.232H190	12,406	0
Cooperative Extension Service		GGB	10.500 / 10.CO29328	255	0
Cooperative Extension Service		GGB	10.500 / 10.EW04-014	848	0
Cooperative Extension Service		GGB	10.500 / 10.FARO011484CO	5,000	0
Cooperative Extension Service		GGB	10.500 / 10.GO02019 (OGRD #11838)	23,242	0
Cooperative Extension Service		GGB	10.500 / 10.SO4060	20,632	0
Cooperative Extension Service		GGB	10.500 / 10.SO7049	11,965	0
Cooperative Extension Service		GGB	10.500 / 10.SO7068	8,975	0
Cooperative Extension Service		GGB	10.500 / 10.USDA 2003-38841-01643	11,980	0
Cooperative Extension Service		GGB	10.500 / 10.UTSTUNV46453	9,419	0
DAWN THILMANY RESEARCH, EDUCATION		GGB	10.600-100-5200-006	16,147	0
DAWN THILMANY RESEARCH, EDUCATION		GGB	10.700-1005-200-004	34,935	0
SUBTOTAL DIRECT FROM:				4,538,147	36,000
SUBTOTAL COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE				4,538,147	36,000
DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
DEPARTMENT OF AGRICULTURE					
04CPG PREV/REST FRFT WP -USDA-USFS		GGB	10.04-DG-11020000-010	9,419	0
HISPANIC NATIONAL RESOURCE CAREER		GGB	10.05-JV-11221600-227	1,628	0
A RISK MANAGEMENT TOOL FOR CHRONIC		GGB	10.06-002416-CSU AMD #1	26,639	0
2006 TAMARISK RESEARCH CONFERENCE:		GGB	10.06-PA-11221625-088	2,496	0
SAGE GROUSE RESTORATION PROJECT -U		GGB	10.061150001	15,082	0
COUNTY PRESCRIBED BURN PARTICIPATI		GGB	10.07-PA-11021200-011	1,439	0
TOTAL C AND TOTAL N ANALYSES OF PL		GGB	10.AG-82FT-B-06-0011	4,482	0
Creating of a Distance Learning System in Rural Western Colorado		GZA	10.CO 713-A16	255,270	0
POPULATION MONITORING OF NORTHERN		GGB	10.PO# S4036457101	5,965	0
SUBTOTAL DIRECT FROM:				322,420	0
SUBTOTAL DEPARTMENT OF AGRICULTURE				322,420	0
ECONOMIC RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
ECONOMIC RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
Agricultural and Rural Economic Research		GGB	10.250	36,393	0
SUBTOTAL DIRECT FROM:				36,393	0
SUBTOTAL ECONOMIC RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE				36,393	0
FARM SERVICE AGENCY, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FARM SERVICE AGENCY, DEPARTMENT OF AGRICULTURE					
Livestock Assistance		BAA	10.none	1,277,965	0
SUBTOTAL DIRECT FROM:				1,277,965	0
SUBTOTAL FARM SERVICE AGENCY, DEPARTMENT OF AGRICULTURE				1,277,965	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
Food Distribution	*	IHA	10.550	138,913	0
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		FAA	10.557	3,667,328	68,961,364
Child and Adult Care Food Program (CACFP)		FAA	10.558	0	527,913
Child and Adult Care Food Program (CACFP)	*	IHA	10.558	79,734	0
State Administrative Expenses for Child Nutrition		DAA	10.560	660,195	0
State Administrative Expenses for Child Nutrition		FAA	10.560	433,001	0
State Administrative Expenses for Child Nutrition		IHA	10.560	202,398	0
Commodity Supplemental Food Program (CSFP)	*	IHA	10.565	3,162,903	1,043,512
Team Nutrition Grants		DAA	10.574	37,664	111,306
SUBTOTAL DIRECT FROM:				8,382,136	70,644,095
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE				8,382,136	70,644,095
FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE					
Senior Farmers Market Nutrition Program		BAA	10.576 / 10.WISF-06-CO-1	14,265	0
SUBTOTAL DIRECT FROM:				14,265	0
SUBTOTAL FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE				14,265	0
FOOD SAFETY AND INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOOD SAFETY AND INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE					
Meat, Poultry, and Egg Products Inspection		BAA	10.477 / 10.12-37-A-466	25,672	0
SUBTOTAL DIRECT FROM:				25,672	0
SUBTOTAL FOOD SAFETY AND INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE				25,672	0
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE					
AFGHANISTAN BORLAUG FELLOW -USDA-F		GGB	10.58-3148-6-170 AMD 1	23,923	0
Technical Agricultural Assistance		GGB	10.960	131,118	712,397
Cochran Fellowship Program-International Training - Foreign Participant		GGB	10.962	110,256	0
SUBTOTAL DIRECT FROM:				265,297	712,397
SUBTOTAL FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE				265,297	712,397
FOREST SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOREST SERVICE, DEPARTMENT OF AGRICULTURE					
Forest Service, Department of Agriculture		PIA	10. 11020798035	58,693	0
USFS INCIDENT SUPPORT -USDA-USFS-F		GGB	10.01F111020000-052/1422CAI	1,185,526	0
WINIGER RIDGE PROJECT -USDA-USFS-F		GGB	10.02-PA-11021001-009 MOD #	50,806	0
REGION 2 SPECIES ASSESSMENTS - FES		GGB	10.03-CS-11020000-052	1,993	0
REGION 2 SPECIES ASSESSMENTS - MAL		GGB	10.03-CS-11020000-052	2,020	0
REGION 2 SPECIES ASSESSMENTS - THA		GGB	10.03-CS-11020000-052	626	0
REGION 2 SPECIES ASSESSMENTS -USDA		GGB	10.03-CS-11020000-052	8,569	0
REGION 2 SPECIES ASSESSMENTS: CALO		GGB	10.03-CS-11020000-052	360	0
REGION 2 SPECIES ASSESSMENTS: DRAB		GGB	10.03-CS-11020000-052	781	0
REGION 2 SPECIES ASSESSMENTS: FEST		GGB	10.03-CS-11020000-052	1,989	0
REGION 2 SPECIES ASSESSMENTS: PARN		GGB	10.03-CS-11020000-052	970	0
REGION 2 SPECIES ASSESSMENTS: PRIM		GGB	10.03-CS-11020000-052	697	0
REGION 2 SPECIES ASSESSMENTS: SALI		GGB	10.03-CS-11020000-052	1,701	0
REGION 2 SPECIES ASSESSMENTS: UTRI		GGB	10.03-CS-11020000-052	3,981	0
Cooperative Agreement		GWA	10.03-CS-11020407-032	24,908	0
SJNF Land & Resource Mgmt Plan		GSA	10.03-CS-11021300-046	125,957	0
03 FOREST INVENTORY -USDA-USFS-ROC		GGB	10.03-CS-11222007-210	176	0
USFS Collaborative Research		GSA	10.03-DG-11020000-075	9,864	0
FCSFP-Future Capacity Bldg Ph I		GSA	10.03-JV-11221615-291	17,128	0
04 FOREST HEALTH MONIT -USDA-USFS-		GGB	10.04-DG-11020000-054 MOD 2	624	0
US-BASED TRAINING AND EDUCATIONAL		GGB	10.05-CR-11132762-185	5,500	0
FRONT RANGE FUELS TREATMENT PARTNE		GGB	10.05-CS-11221611-219 MOD 3	27,930	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
05 FOREST LEGACY ADMINISTRATION -U		GGB	10.05-DG-11020000-029 MOD 2	25,595	0
JFS - Wildlife Protection Plans		GSA	10.05-JV-11221617-096	24,567	0
Forest Planning Course		GSA	10.06-CS-1021300-073	39,477	0
San Juan Plan Revision		GSA	10.06-CS-1021300-073	117,564	0
Fire Risk Assesment		GSA	10.06-CS11021300-073	7,050	0
USFS INCIDENT SUPPORT -USDA-USFS-F		GGB	10.06-FL-11020000-048	10,764,938	0
Forest Service Roadless Area Cost Share		PAA	10.06CS11020001	40,304	0
Forest Service Avalance FY07		PIA	10.07CS11020011	20,727	0
Forest Service Avalance FY07	*	PIA	10.07CS11020011	5,741	0
Forest Service Cost Share Mine Closures		PKA	10.11021011026	7,500	0
SHORTGRASS STEPPE CONSERVATION (CO		GGB	10.2006-0094-005	1,296	0
Rico Area - San Juan National Forest		PBA	10.4382CS00043	1,787	0
Georgetown Bat Project		PBA	10.4382FT40682	2,166	0
Forestry Research		GGB	10.652	13,606	0
Forestry Research		GGB	10.652 / 10.KK7103	6,381	0
Cooperative Forestry Assistance		GGB	10.664	4,316,365	563,984
National Forest: Dependent Rural Communities		GGB	10.670	7,445	0
Rural Development, Forestry and Communities		GGB	10.672	317,963	0
Rural Development, Forestry and Communities		EFA	10.672 / 10.11020000-078 38	8,145	0
Forest Legacy Program		GGB	10.676	12,857	0
Forest Land Enhancement Program		GGB	10.677	76,966	0
Forest Health Protection		BAA	10.680 / 10.05-DG-11020000-030	132,730	0
Forest Health Protection		BAA	10.680 / 10.06-DG-11020000-051	147,658	0
Forest Service Cost Share Mine Closures		PKA	10.CA1102121075	41,072	0
IMPACT OF CURRENT MEGA-DROUGHT & B		GGB	10.MPC34CN-01	3,069	0
SUBTOTAL DIRECT FROM:				17,673,768	563,984
PASS-THROUGH PROGRAMS FROM:					
Mountain Studies Institute					
Web/Data/GIS Coordinator		GSA	10.03-DG-11021300-029	12,698	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				12,698	0
SUBTOTAL FOREST SERVICE, DEPARTMENT OF AGRICULTURE				17,686,466	563,984
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER, DEPARTMENT OF AGRICULTURE					
National Sheep Industry Improvement Center		GGB	10.774	10,212	0
SUBTOTAL DIRECT FROM:				10,212	0
SUBTOTAL NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER, DEPARTMENT OF AGRICULTURE				10,212	0
NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE					
Soil and Water Conservation		PBA	10.902	129,701	0
Soil and Water Conservation		BAA	10.902 / 10.68-8-B05-4-31	22,101	0
Soil and Water Conservation		BAA	10.902 / 10.AG-8B05-A-6-38	22,218	349,337
Soil and Water Conservation		BAA	10.902 / 10.AG-8B05-A-6-54	10,367	0
Environmental Quality Incentives Program		GGB	10.912	6,760	0
Environmental Quality Incentives Program		GGB	10.912 / 10.06144902	4,609	0
Environmental Quality Incentives Program		BAA	10.912 / 10.AG-8B05-A-5-57	30,455	0
Environmental Quality Incentives Program		BAA	10.912 / 10.NRCS 66-3A75-5-197	40,833	0
Cooperative Consv Partnership Initiative		BAA	10.AG-8B05-A-6-47	0	4,161
SUBTOTAL DIRECT FROM:				267,044	353,498
SUBTOTAL NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE				267,044	353,498
RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE					
Commodity Partnerships for Small Agricultural Risk Management Education Sessions		GGB	10.459	52,488	0
SUBTOTAL DIRECT FROM:				52,488	0
SUBTOTAL RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE				52,488	0
SUBTOTAL DEPARTMENT OF AGRICULTURE				34,959,216	73,002,101

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF COMMERCE					
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE					
Research and Evaluation Program		GFE	11.312	(1,469)	0
Trade Adjustment Assistance		GFB	11.313	827,813	341,762
SUBTOTAL DIRECT FROM:				826,344	341,762
SUBTOTAL ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE				826,344	341,762
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE					
Measurement and Engineering Research and Standards		GFB	11.609	1,385,055	0
Measurement and Engineering Research and Standards		GKA	11.609 / 11.60NANB5D1006	33,036	0
STUDENT FINANCIAL AID		GLA	11.VARIOUS AWARDS	182,356	0
SUBTOTAL DIRECT FROM:				1,600,447	0
SUBTOTAL NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE				1,600,447	0
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE					
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes		GFB	11.432	10,594	0
Habitat Conservation		GGB	11.463 / 11.NEAQ#1886	5,300	0
Congressionally Identified Awards and Projects		GFB	11.469	15,746	0
SUBTOTAL DIRECT FROM:				31,640	0
SUBTOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE				31,640	0
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL WEATHER SERVICE, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL WEATHER SERVICE, DEPARTMENT OF COMMERCE					
Meteorologic and Hydrologic Modernization Development		GGB	11.467 / 11.SO4-44700 MO1	18,573	0
Meteorologic and Hydrologic Modernization Development		GGB	11.467 / 11.SO4-49759 M2 FINAL	10,068	0
SUBTOTAL DIRECT FROM:				28,641	0
SUBTOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL WEATHER SERVICE, DEPARTMENT OF COMMERCE				28,641	0
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION, DEPARTMENT OF COMMERCE					
Public Telecommunications Facilities Planning and Construction		GSA	11.550 / 11.08-01-N05092	29,114	0
SUBTOTAL DIRECT FROM:				29,114	0
SUBTOTAL NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION, DEPARTMENT OF COMMERCE				29,114	0
SUBTOTAL DEPARTMENT OF COMMERCE				2,516,186	341,762
DEPARTMENT OF DEFENSE					
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE					
Air Force Defense Research Sciences Program		GFB	12.800	29,514	0
Air Force Defense Research Sciences Program		GFC	12.800	7,090	0
Air Force Defense Research Sciences Program		GFE	12.800	193,690	3,150
SUBTOTAL DIRECT FROM:				230,294	3,150

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
NACCRRA					
Air Force Quality Family Child Care		GJL	12.6060.2	86,863	0
U.S AIR FORCE					
Air Force Defense Research Sciences Program		GFE	12.800 / 12.FA3089-06-F0478	193,690	3,150
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				280,553	3,150
SUBTOTAL AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE				510,847	6,300
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE					
Research & Technology Development		GGB	12.910 / 12.01-135927	21,764	0
SUBTOTAL DIRECT FROM:				21,764	0
SUBTOTAL DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE				21,764	0
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE					
Military Medical Research & Development		GFB	12.420	48,043	0
Military Medical Research & Development		GFE	12.420	184,643	0
Military Medical Research & Development		GGB	12.420 / 12.PO #0000114836	1,624	0
Military Medical Research & Development		GGB	12.420 / 12.RX 4300-814-CSU	14,958	0
Pueblo Chemical Demilitarization		FAA	12.Cooperative Agreement	807,402	17,903
SUBTOTAL DIRECT FROM:				1,056,670	17,903
SUBTOTAL DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE				1,056,670	17,903
DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEPARTMENT OF DEFENSE					
Unclassified Grants and Contracts		DAA	12.000	0	500,875
Unclassified Grants and Contracts		GFE	12.000	77,219	0
SVD-BASED PROCESSING OF IMAGES AND		GGB	12.00493: C-1526 MOD 01 PO#	93,762	0
TRACKED VEHICLE PROJECT SUPPORT FO		GGB	12.02345209	993	0
LIGHT ARMORED VEHICLE IMPACT STUDY		GGB	12.02434607	81	0
CENTRAL SHORTGRASS PRAIRIE ECOREGI		GGB	12.04211004	2,744	0
ARMY NATIONAL GUARD COMMON INSTALL		GGB	12.84616DBS18 CH #232	96,278	0
GEOSPATIAL INFORMATION AND SERVICE		GGB	12.84616DBS18 CH #434	611	0
ALLOCATION ALGORITHM SUPPORT FOR S		GGB	12.901410 AMENDMENT 1	3,173	0
FAUNAL SURVEY, MACON TRAINING SITE		GGB	12.C307026001	36,557	0
Lowry Privatization II Long Term Project		FAA	12.Contract 06 FEA 00020	163,796	0
DECISION SUPPORT SYSTEMS SUPPORT T		GGB	12.DABQ03-03-P-0242	8,886	0
CULTURAL RESOURCES MANAGEMENT PROG		GGB	12.DAMD17-02-0008 DO#0019	24,516	0
611 CES/ALASKA CR SUPPORT, 2004DEW		GGB	12.DAMD17-02-2-0008 D/O #00	4,724	0
CULTURAL RESOURCES MANAGEMENT ASSI		GGB	12.DAMD17-02-2-0008 DO 0006	109,957	0
FORT HOOD, TEXAS CR SUPPORT, LEGAC		GGB	12.DAMD17-02-2-0008 DO# 001	26,355	0
CULTURAL RESOURCES MANAGEMENT ASSI		GGB	12.DAMD17-02-2-0008 DO#0001	9	0
611 CES/ALASKA CR SUPPORT 2005 GAL		GGB	12.DAMD17-02-2-0008 DO#0012	12,254	0
KING SALMON AIRPORT, ALASKA INTEGR		GGB	12.DAMD17-02-2-0008 DO#0013	32,847	0
CULTURAL RESOURCES MANAGEMENT PROG		GGB	12.DAMD17-02-2-0008 DO#0015	31,317	0
CULTURAL RESOURCES TECHNICAL SUPPO		GGB	12.DAMD17-02-2-0008 DO#0017	151,256	0
ASSESSMENT OF LIVESTOCK GRAZING IM		GGB	12.DAMD17-02-2-0008 DO#11AM	24,602	0
EARECKSON HISTORIC BUILDING INVENT		GGB	12.DAMD17-02-2-0008-0018	25,037	0
DOD FRONT RANGE ECO-REGIONAL PARTN		GGB	12.FA2517-05-P-6161	43,792	0
RANGE AND TRAINING LAND ANALYSIS -		GGB	12.FY-06 TO #1 NGB16-03-D--	15,519	0
TRACKED VEHICLE STUDY DATA ANALYS		GGB	12.FY-06 TO #2 NGB16-03-D--	11,476	0
SPATIAL DATA DEVELOPMENT IN SUPPOR		GGB	12.IGA#06-008	31,126	0
ARIZONA DEPARTMENT OF EMERGENCY AN		GGB	12.M5-0074 PO#06-0820-EV	54,300	0
FORT DRUM CULTURAL RESOURCES SURVE		GGB	12.MIPR4CCSU50040	9,053	0
FLORA & FAUNA SURVEYS SUPPORT OF T		GGB	12.MIPR4CCSU50041	23,728	0
NATURAL RESOURCE MANAGEMENT UNIT G		GGB	12.MIPR4ECSU50067	37,575	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
WETLAND MANAGEMENT FIELD SUPPORT A		GGB	12.MIPR4FCSU50072	9,852	0
AQUATIC SURVEYS & SUPPORT OF THE F		GGB	12.MIPR4FCSU50073	13,371	0
WETLAND MANAGEMENT FIELD SUPPORT A		GGB	12.MIPR5CCSU50016 / 5CCSU50	40,516	0
CULTURAL RESOURCES SUPPORT AT FORT		GGB	12.MIPR5CCSU50020	18,801	0
FISH & WILDLIFE MANAGEMENT PROGRAM		GGB	12.MIPR5CCSU50023	2,347	0
ENVIRONMENTAL MONTIORING AT FORT D		GGB	12.MIPR5ECSU50029	9,218	0
CULTURAL RESOURCES SURVEY LEGACY P		GGB	12.MIPR5JCSU50036	2,263	0
WETLAND MANAGEMENT FIELD SUPPORT A		GGB	12.MIPR5JCSU50038	9,888	0
WETLAND MANAGEMENT FIELD SUPPORT A		GGB	12.MIPR5JCSU50049	12,458	0
CULTURAL RESOURCES SURVEY FOREST F		GGB	12.MIPR5KCSU50041	17,618	0
AQUATIC TECHNICAL FIELD SUPPORT FO		GGB	12.MIPR5KCSU50046	7,600	0
FOREST MANAGEMENT PROGRAM SUPPORT		GGB	12.MIPR5LCSU50047	27,057	0
FOREST MANAGEMENT PROGRAM TECHNICA		GGB	12.MIPR5LCSU50048	39	0
WETLAND DELINEATION AT FORT DRUM,		GGB	12.MIPR5LCSU50050	2,759	0
NATIONAL ENVIRONMENTAL POLICY ACT		GGB	12.MIPR5MMCBCRS09	20,136	0
ECOSYSTEM AND WILDLIFE HABITAT MAN		GGB	12.MIPR5MMCBCRS10	297	0
FISHERIES PROGRAM SUPPORT AT FORT		GGB	12.MIPR5MMCBCRS11	23,341	0
EXOTIC PLANT SPECIES AND WILDLIFE		GGB	12.MIPR5MMCBCRS12	67,596	0
WILDLIFE HABITAT MANAGEMENT AND IN		GGB	12.MIPR5MMCBCRS13	31,623	0
WILDLIFE POPULATION AND ECOSYSTEM		GGB	12.MIPR5MMCBCRS14	28,294	0
THREATENED AND ENDANGERED SPECIES		GGB	12.MIPR5MMCBCRS15	52,360	0
GRASSLAND AND WOODLAND BIRD/VEGETA		GGB	12.MIPR5MMCBCRS16	20,083	0
FISHERIES PROGRAM SUPPORT AT FORT		GGB	12.MIPR5MMCBCRS17	30,650	0
LAND REHABILITATION AND MAINTENANC		GGB	12.MIPR5MMCBCRS18	15,180	0
ITAM TRAINING SUPPORT INFORMATION		GGB	12.MIPR6F OSP TB005	152,206	33,341
WILDLAND FIRE MANAGEMENT PLAN FOR		GGB	12.PO 243	(4)	0
INTEGRATED TRAINING AREA MANAGEMEN		GGB	12.TASK ORDER #ITAM05	71,294	0
INTEGRATED TRAINING AREA MANAGMENT		GGB	12.TASK ORDER #ITAM05	5,820	0
CENTRAL SHORTGRASS PRAIRIE ECOREGI		GGB	12.TNC/CSU CY2006-01	40,723	0
CULTURAL RESOURCES PROGRAM SUPPORT		GGB	12.W81XWH-05-2-0023 --P0000	35,260	0
RARE AND SENSITIVE PLANT SURVEY AT		GGB	12.W911S8-06-G-4001-1T01	32,986	0
SURVEY OF SELECTED INSECT TAXA (HE		GGB	12.W9124L-05-P-0242	13,605	0
LEGACY RANGE IGNITION PROBABILITY		GGB	12.W912DY-07-2-0014	2,502	0
SUBTOTAL DIRECT FROM:				1,971,282	534,216
SUBTOTAL DEPARTMENT OF DEFENSE				1,971,282	534,216
DEPARTMENT OF THE ARMY, NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEPARTMENT OF THE ARMY, NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
Military Construction, National Guard		OAA	12.400	3,180,660	0
SUBTOTAL DIRECT FROM:				3,180,660	0
SUBTOTAL DEPARTMENT OF THE ARMY, NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE				3,180,660	0
NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
National Guard Military Operations & Maintenance (O&M) Projects		OAA	12.401	8,262,804	0
SUBTOTAL DIRECT FROM:				8,262,804	0
SUBTOTAL NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE				8,262,804	0
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY					
DIRECT FROM:					
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY					
SHARED COGNITION -PACIFIC SCIENCE		GGB	12.05165406	100,292	0
Basic & Applied Scientific Research		GFE	12.300	274,034	16,350
Basic & Applied Scientific Research		GGB	12.300	2,812	0
Basic & Applied Scientific Research		GGB	12.300 / 12.G072995	49,812	0
Basic & Applied Scientific Research		GGB	12.300 / 12.KKK610	14,909	0
Basic & Applied Scientific Research		GGB	12.300 / 12.SB000005 PO# P001550	5,739	0
SUBTOTAL DIRECT FROM:				447,598	16,350
SUBTOTAL OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY				447,598	16,350

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE					
Flood Control Projects		WBA	12.106	0	1,012
State Memorandum of Agreement Program for the Reimbursement of Technical Services		FAA	12.113	934,142	2
State Memorandum of Agreement Program for the Reimbursement of Technical Services		FAA	12.113 / 12.MOA's thru 9/30/07	216,574	0
ARMY CORPS OF ENGINEERS COST SHARE CH		PJA	12.DACW45033001	(14,967)	0
ARMY CORPS OF ENGINEERS COST SHARE CC		PJA	12.DACW45033002	1,441,748	0
ARMY CORPS OF ENGINEERS COST SHARE CH		PJA	12.DACW47033001	44,766	0
SUBTOTAL DIRECT FROM:				2,622,263	1,014
SUBTOTAL OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE				2,622,263	1,014
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND					
DIRECT FROM:					
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND					
Basic Scientific Research		GGB	12.431	466,312	0
Basic Scientific Research		GYA	12.431	133,455	0
Basic Scientific Research		GGB	12.431 / 12.00000053 P.O. # P992	13,023	0
SUBTOTAL DIRECT FROM:				612,790	0
SUBTOTAL U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND				612,790	0
SUBTOTAL DEPARTMENT OF DEFENSE				18,686,678	575,783
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grants/State's Program		NAA	14.228	428,510	9,059,705
Emergency Shelter Grants Program		NAA	14.231	55,380	968,312
Supportive Housing Program		IHA	14.235	105,157	0
Shelter Plus Care		IHA	14.238	2,568,721	0
HOME Investment Partnerships Program		NAA	14.239	1,314,698	12,726,522
Housing Opportunities for Persons with AIDS		NAA	14.241	13,109	307,749
SUBTOTAL DIRECT FROM:				4,485,575	23,062,288
PASS-THROUGH PROGRAMS FROM:					
Co Coalition for the Homeless					
Supportive Housing Program		GJL	14.235	92,451	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				92,451	0
SUBTOTAL COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				4,578,026	23,062,288
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
College Housing Program		GSA	14.CH COLO 86D	16,964	0
Manufactured Housing Construction		NAA	14.DU100K900016684	8,580	0
SUBTOTAL DIRECT FROM:				25,544	0
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				25,544	0
HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Rehabilitation Mortgage Insurance		GMA	14.108	168,440	0
Supportive Housing for Persons with Disabilities		NAA	14.181	363,172	0
SUBTOTAL DIRECT FROM:				531,612	0
SUBTOTAL HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				531,612	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Fair Housing Assistance Program: State and Local		SDA	14.401	308,985	0
SUBTOTAL DIRECT FROM:				308,985	0
SUBTOTAL OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				308,985	0
OFFICE OF LEAD HAZARD CONTROL, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
PASS-THROUGH PROGRAMS FROM:					
Northeast Denver Housing Center					
Lead-Based Paint Hazard Control in Privately-Owned Housing		FAA	14.900	3,202	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				3,202	0
SUBTOTAL OFFICE OF LEAD HAZARD CONTROL, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				3,202	0
OFFICE OF POLICY DEVELOPMENT AND RESEARCH, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
OFFICE OF POLICY DEVELOPMENT AND RESEARCH, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Outreach Partnership Center Program		GYA	14.511	116,762	0
Hispanic-Serving Institutions Assisting Communities		GJH	14.514	108,869	0
Hispanic-Serving Institutions Assisting Communities		GYA	14.514	20,581	0
SUBTOTAL DIRECT FROM:				246,212	0
SUBTOTAL OFFICE OF POLICY DEVELOPMENT AND RESEARCH, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				246,212	0
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Section 8 Housing Choice Vouchers		IHA	14.871	16,454,019	0
Section 8 Housing Choice Vouchers		NAA	14.871	15,915,491	911,368
SUBTOTAL DIRECT FROM:				32,369,510	911,368
PASS-THROUGH PROGRAMS FROM:					
STEVE WINTER ASSOCIATES, INC.					
Indian Housing Block Grants		GFE	14.867 / 14.HUD 18.1	(817)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				(817)	0
SUBTOTAL PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				32,368,693	911,368
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				38,062,274	23,973,656
DEPARTMENT OF THE INTERIOR					
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR					
BIA INCIDENT SUPPORT -DOI-BIA-BURE		GGB	15.AB01M000016/1422CAI01000	(162)	0
BIA INCIDENT SUPPORT -DOI-BIA-BURE		GGB	15.FS 06-FI-11020000-048	203,479	0
SUBTOTAL DIRECT FROM:				203,317	0
SUBTOTAL BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR				203,317	0
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR					
SAN JUAN PUBLIC LANDS BIODIVERSITY		GGB	15.06326501	8,740	0
CO & COM FIRE PL BLM -DOI-BLM-BURE		GGB	15.1422 CAA010010 TO 12	37,283	0
UP COLO RVR MGM BLM -DOI-BLM-BUREA		GGB	15.1422 CAA010010 TO 7, 20	30,132	0
Oversight & Review of Anvil Points Facility - Bureau of Land Management, De		FAA	15.1422 CAA040014	7,856	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
COLORADO RURAL FIRE DEPARTMENT ASS		GGB	15.1422 CAA040017 M03	424,964	0
BLM R9 Red Zone Support		GSA	15.1422 CAA060028	1,690	0
BLM Map Survey		GTA	15.1422CAA040001	20,925	0
Assistance Agreement		GWA	15.1422CAA050004	12,224	0
BO COUNTY FUELS RED -DOI-BLM-BUREA		GGB	15.1422CAA050015 MOD 2	4,711	0
PAGOSA SKYROCKET CONSERVATION (CO)		GGB	15.2006-094-004	505	0
Cooperative Inspection Agreements with States & Tribes		PBA	15.222	150,209	0
Cooperative Inspection Agreements with States & Tribes		PKA	15.222	508,960	0
Cultural Resource Management		GCA	15.224	4,645	0
Cultural Resource Management		GGB	15.224 / 15.G257-05-W0094	1,113	0
Master Cooperative Agreement		PBA	15.CAA010003	24,753	0
Bat Surveys-Dolores River Canyon-II		PBA	15.CAA060005	574	0
Bat Data on Abandoned Mines		PBA	15.CAA060006	1,800	0
Colo Greater SG Conf & Summit		PBA	15.CAA060029	6,341	0
Archeological Inventory		GSA	15.J1470050627	11,284	0
Effects of Gas Well Compressor Noise		GSA	15.JSA041008	26,038	0
SUSTAINABLE RANGELANDS ROUNDTABLE		GGB	15.PAP057003	12,375	0
SUSTAINABLE RANGELANDS ROUNDTABLE		GGB	15.PAP065060 MOD. 0001	39,965	0
SAN JUAN PUBLIC LANDS BIODIVERSITY		GGB	15.TNC/CSU CY2005-02	6,656	0
Sale of Public Land		WBA	15.Unknown	0	50,875
Taylor Grazing		WBA	15.Unknown	0	117,753
SUBTOTAL DIRECT FROM:				1,343,743	168,628
PASS-THROUGH PROGRAMS FROM:					
Arizona State Univ					
BLM Site Evaluations		GZA	15.MOU CO 130-2006-01	4,659	0
N. Arizona Univ					
USDI-BLM-San Juan Restoration Experiment		GSA	15.ER135EJ	16,700	0
Nat Fish & Wildlife Foundation					
Gunnison Sage Grouse Habitat Restoration in Colorado		PBA	15.02-0198	36,302	0
Bat Evaluation in Abandoned Mines - IV		PBA	15.05-0167-000	20,631	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				78,292	0
SUBTOTAL BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR				1,422,035	168,628
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR					
Coop Agreement		GCA	15.00-FC-40-3880	18,256	0
CATALOGING & STORAGE OF ARCHAEOLOG		GGB	15.03FC601857 MOD 004	5,151	0
Assist in Recovery of Endangered Fish in the Upper Colorado River Basin		PBA	15.03FG402050	220,642	21,770
Russel Lakes O&M		PBA	15.04FC402203	95,064	0
MAINT OF 4 WESTERN COLO RESERVOIRS		PJA	15.05FC402274	330,030	0
NAVAJO WATER SYSTEM COOP AGREEMENT		PJA	15.05FC601983	463,466	0
SOCIAL FACTORS AFFECTING THE TRANS		GGB	15.05FC811113	29,281	0
CLOSE BASIN PROJECT		PEA	15.05PG400107	17,238	0
IRRIGATION AUDIT PROJECT FOR THE G		GGB	15.06-FG-40-2476	29,952	0
WILLIAMS FORK OPERATIONS AND MAINT- BOR		PEA	15.06FC402455	6,714	0
Escalante St. Wildlife Recreation Area		PBA	15.0FCCUCO010	2,140	0
Water Reclamation and Reuse Program		GGB	15.504 / 15.06123102	9,023	0
Water Desalination Research and Development Program		BAA	15.506 / 15.04-FC-40-2156	2,167,517	0
IPA, DR. JIANCHUN (VICTOR) HUANG -		GGB	15.50RA810006	81,505	0
BONNY RESERVOIR DESIGN & DEVELOP		PJA	15.6FC6008120	23,029	0
MOA WESTERN COLO RESERVOIRS		PJA	15.7FC4019610	127,403	0
Take Pride in America		GCA	15.98FG810024	2,000	0
Lone Dome Wetlands Area Cooperative Agreement		PBA	15.99-FC-40-1110	18,821	0
WESTERN SLOPE REHABILITATION		PJA	15.B605FC402431	16,198	0
EVALUATION OF THE USE OF POLYACRYL		GGB	15.BOR-07-643-7405	19,776	0
SUBTOTAL DIRECT FROM:				3,683,206	21,770
SUBTOTAL BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR				3,683,206	21,770

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
DEPARTMENT OF THE INTERIOR					
Unclassified Grants and Contracts		GFE	15.000	11,880	0
Unclassified Grants and Contracts		TAA	15.000	677,598	0
LANDER-CSU -UNIVERSITY OF SOUTHERN		GGB	15.06500302	27,995	0
BLM INCIDENT SUPPORT -DOI-BLM-BURE		GGB	15.1422CAA010010	25,995	0
BLM INCIDENT SUPPORT -DOI-BLM-BURE		GGB	15.FS 06-FI-11020000-048	148,715	0
ASSESSING THE DENSITY AND DISTRIBU		GGB	15.G265-05-W0373	6,163	0
FORENSIC APPLICATIONS OF OTOLITH M		GGB	15.G267-05-W0373	43,150	0
SUBTOTAL DIRECT FROM:				941,496	0
SUBTOTAL DEPARTMENT OF THE INTERIOR				941,496	0
GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR					
Assistance to State Water Resources Research Institutes		GGB	15.805	39,928	0
U.S. Geological Survey: Research & Data Acquisition		GFE	15.808	31,740	0
U.S. Geological Survey: Research & Data Acquisition		GGB	15.808	30,437	0
U.S. Geological Survey: Research & Data Acquisition		NAA	15.808	987	0
U.S. Geological Survey: Research & Data Acquisition		PIA	15.808	34,594	0
SUBTOTAL DIRECT FROM:				137,686	0
SUBTOTAL GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR				137,686	0
MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR					
Royalties Mgmt		WBA	15.Unknown	109,328,828	12,854,876
SUBTOTAL DIRECT FROM:				109,328,828	12,854,876
SUBTOTAL MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR				109,328,828	12,854,876
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR					
Preserve America		GCA	15.08-06-PA-2006	36,485	0
NPS INCIDENT SUPPORT -DOI-NPS-NATI		GGB	15.1422CAI010005/H124901001	2,136	0
Coop Agreement		GCA	15.1443-CA-1200-98-005	2,629	0
Historic Preservation Fund Grants-In-Aid		GCA	15.904	753,600	0
Historic Preservation Fund Grants-In-Aid		GFE	15.904	(59)	0
National Historic Landmark		GFE	15.912	2,563	0
Outdoor Recreation: Acquisition, Development and Planning		PJA	15.916	349,435	1,561,029
Urban Park & Recreation Recovery Program		GWA	15.919 / 15.1443PX6115960078	95	0
Native American Graves Protection and Repatriation Act		GCA	15.922	18,751	0
National Center for Preservation Technology and Training (B) -		GFE	15.923	26,421	0
Save America's Treasures		GFE	15.929	8,756	0
Evaluation and Re-eval Phase IITesting		GSA	15.CA-6000A9003, Mod 007	17,011	0
GeoPhys Prosp & Eval Testing		GSA	15.CA-6000A9003, Mod 009	7,957	0
NPS INCIDENT SUPPORT -DOI-NPS-NATI		GGB	15.FS 06-FI-11020000-048	14,196	0
MUSEUM EXHIBIT PRODUCTION -DOI-NPS		GGB	15.H1200040001 J1242067004	14,791	0
INTEGRATED PEST MANAGEMENT PLAN AN		GGB	15.H1200040001 CSURM-45	3,231	0
STATUS AND TRENDS OF IMPAIRED, THR		GGB	15.H2380040001 TO J2380050	237,519	0
Nationa Park Intern Support		GSA	15.J1496060030	8,500	0
WUI ED COOR. NPS -DOI-NPS-NATIONAL		GGB	15.J1526040268 H1200040001	4,124	0
Hydrology Study for Aztec Ruins		GSA	15.J7380050008	4,401	0
SUBTOTAL DIRECT FROM:				1,512,542	1,561,029
SUBTOTAL NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR				1,512,542	1,561,029

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining		PAA	15.250	15,721	0
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining		PKA	15.250	1,852,720	0
Abandoned Mine Land Reclamation (AMLR) Program		PAA	15.252	1,868	0
Abandoned Mine Land Reclamation (AMLR) Program		PKA	15.252	1,859,772	0
Abandoned Mine Land Reclamation (AMLR) Program		GGB	15.252 / 15.WYDEQ49803	47,606	0
SUBTOTAL DIRECT FROM:				3,777,687	0
SUBTOTAL OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR				3,777,687	0
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
GENETIC ASSESSMENT OF NATIVE FISHE		GGB	15.228106	16,997	0
Landowner Recognition Program		PBA	15.60181043193	135	0
Fish & Wildlife Management Assistance		GGB	15.608	34,573	0
Cooperative Endangered Species Conservation Fund		PBA	15.615	182,236	85,696
Cooperative Endangered Species Conservation Fund		PJA	15.615	192,264	0
Cooperative Endangered Species Conservation Fund		GGB	15.615 / 15.06144002	10,000	0
Wildlife Conservation & Appreciation		PBA	15.617	18,407	0
Landowner Incentive		PBA	15.633	495,047	0
State Wildlife Grants		PBA	15.634	1,517,127	81,204
State Wildlife Grants		GGB	15.634 / 15.051884	18,403	0
Wildlife Without Borders- Latin America and the Caribbean		GGB	15.640	5,994	0
MODELING FOREST NEOTROPICAL MIGRAT		GGB	15.CNHP-001-011906 TO# 1	54,450	0
RESEARCH ON EVALUATION OF STRIPED		GGB	15.F-50-R-13 PROJECT 20 FY2	9,464	0
INVESTIGATING COMPETITION AMONG LI		GGB	15.G264-05-W0373	17,735	0
INVESTIGATING COMPETITION AMONG LI		GGB	15.G291-06-W1033	12,399	0
SUBTOTAL DIRECT FROM:				2,585,231	166,900
SUBTOTAL U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR				2,585,231	166,900
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR					
National Cooperative Geologic Mapping Program		PIA	15.810	202,119	0
Cooperative Research Units Program		GFE	15.812	1,122	0
SUBTOTAL DIRECT FROM:				203,241	0
SUBTOTAL U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR				203,241	0
SUBTOTAL DEPARTMENT OF THE INTERIOR				123,795,269	14,773,203
DEPARTMENT OF JUSTICE					
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS					
DIRECT FROM:					
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS					
Edward Byrne Memorial Justice Assistance Grant Program		RAA	16.738	76,824	2,828,678
SUBTOTAL DIRECT FROM:				76,824	2,828,678
SUBTOTAL BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS				76,824	2,828,678
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE					
State Criminal Alien Assistance Program		CAA	16.606	2,933,446	0
Bulletproof Vest Partnership Program		RAA	16.607	74,827	0
Community Prosecution and Project Safe Neighborhoods		RAA	16.609	44,138	191,132
SUBTOTAL DIRECT FROM:				3,052,411	191,132
SUBTOTAL BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE				3,052,411	191,132

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE					
State Justice Statistics Program for Statistical Analysis Centers		RAA	16.550	45,850	0
National Criminal History Improvement Program (NCHIP)		RAA	16.554	87,616	541,178
SUBTOTAL DIRECT FROM:				133,466	541,178
SUBTOTAL BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE				133,466	541,178
CORRECTIONS PROGRAM OFFICE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
CORRECTIONS PROGRAM OFFICE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE					
Prisoner Reentry Initiative Demonstration (offender Reentry)		CAA	16.202 / 16.2006-RE-CX-0020	53,426	0
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)		RAA	16.203	74,430	0
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)		CAA	16.203 / 16.2004-WP-BX-0011	41,006	0
Residential Substance Abuse Treatment for State Prisoners		GFE	16.593	85,874	0
Residential Substance Abuse Treatment for State Prisoners		RAA	16.593	8,503	235,635
SUBTOTAL DIRECT FROM:				263,239	235,635
SUBTOTAL CORRECTIONS PROGRAM OFFICE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE				263,239	235,635
DEPARTMENT OF JUSTICE					
DIRECT FROM:					
DEPARTMENT OF JUSTICE					
FY 2006 BJA congressionally Mandated Awards		AMA	16.Proj # 2006-DD-BX-0032	246,807	0
SUBTOTAL DIRECT FROM:				246,807	0
SUBTOTAL DEPARTMENT OF JUSTICE				246,807	0
FEDERAL BUREAU OF INVESTIGATION, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
FEDERAL BUREAU OF INVESTIGATION, DEPARTMENT OF JUSTICE					
05 Metro Gang		RAA	16.Safe Streets	26,387	0
SUBTOTAL DIRECT FROM:				26,387	0
SUBTOTAL FEDERAL BUREAU OF INVESTIGATION, DEPARTMENT OF JUSTICE				26,387	0
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE					
National Institute of Justice Research, Evaluation, and Development Projects Grants		GFE	16.560	188,338	0
National Institute of Justice Research, Evaluation, and Development Projects Grants		RAA	16.560	485,428	125,668
National Institute of Justice Research, Evaluation, and Development Projects Grants		CAA	16.560 / 16.2006-IJ-CX-0015	24,969	0
SUBTOTAL DIRECT FROM:				698,735	125,668
SUBTOTAL NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE				698,735	125,668
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE					
Public Safety Partnership & Community Policing Grants		RAA	16.710	303,444	25,692
SUBTOTAL DIRECT FROM:				303,444	25,692
SUBTOTAL OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE				303,444	25,692

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE					
Edward Byrne Memorial Formula Grant Program		RAA	16.579	674,548	552,950
Edward Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grants Program		RAA	16.580	98,676	0
Local Law Enforcement Block Grant Program		RAA	16.592	0	(4,759)
Anti-Gang Initiative		RAA	16.744	8,103	53,946
SUBTOTAL DIRECT FROM:				781,327	602,137
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE				781,327	602,137
OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE					
Protecting Inmates and Safeguarding Communities		CAA	16.735 / 16.2004-RP-BX-0022	51,495	0
Protecting Inmates and Safeguarding Communities		CAA	16.735 / 16.2006-RP-BX-0045	57,167	0
SUBTOTAL DIRECT FROM:				108,662	0
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE				108,662	0
OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE					
Family Drug Court		JAA	16.2003-DC-BX-0026	79,817	0
Nat'l Institute of Justice		GGJ	16.2003DDBXK013	255,216	0
Encourage Arrest		JAA	16.2004-WE-AX-0003	101,681	0
Probation Management Information System		JAA	16.2005-DC-BX-0004	16,601	0
Integrated Treatment Court		JAA	16.2006-DD-BX-0316	83,278	0
Denver Youth Healthy Connections Project		JAA	16.2006-MO-BX-0025	49,197	0
Nat'l Institute of Justice		GGJ	16.2006DDBX0475	101,109	0
Grants to Reduce Violent Crimes Against Women on Campus		GFB	16.525	135,321	0
Crime Victim Compensation		RAA	16.576	112,302	3,562,876
Violent Offender Incarceration & Truth in Sentencing Incentive Grants		RAA	16.586	27,689	1,720,218
Violence Against Women Formula Grants		RAA	16.588	121,908	1,755,489
SUBTOTAL DIRECT FROM:				1,084,119	7,038,583
PASS-THROUGH PROGRAMS FROM:					
TESSA					
Domestic Violence		JAA	16.2004-WR-AX-K001	18,642	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				18,642	0
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE				1,102,761	7,038,583
OFFICE OF JUSTICE PROGRAMS, OFFICE FOR VICTIMS OF CRIME, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF JUSTICE PROGRAMS, OFFICE FOR VICTIMS OF CRIME, DEPARTMENT OF JUSTICE					
Services For Trafficking Victims		RAA	16.320	63,536	0
Antiterrorism Emergency Reserve		RAA	16.321	0	63,091
Crime Victim Assistance		RAA	16.575	382,421	5,423,473
SUBTOTAL DIRECT FROM:				445,957	5,486,564
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, OFFICE FOR VICTIMS OF CRIME, DEPARTMENT OF JUSTICE				445,957	5,486,564
OFFICE OF JUSTICE PROGRAMS, VIOLENCE AGAINST WOMEN OFFICE, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF JUSTICE PROGRAMS, VIOLENCE AGAINST WOMEN OFFICE, DEPARTMENT OF JUSTICE					
Supervised Visitation, Safe Havens for Children		RAA	16.527 / 16.DEA Overtime	34,431	0
SUBTOTAL DIRECT FROM:				34,431	0
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, VIOLENCE AGAINST WOMEN OFFICE, DEPARTMENT OF JUSTICE				34,431	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE					
Strengthening Abuse and Neglect Courts in America		JAA	16.2004-JS-FX-K001	31,779	0
Juvenile Accountability Incentive Block Grants		RAA	16.523	102,247	586,550
Juvenile Justice & Delinquency Prevention: Allocation to States		RAA	16.540	281,300	576,168
Part E -Developing, Testing and Demonstrating Promising New Programs		GGB	16.541 / 16.04156506	12,746	0
Title V: Delinquency Prevention Program		RAA	16.548	8,963	53,232
Part E: State Challenge Activities		RAA	16.549	2,900	9,853
Enforcing Underage Drinking Laws Program		HAA	16.727	121,034	0
Enforcing Underage Drinking Laws Program		TAA	16.727	300,171	0
Drug Prevention Program		SJS	16.728	50,814	0
SUBTOTAL DIRECT FROM:				911,954	1,225,803
SUBTOTAL OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE				911,954	1,225,803
SUBTOTAL DEPARTMENT OF JUSTICE				8,186,405	18,301,070
DEPARTMENT OF LABOR					
BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR					
DIRECT FROM:					
BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR					
Labor Force Statistics		KAA	17.002	1,462,921	0
SUBTOTAL DIRECT FROM:				1,462,921	0
SUBTOTAL BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR				1,462,921	0
DEPARTMENT OF LABOR					
DIRECT FROM:					
DEPARTMENT OF LABOR					
Unclassified Grants and Contracts		GFE	17.000	1,044,868	67,600
SUBTOTAL DIRECT FROM:				1,044,868	67,600
SUBTOTAL DEPARTMENT OF LABOR				1,044,868	67,600
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR					
DIRECT FROM:					
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR					
Unemployment Insurance		KAA	17.225	340,517,632	73,416
Senior Community Service Employment Program		IHA	17.235	163,421	711,244
Trade Adjustment Assistance		KAA	17.245	2,499,206	0
Workforce Investment Act		GJD	17.255	194,909	0
WIA Pilots, Demonstrations, and Research Projects		GJD	17.261	31,295	0
WIA Pilots, Demonstrations, and Research Projects		KAA	17.261	1,140,255	1,205,581
Work Incentive Grants		KAA	17.266	179,046	0
Work Incentive Grants		NAA	17.266	660,967	421,990
Incentive Grants-WIA Section 503		KAA	17.267	189,784	719,243
Community Based Job Training Grants		GJH	17.269	12,120	0
Community Based Job Training Grants		GJM	17.269	131,211	0
Permanent Labor Certification for Foreign Workers		KAA	17.272	214,174	0
Reed Act Administration		KAA	17.999	68,750	0
UI FECA		KAA	17.Unknown	11,063,104	0
SUBTOTAL DIRECT FROM:				357,065,874	3,131,474
PASS-THROUGH PROGRAMS FROM:					
Metro Denver WIRED Initiative					
WIA Pilots, Demonstrations, and Research Projects		GJL	17.261	21,138	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				21,138	0
SUBTOTAL EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR				357,087,012	3,131,474

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR					
DIRECT FROM:					
MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR					
Mine Health & Safety Grants		PKA	17.600	173,159	0
SUBTOTAL DIRECT FROM:				173,159	0
SUBTOTAL MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR				173,159	0
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR					
DIRECT FROM:					
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR					
Consultation Agreements		GGB	17.504	984,552	0
OSHA Data Initiative		FAA	17.505 / 17.W9J78108 7Q	23,480	0
SUBTOTAL DIRECT FROM:				1,008,032	0
SUBTOTAL OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR				1,008,032	0
OFFICE OF DISABILITY EMPLOYMENT POLICY, DEPARTMENT OF LABOR					
DIRECT FROM:					
OFFICE OF DISABILITY EMPLOYMENT POLICY, DEPARTMENT OF LABOR					
Youth Transition Grant		NAA	17.E-9-4-3-0126	233,388	202,290
SUBTOTAL DIRECT FROM:				233,388	202,290
SUBTOTAL OFFICE OF DISABILITY EMPLOYMENT POLICY, DEPARTMENT OF LABOR				233,388	202,290
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR					
DIRECT FROM:					
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR					
Veterans' Employment Program		GFE	17.802	887,903	54,880
Homeless Veterans Reintegration Project		KAA	17.805	160,210	11,357
SUBTOTAL DIRECT FROM:				1,048,113	66,237
SUBTOTAL OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR				1,048,113	66,237
SUBTOTAL DEPARTMENT OF LABOR				362,057,493	3,467,601
DEPARTMENT OF STATE					
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE					
DIRECT FROM:					
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE					
International Education Training and Research		GGB	19.430 / 19.06236103	7,712	0
SUBTOTAL DIRECT FROM:				7,712	0
SUBTOTAL BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE				7,712	0
DEPARTMENT OF STATE					
DIRECT FROM:					
DEPARTMENT OF STATE					
INTERNATIONAL CONSTRUCTION PROJECT		GGB	19.04173108	25,455	0
FULBRIGHT POLICE PROJECT -COUNCIL/		GGB	19.87426046	730	0
SUBTOTAL DIRECT FROM:				26,185	0
SUBTOTAL DEPARTMENT OF STATE				26,185	0
SUBTOTAL DEPARTMENT OF STATE				33,897	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF TRANSPORTATION					
DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
DEPARTMENT OF TRANSPORTATION					
Unclassified Grants and Contracts		TAA	20.000	60,736	0
TRIBAL TECHNICAL ASSISTANCE PROGRA		GGB	20.DTFH61-04-H-00006 AMEND	323,031	0
CAMBERING OF WOOD-CONCRETE HIGHWAY		GGB	20.DTRS99-G-0008	1,969	0
IMPACT PERFORMANCE TESTING OF ROAD		GGB	20.DTRS99-G-0008	956	0
LOCAL MANAGEMENT -NORTH DAKOTA STA		GGB	20.DTRS99-G-0008	2,124	0
LOCAL TEL8 -NORTH DAKOTA STATE UNI		GGB	20.DTRS99-G-0008	8,839	0
NORTH FRONT RANGE INTERNSHIPS -NOR		GGB	20.DTRS99-G-0008	969	0
PERFORMANCE TESTING OF SECURITY ST		GGB	20.DTRS99-G-0008	2,758	0
TIME-DEPENDENT LOADING OF REPAIRED		GGB	20.DTRS99-G-0008	18,981	0
WORKSHOP ON EXPERIMENTAL WOOD-CONC		GGB	20.DTRS99-G-0008	4,095	0
PULTRUDED COMPOSITE SHEAR SPIKE FO		GGB	20.DTRS99-G-0008 SUBCONTRAC	3,864	0
MANUAL FOR EMULSION-BASED CHIP SEA		GGB	20.HR 14-17	31,198	931
SUBTOTAL DIRECT FROM:				459,520	931
SUBTOTAL DEPARTMENT OF TRANSPORTATION				459,520	931
FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
Airport Improvement Program		HAA	20.106	190,275	0
SUBTOTAL DIRECT FROM:				190,275	0
SUBTOTAL FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				190,275	0
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
National Motor Carrier Safety		RAA	20.218	2,293,970	651,896
Recreational Trails Program		PJA	20.219	339,039	591,513
SUBTOTAL DIRECT FROM:				2,633,009	1,243,409
SUBTOTAL FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				2,633,009	1,243,409
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
Federal Transit: Metropolitan Planning Grants		HAA	20.505	0	7,208,120
Formula Grants for Other Than Urbanized Areas		HAA	20.509	390,253	6,300,010
Capital Assistance Program for Elderly Persons & Persons with Disabilities		HAA	20.513	51,173	942,997
SUBTOTAL DIRECT FROM:				441,426	14,451,127
SUBTOTAL FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				441,426	14,451,127
RESEARCH AND INNOVATION TECHNOLOGY, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
RESEARCH AND INNOVATION TECHNOLOGY, DEPARTMENT OF TRANSPORTATION					
Research Grants		GGB	20.762 / 20.DTRS99-G-0008	169,150	0
SUBTOTAL DIRECT FROM:				169,150	0
SUBTOTAL RESEARCH AND INNOVATION TECHNOLOGY, DEPARTMENT OF TRANSPORTATION				169,150	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
Pipeline Safety		SGA	20.700	440,703	0
Interagency Hazardous Materials Public Sector Training and Planning Grants		NAA	20.703	81,338	61,165
SUBTOTAL DIRECT FROM:				522,041	61,165
SUBTOTAL RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				522,041	61,165
SUBTOTAL DEPARTMENT OF TRANSPORTATION				4,415,421	15,756,632
DEPARTMENT OF TREASURY					
DEPARTMENT OF TREASURY					
DIRECT FROM:					
DEPARTMENT OF TREASURY					
Treasury Equitable sharing program		TAA	21.court awards	836	0
SUBTOTAL DIRECT FROM:				836	0
SUBTOTAL DEPARTMENT OF TREASURY				836	0
SUBTOTAL DEPARTMENT OF TREASURY				836	0
OFFICE OF PERSONNEL MANAGEMENT					
OFFICE OF PERSONNEL MANAGEMENT					
DIRECT FROM:					
OFFICE OF PERSONNEL MANAGEMENT					
Intergovernmental Personnel Act (IPA) Mobility Program		GFC	27.011	94,582	0
Intergovernmental Personnel Act (IPA) Mobility Program		GFE	27.011	44,632	0
Intergovernmental Personnel Act (IPA) Mobility Program		GGB	27.011	1,085,894	0
SUBTOTAL DIRECT FROM:				1,225,108	0
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT				1,225,108	0
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT				1,225,108	0
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					
DIRECT FROM:					
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					
Employment Discrimination: State and Local Fair Employment Practices Agency Contracts		SDA	30.002	330,960	0
SUBTOTAL DIRECT FROM:				330,960	0
SUBTOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				330,960	0
SUBTOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				330,960	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
GENERAL SERVICES ADMINISTRATION					
GENERAL SERVICES ADMINISTRATION					
DIRECT FROM:					
GENERAL SERVICES ADMINISTRATION					
Election Reform Payments		VAA	39.011	199,478	0
SUBTOTAL DIRECT FROM:				199,478	0
SUBTOTAL GENERAL SERVICES ADMINISTRATION				199,478	0
SUBTOTAL GENERAL SERVICES ADMINISTRATION				199,478	0
LIBRARY OF CONGRESS					
LIBRARY OF CONGRESS					
DIRECT FROM:					
LIBRARY OF CONGRESS					
Teaching with Primary Sources		GKA	42.10/10/2006	220,348	0
SUBTOTAL DIRECT FROM:				220,348	0
PASS-THROUGH PROGRAMS FROM:					
Ed Research Consortium					
Adventures or the American Mind		GTA	42.00G-LIB-ND001	535,774	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				535,774	0
SUBTOTAL LIBRARY OF CONGRESS				756,122	0
SUBTOTAL LIBRARY OF CONGRESS				756,122	0
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
DIRECT FROM:					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
MECHANISMS OF RADIATION-INDUCED RE		GGB	43.00000026 AMD #3	152,028	0
Aerospace Education Services Program		GFB	43.001	339,827	(1,948)
Aerospace Education Services Program		GFC	43.001	147,609	0
Aerospace Education Services Program		GJD	43.001	4,000	118,085
Technology Transfer		GFB	43.002	456,556	122,590
Technology Transfer		GJD	43.002	93,614	0
FAST FLUXES SLOW POOLS: INTEGRATI		GGB	43.03-756 AMEND. 03	(547)	0
THE ORBITING CARBON OBSERVATORY (O		GGB	43.1280999	151,644	0
CLOUDSAT VALIDATION PROPOSAL -CALI		GGB	43.1286186	265,508	0
CLOUDSAT ARTIC ENERGY BUDGET SCIEN		GGB	43.1297060	17,172	0
VHITAL - EROSION MEASUREMENTS BY C		GGB	43.26966-B-14557840 AMEND#4	19,474	0
HIGH-RESOLUTION FOSSIL FUEL EMMISS		GGB	43.521-0438-01	51,271	0
LABORATORY INVESTIGATIONS OF THE L		GGB	43.NGT5-50486 SUPP. 2	1,978	0
QUANTIFYING SCALE RELATIONSHIPS IN		GGB	43.NNG04GQ40H SUPP. 2	23,442	0
CHARACTERIZING KEY RESOURCE AREAS		GGB	43.NNG04GQ88H SUPP. 2	25,053	0
FINGERPRINTING NATIVE AND NON-NATI		GGB	43.NNG04GR36G	215,514	0
INTEGRATION OF GLAS AND AIRBORNE L		GGB	43.NNG05GQ05H SUPP. 1	19,610	0
NASA SATELLITES STUDY EARTH'S ATMO		GGB	43.P0700311	42,727	0
INSPIRING THE NEXT GENERATION OF		GGB	43.S03-43483 MOD. M08	923,429	0
STUDIES OF BIOSPHERE-ATMOSPHERE IN		GGB	43.SA4463-23236	58,193	0
SUBTOTAL DIRECT FROM:				3,008,102	238,727

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
JET PROPULSION LABORATORY					
Technology Transfer		GFB	43.002 / 43.1253767	(290)	0
SPACE TELESCOPE SCIENCE INSTITUTE					
Technology Transfer		GFB	43.002 / 43.HST-EO-10650.05-A	3,321	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				3,031	0
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				3,011,133	238,727
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				3,011,133	238,727
NATIONAL ENDOWMENT FOR THE HUMANITIES					
INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
DIRECT FROM:					
INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
Conservation Project Support		GSA	45.303 / 45.IC-01-06-0094-06	28,385	0
Grants to States		DAA	45.310	2,262,531	691,341
National Leadership Grants		GGB	45.312 / 45.SC36059-03-00 PO 0524	617	0
SUBTOTAL DIRECT FROM:				2,291,533	691,341
PASS-THROUGH PROGRAMS FROM:					
Colorado Seminary					
National Leadership Grants		GSA	45.312 / 45.LG-30-04-0214-04	150	0
JOHNS HOPKINS UNIVERSITY					
Laura Bush 21st Century Librarian Program		GFE	45.313 / 45.8512-50826-1	14,883	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				15,033	0
SUBTOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				2,306,566	691,341
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
DIRECT FROM:					
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
Promotion of the Arts: Grants to Organizations and Individuals		GKA	45.024	10,000	0
Promotion of the Arts: Grants to Organizations and Individuals		GSA	45.024 / 45.06-5200-7137	10,000	0
Promotion of the Arts: Partnership Agreements		EDB	45.025	659,000	0
We the People		GCA	45.GM-50264-04	88,185	0
SUBTOTAL DIRECT FROM:				767,185	0
SUBTOTAL NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				767,185	0
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
DIRECT FROM:					
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
Promotion of the Humanities: Division of Preservation and Access		GGB	45.149 / 45.49503-8229	26,064	0
SUBTOTAL DIRECT FROM:				26,064	0
PASS-THROUGH PROGRAMS FROM:					
COLORADO ENDOWMENT FOR THE HUMANITIES					
Promotion of the Humanities: Federal/State Partnership		GFB	45.129 / 45.P110-0405-156S	1,077	0
UNIVERSITY OF DENVER					
Promotion of the Humanities: Division of Preservation and Access		GFB	45.149 / 45.36061-08-01/050114	933	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				2,010	0
SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				28,074	0
SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES				3,101,825	691,341

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL SCIENCE FOUNDATION					
NATIONAL SCIENCE FOUNDATION					
DIRECT FROM:					
NATIONAL SCIENCE FOUNDATION					
Engineering Grants		GFB	47.041	20,305	0
Engineering Grants		GFE	47.041	17,992	0
Engineering Grants		GGJ	47.041 / 47.407289	14,858	0
Engineering Grants		GGB	47.041 / 47.UM#04-002341 B 09	5,997	0
Engineering Grants		GGB	47.041 / 47.UM#04-002341 B09 P000	626,595	0
Mathematical and Physical Sciences		GFB	47.049	100	0
Mathematical and Physical Sciences		GGB	47.049	104,005	0
Mathematical and Physical Sciences		GGB	47.049 / 47.37687/1051021	6,234	0
Mathematical and Physical Sciences		GSA	47.049 / 47.CHE-0520618	782	0
Mathematical and Physical Sciences		GGB	47.049 / 47.R5286056114	17,500	0
Mathematical and Physical Sciences		GGB	47.049 / 47.SPS# 48722-7992	30,631	0
Geosciences		GGB	47.050 / 47.03-SC-NSF-1019 MOD. 0	1	0
Geosciences		GGB	47.050 / 47.7138	22,630	0
Geosciences		GGB	47.050 / 47.SO6-58489	28,937	0
Computer and Information Science and Engineering		GFB	47.070	67,138	0
Computer and Information Science and Engineering		GGB	47.070 / 47.115674	10,341	0
Biological Sciences		GGB	47.074	104,097	0
Biological Sciences		GGB	47.074 / 47.46160-7624	74,172	0
Biological Sciences		GGB	47.074 / 47.501-1226-01	26,872	0
Biological Sciences		GGB	47.074 / 47.AGREEMENT NUMBER 06-0	93,556	0
Biological Sciences		GZA	47.074 / 47.DEB-0346736	11,981	0
Biological Sciences		GGB	47.074 / 47.F5206-03 - PO72002	3,094	0
Biological Sciences		GGB	47.074 / 47.KK7107	901	0
Biological Sciences		GGB	47.074 / 47.S-00000139	11,806	0
Biological Sciences		GGB	47.074 / 47.S-000201	61,028	0
Biological Sciences		GGB	47.074 / 47.SO5005	17,037	0
Biological Sciences		GGB	47.074 / 47.X4416249101	99,651	0
Social, Behavioral, and Economic Sciences		GFB	47.075	556,962	0
Education and Human Resources		GFB	47.076	1,681,369	0
Education and Human Resources		GFC	47.076	87,262	0
Education and Human Resources		GFE	47.076	1,718,811	700,264
Education and Human Resources		GGB	47.076	859,727	8,429
Education and Human Resources		GGJ	47.076	1,958	0
Education and Human Resources		GKA	47.076	41,309	0
Education and Human Resources		GYA	47.076	1,417	0
Education and Human Resources		GZA	47.076	147,318	0
Education and Human Resources		GGB	47.076 / 47.06060206	39,756	0
Education and Human Resources		GGB	47.076 / 47.206DRE031	26,679	0
Education and Human Resources		GGB	47.076 / 47.2283 RU ACCT 4-28876	26,647	0
Education and Human Resources		GSA	47.076 / 47.DUE - 0422337	73,949	0
Education and Human Resources		GGB	47.076 / 47.GC046-02-Z2484 MOD 07	246,542	0
Education and Human Resources		GKA	47.076 / 47.NSF	3,939	12,767
Education and Human Resources		GKA	47.076 / 47.NSF DGE-0086443	(2,798)	0
Education and Human Resources		GKA	47.076 / 47.NSF DGE-0440605	9,785	49,110
Education and Human Resources		GGB	47.076 / 47.PO# E029411 GKA 05-01	528	0
Education and Human Resources		GGB	47.076 / 47.RF00941233	(1,073)	0
Education and Human Resources		GGB	47.076 / 47.SO7-61982	48,800	0
Polar Programs (B) -		GGB	47.078 / 47.745140/961589 PO# RF0	5	0
Polar Programs (B) -		GGB	47.078 / 47.GRT8213500/60000263 R	158,967	0
Polar Programs (B) -		GGB	47.078 / 47.UNR-02-71/PO# 12B3194	8,280	0
PMET Project		GGJ	47.DUE-0230847	1,555	0
PMET Project (06) 1		GGJ	47.DUE-0230847	1,685	0
OBSERVATIONS AND NUMERICAL MODELIN		GGB	47.NWRA-06-S-100	8,611	0
SERVICES OF HEIDI STELTZER FOR UNI		GGB	47.PO313367A	6,112	0
SUBTOTAL DIRECT FROM:				7,232,343	770,570
PASS-THROUGH PROGRAMS FROM:					
ARIZONA STATE UNIVERSITY					
Education and Human Resources		GFB	47.076 / 47.KMD5276-25-44/SUB07	19,000	0
Ithica College, NY					
IMP for the 21st Century		GTA	47.ESI 0627821	14,574	0
Mathmatical Association of America					
Preparing Mathematicians to Educate Teachers		GSA	47.DUE - 0230847	3,002	0
Montana State University					
Education and Human Resources		GKA	47.076 / 47.NSF ESI-0119786	179,074	0
PUBLIC ENTITY RISK INSTITUTE					
Engineering Grants		GFE	47.041 / 47.CMS-0556007	7,406	0
TENNESSEE TECHNOLOGICAL UNIVERSITY					
Education and Human Resources		GFB	47.076 / 47.OCG4637B/C14961	16,283	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
University Corporation for Atmospheric Research					
Geosciences		GKA	47.050 / 47.SO6-55348	17,783	0
Geosciences		GKA	47.050 / 47.SO6-56230	17,956	0
University of Arkansas					
CAMPET		GTA	47.DUE-0230847	350	0
University of California Davis					
Biological Sciences		GKA	47.074 / 47.NSF DEB-0120169	4,933	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				280,361	0
SUBTOTAL NATIONAL SCIENCE FOUNDATION				7,512,704	770,570
SUBTOTAL NATIONAL SCIENCE FOUNDATION				7,512,704	770,570
SMALL BUSINESS ADMINISTRATION					
SMALL BUSINESS ADMINISTRATION					
DIRECT FROM:					
SMALL BUSINESS ADMINISTRATION					
Small Business Development Center		EDA	59.037	278,095	907,903
Small Business Development Center		GJD	59.037	0	86,497
SUBTOTAL DIRECT FROM:				278,095	994,400
SUBTOTAL SMALL BUSINESS ADMINISTRATION				278,095	994,400
SUBTOTAL SMALL BUSINESS ADMINISTRATION				278,095	994,400
DEPARTMENT OF VETERANS AFFAIRS					
DEPARTMENT OF VETERANS AFFAIRS					
DIRECT FROM:					
DEPARTMENT OF VETERANS AFFAIRS					
Unclassified Grants and Contracts		GJA	64.000	222,724	0
VET		GJB	64.21.4206	1,481	0
Vet Affairs-Reporting Fee		GJJ	64.Unknown	8,796	0
SUBTOTAL DIRECT FROM:				233,001	0
SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS				233,001	0
VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS					
DIRECT FROM:					
VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS					
Veteran's Recording Fee		GGJ	64.unknown	854	0
SUBTOTAL DIRECT FROM:				854	0
SUBTOTAL VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS				854	0
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS					
DIRECT FROM:					
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS					
Grants to States for Construction of State Home Facilities		IHA	64.005	604,358	0
Veterans Nursing Home Care		IHA	64.010	128,588	0
Veterans State Domiciliary Care		IHA	64.014	337,645	0
Veterans State Nursing Home Care		IHA	64.015	9,597,603	0
Sharing Specialized Medical Resources		GFE	64.018	3,049,078	0
SUBTOTAL DIRECT FROM:				13,717,272	0
SUBTOTAL VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS				13,717,272	0
SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS				13,951,127	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
ENVIRONMENTAL PROTECTION AGENCY					
ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
ENVIRONMENTAL PROTECTION AGENCY					
MICROCHIP CAPILLARY ELECTROPHORESI		GGB	66.04270303	38,122	0
URAD MOLYBDENUM MINE TAILING REVIT		GGB	66.04330502	8,612	0
BIOMASS BURNING IMPACTS ON AIR QUA		GGB	66.07738403	7,330	0
Congressionally Mandated Projects		FAA	66.202	23,954	0
IMPACT OF IMPROVED AIR QUALITY DUR		GGB	66.4740-RFA04-4/06-1	24,107	18,865
Performance Partnership Grants (A,B) -		FAA	66.605	8,415,131	479,167
Surveys, Studies, Investigations and Special Purpose Grants (B) -		FAA	66.606	461,055	94,529
Western Ecology Pilot Project		PBA	66.CR828150011	58,663	57,576
APPLYING DESIGN-BASED MODEL ASSIST		GGB	66.E0101A-A AMEND #2	62,244	0
INTEGRATED CLIMATE AND LAND USE SC		GGB	66.PO# 26BL00019	36,514	0
CONTRIBUTING AUTHOR FOR SYNTHESIS		GGB	66.PO# 26BL00534	16,696	0
SUBTOTAL DIRECT FROM:				9,152,428	650,137
PASS-THROUGH PROGRAMS FROM:					
Hinsdale County, CO					
NPDES		GWA	66.CP978038-01	13,685	0
Macro International, Inc.					
IPA Bedford		FAA	66.PPG-YW7-FAA	32,084	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				45,769	0
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY				9,198,197	650,137
OFFICE OF ADMINISTRATION, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF ADMINISTRATION, ENVIRONMENTAL PROTECTION AGENCY					
Protection of Children and Older Adults (Elderly) from Environmental Health Risks		FAA	66.609	8,566	0
SUBTOTAL DIRECT FROM:				8,566	0
SUBTOTAL OFFICE OF ADMINISTRATION, ENVIRONMENTAL PROTECTION AGENCY				8,566	0
OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY					
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air A		FAA	66.034	82,770	27,783
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air A		GGB	66.034	719	0
SUBTOTAL DIRECT FROM:				83,489	27,783
SUBTOTAL OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY				83,489	27,783
OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY					
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements		GGJ	66.814 / 66.G-5858-1	722	0
SUBTOTAL DIRECT FROM:				722	0
SUBTOTAL OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY				722	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF ENFORCEMENT AND COMPLIANCE ASSURANCE, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF ENFORCEMENT AND COMPLIANCE ASSURANCE, ENVIRONMENTAL PROTECTION AGENCY					
Consolidated Pesticide Enforcement Cooperative Agreements		BAA	66.700 / 66.E-008401-04	16,105	0
Consolidated Pesticide Enforcement Cooperative Agreements		BAA	66.700 / 66.E-97816101	43,246	13,125
Consolidated Pesticide Enforcement Cooperative Agreements		BAA	66.700 / 66.E-97829901	211,766	0
Consolidated Pesticide Enforcement Cooperative Agreements		BAA	66.700 / 66.E-988460-04	104,257	0
Consolidated Pesticide Enforcement Cooperative Agreements		BAA	66.700 / 66.E97815601	60,538	0
Consolidated Pesticide Enforcement Cooperative Agreements		BAA	66.700 / 66.E998430-06	52,631	0
Consolidated Pesticide Enforcement Cooperative Agreements		BAA	66.700 / 66.E99843006	13,275	0
Multi-Media Capacity Building Grants for States and Tribes		FAA	66.709	47,406	0
SUBTOTAL DIRECT FROM:				549,224	13,125
SUBTOTAL OFFICE OF ENFORCEMENT AND COMPLIANCE ASSURANCE, ENVIRONMENTAL PROTECTION AGENCY				549,224	13,125
OFFICE OF ENVIRONMENTAL INFORMATION, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF ENVIRONMENTAL INFORMATION, ENVIRONMENTAL PROTECTION AGENCY					
Environmental Information Exchange Network Grant Program and Related Assistance		FAA	66.608	492,156	0
SUBTOTAL DIRECT FROM:				492,156	0
SUBTOTAL OFFICE OF ENVIRONMENTAL INFORMATION, ENVIRONMENTAL PROTECTION AGENCY				492,156	0
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY					
Source Reduction Assistance		FAA	66.717	40,251	0
SUBTOTAL DIRECT FROM:				40,251	0
SUBTOTAL OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY				40,251	0
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY					
Environmental Protection-Consolidated Research		GGB	66.500 / 66.4029 #2	22,791	0
Office of Research and Development Consolidated Research/Training		GGB	66.511 / 66.04-SW-4 #2	56,368	0
Office of Research and Development Consolidated Research/Training		GGB	66.511 / 66.06-SW-1	15,818	0
Office of Research and Development Consolidated Research/Training		GGB	66.511 / 66.PROJECT # 03-WSM-3 #2	81,687	0
Science to Achieve Results (STAR) Fellowship Program		GFB	66.514	56,641	0
SUBTOTAL DIRECT FROM:				233,305	0
SUBTOTAL OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY				233,305	0
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY					
Superfund State Site_Specific Cooperative Agreements		FAA	66.802	6,030,978	416,175
State and Tribal Underground Storage Tanks Program		KAA	66.804	462,733	0
Leaking Underground Storage Tank Trust Fund Program		KAA	66.805	769,124	0
Brownfield Pilots Cooperative Agreements (B) -		FAA	66.811	734,888	6,981
Brownfield Pilots Cooperative Agreements (B) -		KAA	66.811	49,061	0
State and Tribal Response Program Grants		FAA	66.817	666,085	1
SUBTOTAL DIRECT FROM:				8,712,869	423,157
SUBTOTAL OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY				8,712,869	423,157
OFFICE OF SOLID WASTE, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF SOLID WASTE, ENVIRONMENTAL PROTECTION AGENCY					
Solid Waste Management Assistance Grants		HAA	66.808	0	40,463
SUBTOTAL DIRECT FROM:				0	40,463
SUBTOTAL OFFICE OF SOLID WASTE, ENVIRONMENTAL PROTECTION AGENCY				0	40,463

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF THE ADMINISTRATOR, OFFICE OF POLICY ECONOMICS, AND INNOVATION, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF THE ADMINISTRATOR, OFFICE OF POLICY ECONOMICS, AND INNOVATION, ENVIRONMENTAL PROTECTION AGENCY					
Environmental Policy and Innovation Grants		FAA	66.611	40,708	0
SUBTOTAL DIRECT FROM:				40,708	0
SUBTOTAL OFFICE OF THE ADMINISTRATOR, OFFICE OF POLICY ECONOMICS, AND INNOVATION, ENVIRONMENTAL PROTECTION AGENCY				40,708	0
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY					
Water Pollution Control State, Interstate and Tribal Program Support		FAA	66.419	79,328	50,000
State Underground Water Source Protection		PHA	66.433	92,374	0
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements-Section 104		FAA	66.436	57,047	50,000
Water Quality Management Planning		FAA	66.454	90,286	47,734
Nonpoint Source Implementation Grants		FAA	66.460	98,006	1,515,608
Regional Wetland Program Development Grants		PAA	66.461	0	374,262
Regional Wetland Program Development Grants		PBA	66.461	0	9,091
Regional Wetland Program Development Grants		GGB	66.461 / 66.06333003	12,663	0
Water Quality Cooperative Agreements		FAA	66.463	17,178	0
Water Quality Cooperative Agreements		GGB	66.463 / 66.06139302	77,230	0
Wastewater Operator Training Grant Program (Technical Assistance)		GJL	66.467	11,517	0
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		FAA	66.471	22,157	1,849
Water Protection Grants to the States		FAA	66.474	79,068	746
SUBTOTAL DIRECT FROM:				636,854	2,049,290
PASS-THROUGH PROGRAMS FROM:					
CO Water Res & Power Dev.					
Capitalization Grants for Clean Water State Revolving Funds		FAA	66.458	3,271,529	(8,370)
Colorado Water Resource Power Development Authority					
Capitalization Grants for Clean Water State Revolving Funds		NAA	66.458	49,549	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				3,321,078	(8,370)
SUBTOTAL OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY				3,957,932	2,040,920
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY				23,317,419	3,195,585
NUCLEAR REGULATORY COMMISSION					
NUCLEAR REGULATORY COMMISSION					
DIRECT FROM:					
NUCLEAR REGULATORY COMMISSION					
Site Remediation of the George E. Davis (Gateway, CO) Mill Site		FAA	77.NRC-06-05-303	127,102	0
SUBTOTAL DIRECT FROM:				127,102	0
SUBTOTAL NUCLEAR REGULATORY COMMISSION				127,102	0
SUBTOTAL NUCLEAR REGULATORY COMMISSION				127,102	0
DEPARTMENT OF ENERGY					
DEPARTMENT OF ENERGY					
DIRECT FROM:					
DEPARTMENT OF ENERGY					
CARBON, WATER AND LAND USE IN CONS		GGB	81.26-6223-7260-002 AMEND.	17,700	0
RISK ANALYSIS, COMMUNICATION, EVAL		GGB	81.29598-001-06 MOD 4	123,352	536,604
SENSOR MANAGEMENT FOR MULTI-TARGET		GGB	81.305149 ITEM #9	12,701	0
Synthesis of Methylerythritol		GSA	81.52430-001-07	259	0
AN ANALYSIS OF TWO POPULATION-BASE		GGB	81.589518	14,204	0
SCIDAC INSTITUTE: COMBINATORIAL SC		GGB	81.7F-00323	9,746	0
STUDENT DISSERTATION IN X-RAY LASE		GGB	81.B539675 #3	36,924	0
EVALUATION OF A SYNTHETIC VACCINE		GGB	81.B559895 MOD #3	1,140	0
Petroleum Violation Escrow		EFA	81.Ct Order 180 Exxon	1,223,869	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER		DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Petroleum Violation Escrow		EFA	81.Ct Order 182 Strpr Well		271,403	0
Petroleum Violation Escrow		EFA	81.Ct Order 223 Texaco		1,272,049	0
EVALUATION OF INDIAN BROWN MUSTARD		GGB	81.DE-FG02-03ER83613 A002		22,054	0
SOIL C SATURATION & STEADY STATE L		GGB	81.K012567-01		28,847	0
MEMBRANE EXTRACTION FOR ACETIC ACI		GGB	81.KXDJ-0-30622-02		25,759	0
WFLETC-AMES		GGJ	81.PP2005-39		(3,975)	0
WFLETC-AMES(06)1		GGJ	81.PP2005-39		22,036	0
MANUFACTURE OF HV CONNECTORS & CAB		GGB	81.SLAC-0000050339		19,861	0
LABORATORY MEASUREMENTS OF AEROSOL		GGB	81.TUL-504-05/06		55,968	27,700
MANUFACTURING PROCESS OPTIMIZATION		GGB	81.XXL-5-44205-02 MOD. 7		292,951	0
CHARACTERIZATION AND ANALYSIS OF C		GGB	81.XXL-5-44205-03		165,745	0
PREDICTION OF REACTION FREE ENERGY		GGB	81.ZCO-7-77386-01		27,796	0
SUBTOTAL DIRECT FROM:					3,640,389	564,304
PASS-THROUGH PROGRAMS FROM:						
Natl Renewable Energy Lab						
Organic Semiconductors		GTA	81.XEJ-6-66145-01		31,736	0
New Mexico Tech						
Carbon Sequestration		PIA	81.FC2605N42591		30,081	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					61,817	0
SUBTOTAL DEPARTMENT OF ENERGY					3,702,206	564,304
OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY						
DIRECT FROM:						
OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY						
National Resource Center for Plutonium		FAA	81.110		331,104	1
SUBTOTAL DIRECT FROM:					331,104	1
SUBTOTAL OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY					331,104	1
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
DIRECT FROM:						
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
State Energy Program		EFA	81.041 / 81.R830101-06	0	(70)	0
State Energy Program		EFA	81.041 / 81.R830101-07	0	481,373	0
Weatherization Assistance for Low-Income Persons		EFA	81.042 / 81.R830001-06	8	529,704	0
Weatherization Assistance for Low-Income Persons		EFA	81.042 / 81.R830001-07	8	5,704,022	0
Conservation Research & Development		GGB	81.086		182,981	0
Conservation Research & Development		GGB	81.086 / 81.5710001428-12		15,848	0
Conservation Research & Development		EFA	81.086 / 81.NT43013		87,082	0
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysi		EFA	81.117 / 81.R850101		10,000	0
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysi		EFA	81.117 / 81.R850102		13,500	0
State Energy Program Special Projects		EFA	81.119 / 81.R805601		24,437	0
State Energy Program Special Projects		EFA	81.119 / 81.R806201		36,753	0
State Energy Program Special Projects		EFA	81.119 / 81.R806501		5,855	0
State Energy Program Special Projects		EFA	81.119 / 81.R806601		40,130	0
State Energy Program Special Projects		EFA	81.119 / 81.R806701		78,025	0
State Energy Program Special Projects		EFA	81.119 / 81.R806801		19,115	0
State Energy Program Special Projects		EFA	81.119 / 81.R806901		14,018	0
State Energy Program Special Projects		EFA	81.119 / 81.R807001		10,000	0
State Energy Program Special Projects		EFA	81.119 / 81.R807101		8,500	0
State Energy Program Special Projects		EFA	81.119 / 81.R807201		1,643	0
State Energy Program Special Projects		EFA	81.119 / 81.R807301		52,865	0
State Energy Program Special Projects		EFA	81.119 / 81.R807401		29,340	0
SUBTOTAL DIRECT FROM:					7,345,121	0
SUBTOTAL OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					7,345,121	0
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
DIRECT FROM:						
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
Renewable Energy Research & Development		GFE	81.087		460,546	51,214
Renewable Energy Research & Development		GGB	81.087 / 81.26-6223-7260-013		38,614	0
SUBTOTAL DIRECT FROM:					499,160	51,214

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
NATIONAL RENEWABLE ENERGY LABORATORY					
Renewable Energy Research & Development		GFB	81.087 / 81.KXDK-9-29638-22	(369)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				(369)	0
SUBTOTAL OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY				498,791	51,214
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY					
Office of Science Financial Assistance Program		GGB	81.049 / 81.04160007	40,421	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.234151T	15,442	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.39745/1055595 AMD02	65,388	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.47463-8054	1,831	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.DE-FG-04ER86179	83,886	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.MPC35TA-A1	83,026	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.MPC35TA-A3	87,820	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.MPC35TA-A4	60,887	37,852
Office of Science Financial Assistance Program		GGB	81.049 / 81.MTU 050516Z14 PO #PO	78,233	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.SO7005	13,623	0
Office of Science Financial Assistance Program		GGB	81.049 / 81.Y-05-00-08	49,458	0
SUBTOTAL DIRECT FROM:				580,015	37,852
PASS-THROUGH PROGRAMS FROM:					
NATIONAL RENEWABLE ENERGY LABORATORY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.KCQ-9-29638-15	2,481	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				2,481	0
SUBTOTAL OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY				582,496	37,852
OFFICE OF ENVIRONMENT, SAFETY AND HEALTH, DEPARTMENT OF ENERGY					
PASS-THROUGH PROGRAMS FROM:					
OAK RIDGE ASSOCIATED UNIVERSITIES					
Epidemiology and Other Health Studies Financial Assistance Program		GFE	81.108	97,255	0
Epidemiology and Other Health Studies Financial Assistance Program		GFE	81.108 / 81.06-12526 12-12526	239,638	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				336,893	0
SUBTOTAL OFFICE OF ENVIRONMENT, SAFETY AND HEALTH, DEPARTMENT OF ENERGY				336,893	0
OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY					
Office of Environmental Cleanup and Acceleration		FAA	81.104	20,565	0
SUBTOTAL DIRECT FROM:				20,565	0
PASS-THROUGH PROGRAMS FROM:					
Western Governors Assn.					
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed S		FAA	81.106 / 81.(610)	185,912	49,958
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				185,912	49,958
SUBTOTAL OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY				206,477	49,958
SUBTOTAL DEPARTMENT OF ENERGY				13,003,088	703,329

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
UNITED STATES INFORMATION AGENCY					
UNITED STATES INFORMATION AGENCY					
DIRECT FROM:					
UNITED STATES INFORMATION AGENCY					
Educational Exchange: Postgraduates and Faculty		GFC	82.026	47,632	0
SUBTOTAL DIRECT FROM:				47,632	0
SUBTOTAL UNITED STATES INFORMATION AGENCY				47,632	0
SUBTOTAL UNITED STATES INFORMATION AGENCY				47,632	0
FEDERAL EMERGENCY MANAGEMENT AGENCY					
FEDERAL EMERGENCY MANAGEMENT AGENCY					
PASS-THROUGH PROGRAMS FROM:					
City of Montrose					
FEMA		PIA	83.FEMA-Montrose	13,994	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				13,994	0
SUBTOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY				13,994	0
PREPAREDNESS, TRAINING AND EXERCISES DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY					
PASS-THROUGH PROGRAMS FROM:					
Pueblo County					
Chemical Stockpile Emergency Preparedness Program		GGJ	83.unknown	1,788	0
Chemical Stockpile Emergency Preparedness Program(06)3		GGJ	83.unknown	951	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				2,739	0
SUBTOTAL PREPAREDNESS, TRAINING AND EXERCISES DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY				2,739	0
SUBTOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY				16,733	0
DEPARTMENT OF EDUCATION					
ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION					
Twenty-First Century Community Learning Centers		DAA	84.287	408,380	10,513,765
SUBTOTAL DIRECT FROM:				408,380	10,513,765
SUBTOTAL ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION				408,380	10,513,765
DEPARTMENT OF EDUCATION					
DIRECT FROM:					
DEPARTMENT OF EDUCATION					
Unclassified Grants and Contracts		DAA	84.000	195,465	0
Unclassified Grants and Contracts		GFB	84.000	38,960	0
Unclassified Grants and Contracts		GFE	84.000	17,165	0
PROGRAM INCOME FOR NATIONAL WRITIN		GGB	84.03-C003	3,359	0
National Writing Project Model		GGJ	84.928	74,872	0
National Writing Project Model		GGB	84.928 / 84.03-C003	43,631	0
Hurricane Education Recovery		DAA	84.938	20,776	1,090,663
STUDY GROUP -THE STUDY GROUP, INC.		GGB	84.ED-04-CO-0042/0001	43,213	0
Academic Competitiveness Grant		GSA	84.P375A065271	21,762	0
Smart Grant		GSA	84.P376S065271	50,000	0
SUBTOTAL DIRECT FROM:				509,203	1,090,663

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
American Foundation for the Blind					
DOED - Web Based Distance Ed		GKA	84.Nat'l Literacy Ctr (NLC)	(5,695)	0
COMMUNITY COLLEGE OF DENVER					
Unclassified Grants and Contracts		GFE	84.000 / 84.P031S060012	17,165	0
John Carroll Univeristy					
Reading First Ohio		GTA	84.CSP#0A03034	39	0
NATIONAL WRITING PROJECT					
Sys Chg Proj to Expand Emp Opp for Individuals with Mental or Physical Disabilities		GFE	84.989 / 84.00-C002	34,678	0
Nat'l Writing Project Corporation					
National Writing Project Model		GKA	84.928 / 84.Sub-contract #04-C004	36,707	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				82,894	0
SUBTOTAL DEPARTMENT OF EDUCATION				592,097	1,090,663
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					
Javits Gifted and Talented Students Education Grant Program		DAA	84.206	92,729	0
Fund for the Improvement of Education		DAC	84.215	15,457	0
Fund for the Improvement of Education		GKA	84.215	457,389	0
SUBTOTAL DIRECT FROM:				565,575	0
PASS-THROUGH PROGRAMS FROM:					
DENVER PUBLIC SCHOOLS					
Fund for the Improvement of Education		GFE	84.215 / 84.S215X020233	12,663	0
Dgo Sch Dist 9-R					
Fund for the Improvement of Education		GSA	84.215	23,385	0
Weld County School District 6					
Fund for the Improvement of Education		GKA	84.215 / 84.S215X020174	120,335	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				156,383	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION				721,958	0
OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Civil Rights Training and Advisory Services		GGB	84.004	658,377	0
Civil Rights Training and Advisory Services		GJD	84.004	313,019	0
Advanced Placement Program		DAA	84.330	0	142,905
SUBTOTAL DIRECT FROM:				971,396	142,905
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION				971,396	142,905
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Undergraduate International Studies and Foreign Language Programs		GFE	84.016	51,853	2,000
Undergraduate International Studies and Foreign Language Programs		GGB	84.016	(106)	0
Overseas_Group Projects Abroad		GGB	84.021	95,300	0
Higher Education: Institutional Aid		GFB	84.031	769,411	0
Higher Education: Institutional Aid		GGJ	84.031	205,647	0
Higher Education: Institutional Aid		GJD	84.031	231,492	0
Higher Education: Institutional Aid		GJH	84.031	385,132	0
Higher Education: Institutional Aid		GJK	84.031	938,676	0
Higher Education: Institutional Aid		GJR	84.031	303,909	0
Higher Education: Institutional Aid		GYA	84.031	344,554	0
Perkins Loan Cancellations		GFB	84.037	63,991	0
Perkins Loan Cancellations		GFC	84.037	54,072	0
Perkins Loan Cancellations		GFE	84.037	165,727	0
Perkins Loan Cancellations		GGB	84.037	39,782	0
Perkins Loan Cancellations		GGJ	84.037	47,388	0
Perkins Loan Cancellations		GJM	84.037	6,136	0
Perkins Loan Cancellations		GKA	84.037	88,326	0
Perkins Loan Cancellations		GSA	84.037	17,786	0
Perkins Loan Cancellations		GTA	84.037	108,607	0
Perkins Loan Cancellations		GZA	84.037	12,267	0
Leveraging Educational Assistance Partnership		GAA	84.069	975,069	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Leveraging Educational Assistance Partnership		GFC	84.069	31,914	0
Leveraging Educational Assistance Partnership		GJD	84.069	9,825	0
Leveraging Educational Assistance Partnership		GZA	84.069	39,105	0
Leveraging Educational Assistance Partnership		GLA	84.069 / 84.P063P021201	48,315	0
Fund for the Improvement of Postsecondary Education		GFB	84.116	823,234	0
Fund for the Improvement of Postsecondary Education		GFE	84.116	6,190	0
Fund for the Improvement of Postsecondary Education		GKA	84.116	61,483	0
Fund for the Improvement of Postsecondary Education		GSA	84.116 / 84.P116Z030130	341,739	0
Fund for the Improvement of Postsecondary Education		GSA	84.116 / 84.P116Z040221	2,817	0
Fund for the Improvement of Postsecondary Education		GSA	84.116 / 84.P116Z050092	64,989	0
College Housing and Academic Facilities Loans		GKA	84.142	50,536	0
Business and International Education Projects		GJJ	84.153	185	0
Javits Fellowships		GFB	84.170	21,214	0
Byrd Honors Scholarships		DAA	84.185	0	603,125
Byrd Honors Scholarships		GFC	84.185	7,500	0
Graduate Assistance in Areas of National Need		GFB	84.200	694,642	0
Graduate Assistance in Areas of National Need		GGB	84.200	143,438	0
Graduate Assistance in Areas of National Need		GKA	84.200	28,381	0
Centers for International Business Education		GFE	84.220	259,975	0
Demonstration Projects to Ensure Students With Disabilities Receive a Higher Education		GKA	84.333	46,925	0
Gaining Early Awareness and Readiness for Undergraduate Programs		GGJ	84.334	133,299	0
Gaining Early Awareness and Readiness for Undergraduate Programs		GJD	84.334	61,732	0
Gaining Early Awareness and Readiness for Undergraduate Programs		GJJ	84.334	19,369	0
Gaining Early Awareness and Readiness for Undergraduate Programs		GKA	84.334	143	0
Gaining Early Awareness and Readiness for Undergraduate Programs		EAA	84.334 / 84.P334A99005Z7-00	103,962	0
Gaining Early Awareness and Readiness for Undergraduate Programs		EAA	84.334 / 84.P334S050026	1,522,252	0
Child Care Access Means Parents in School		GFC	84.335	37,700	0
Child Care Access Means Parents in School		GGB	84.335	84,316	0
Child Care Access Means Parents in School		GSA	84.335 / 84.P335A010015	44,062	0
Teacher Quality Enhancement Grants		DAA	84.336	8,402	56,149
Teacher Quality Enhancement Grants		GTA	84.336	2,122,735	0
Teacher Quality Enhancement Grants		GWA	84.336 / 84.P336B040001	765,037	0
Preparing Tomorrow's Teachers to Use Technology		GFE	84.342	185,737	170,307
SUBTOTAL DIRECT FROM:				12,676,172	831,581
PASS-THROUGH PROGRAMS FROM:					
CCHE					
Leveraging Educational Assistance Partnership		GJT	84.069	2,866	0
RESEARCH CORP OF THE UNIVERSITY OF HAWAII					
Gaining Early Awareness and Readiness for Undergraduate Programs		GFE	84.334 / 84.657007	2,476	0
Research Foundation of SUNY					
Fund for the Improvement of Postsecondary Education		GKA	84.116 / 84.P166N060006	2,979	0
Wilbur Wright College					
Fund for the Improvement of Postsecondary Education		GJB	84.116	5,032	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				13,353	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				12,689,525	831,581
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
Rehabilitation Services: Vocational Rehabilitation Grants to States		IHA	84.126	39,473,158	765,803
Rehabilitation Services: Service Projects		IHA	84.128	1,114	0
Independent Living: State Grants		IHA	84.169	96,640	205,654
Supported Employment Services for Individuals with Severe Disabilities		IHA	84.187	103,458	0
Assistive Technology		GFE	84.224	461,538	42,501
Rehabilitation Training: Continuing Education		GKA	84.264	393,136	0
Rehabilitation Training: State Vocational Rehabilitation Unit In-Service Training		IHA	84.265	30,483	0
SUBTOTAL DIRECT FROM:				40,559,527	1,013,958
PASS-THROUGH PROGRAMS FROM:					
THE UNIVERSITY OF KANSAS CENTER FOR RSCH, INC					
National Institute on Disability and Rehabilitation Research		GFA	84.133 / 84.KUCR	14,055	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				14,055	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION				40,573,582	1,013,958

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION					
Vocational Education: Basic Grants to States		GJA	84.048	20,925,293	0
Vocational Education: Basic Grants to States		GJD	84.048	583,371	0
SUBTOTAL DIRECT FROM:				21,508,664	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION				21,508,664	0
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION					
Bilingual Education		GJC	84.003	59,701	0
Bilingual Education		GJD	84.003	63,000	0
Bilingual Education: Professional Development		GFB	84.195	341,497	0
Bilingual Education: Professional Development		GFC	84.195	71,917	0
Bilingual Education: Professional Development		GFE	84.195	444,538	14,997
Bilingual Education: Professional Development		GJD	84.195	10,204	0
Bilingual Education: Professional Development		GKA	84.195	307,690	0
Bilingual Education: Professional Development		GYA	84.195	408,639	0
SUBTOTAL DIRECT FROM:				1,707,186	14,997
SUBTOTAL OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION				1,707,186	14,997
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Title I Grants to Local Educational Agencies		DAA	84.010	2,095,000	141,373,303
Migrant Education: State Grant Program		DAA	84.011	1,376,039	8,116,565
Title I Program for Neglected and Delinquent Children		DAA	84.013	0	549,972
Migrant Education: High School Equivalency Program		GFB	84.141	996,752	0
Migrant Education: High School Equivalency Program		GJD	84.141	254,166	0
Migrant Education: Coordination Program		DAA	84.144	39,345	0
Migrant Education: College Assistance Migrant Program		GTA	84.149	418,402	0
Safe and Drug-Free Schools and Communities: National Programs		GSA	84.184 / 84.Q184H050105	92,224	0
Safe and Drug-Free Schools: State Grants		DAA	84.186	225,234	3,103,640
Safe and Drug-Free Schools: State Grants		EAA	84.186 / 84.Q186B050006	758,566	0
Education for Homeless Children and Youth		DAA	84.196	94,678	498,617
Even Start: State Educational Agencies		DAA	84.213	142,164	1,253,466
Even Start: Migrant Education		DAA	84.214	37,373	156,811
Charter Schools		DAA	84.282	324,818	7,196,908
State Grants for Innovative Programs		DAA	84.298	533,921	1,902,888
Education Technology State Grants		DAA	84.318	106,655	3,759,518
Comprehensive School Reform Demonstration		DAA	84.332	52,489	2,464,431
Early Childhood Educator Professional Development		GJD	84.349	359,812	0
Transition to Teaching		GGJ	84.350	327,482	0
Transition to Teaching		GWA	84.350 / 84.S350B02011	246,410	0
Reading First State Grants		DAA	84.357	1,431,486	11,004,882
Rural Education		DAA	84.358	17,623	346,290
English Language Acquisition Grants		DAA	84.365	403,425	10,233,457
Mathematics and Science Partnerships		DAA	84.366	75,288	1,406,315
Improving Teacher Quality State Grants		DAA	84.367	1,118,970	33,569,356
Improving Teacher Quality State Grants		GAA	84.367	820,548	0
Grants for State Assessments and Related Activities		DAA	84.369	6,237,605	0
SUBTOTAL DIRECT FROM:				18,586,475	226,936,419

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
CENTENNIAL BOCES					
Improving Teacher Quality State Grants		GFE	84.367	477,571	0
CLAYTON FOUNDATION					
Parental Assistance Centers		GFE	84.310	67	0
Clayton Foundation/CPCF					
Parental Assistance Centers		GTA	84.310	17,846	0
Dgo Sch Dist 9-R					
Safe and Drug-Free Schools and Communities: National Programs		GSA	84.184	28,807	0
NW Regional Ed Laboratory					
Early Reading First		GTA	84.359	57,019	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				581,310	0
SUBTOTAL OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION				19,167,785	226,936,419
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
TRIO: Dissemination Partnership Grants		GGJ	84.344	33,919	0
SUBTOTAL DIRECT FROM:				33,919	0
SUBTOTAL OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				33,919	0
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
Rehabilitation Services: Independent Living Services for Older Individuals Who are Blind		IHA	84.177	88,644	330,930
Special Education: Grants for Infants and Families with Disabilities		DAA	84.181	457,205	151,857
Special Education: Grants for Infants and Families with Disabilities		IHA	84.181	6,655,875	0
Special Education - State Personnel Development		DAA	84.323	846,790	453,204
Research in Special Education		GFE	84.324	192,102	30,976
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFB	84.325	363,329	931
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFE	84.325	39,795	15,992
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GKA	84.325	464,040	0
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GYA	84.325	169,470	0
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		DAA	84.326	113,596	24,365
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFE	84.326	305,344	22,113
SUBTOTAL DIRECT FROM:				9,696,190	1,030,368
PASS-THROUGH PROGRAMS FROM:					
ARIZONA STATE UNIVERSITY					
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFE	84.326 / 84.07-827	248,871	0
CLAYTON FOUNDATION					
Special Education: Parent Information Centers		GFE	84.328	15	0
California State Univ Los Angeles					
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GKA	84.325 / 84.H325A010073	10,775	0
Florida State University					
Research in Special Education		GTA	84.324 / 84.R324E060086A	306,738	0
Pennsylvania College of Optometry					
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GKA	84.325 / 84.H325U04001, Subcontra	101,353	0
UNIVERSITY OF FLORIDA					
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFE	84.325 / 84.7536/UFPS0034	19,286	0
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFB	84.325 / 84.UF02097	21,734	0
UNIVERSIYT OF CONNECTICUT					
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFE	84.325 / 84.667807	73,306	0
Univ of Arkansas Little Rock					
Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind		GKA	84.160 / 84.MARIE UALR	95,604	0
Univ. of Arizona					
Research in Special Education		GKA	84.324 / 84.H324C010142	4,618	0
University of Denver					
Research in Special Education		GKA	84.324 / 84.H325A030049	28,451	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				910,751	0
SUBTOTAL OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION				10,606,941	1,030,368

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF THE SECRETARY					
DIRECT FROM:					
OFFICE OF THE SECRETARY					
Indian Education: Special Programs		GKA	84.299	288,532	27,877
SUBTOTAL DIRECT FROM:				288,532	27,877
SUBTOTAL OFFICE OF THE SECRETARY				288,532	27,877
OFFICE OF VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION					
Adult Education: State Grant Program		DAA	84.002	1,157,563	6,645,928
Adult Education: State Grant Program		GJD	84.002	318,033	0
Tech-Prep Education		GJA	84.243	1,796,957	0
Literacy Programs for Prisoners		CAA	84.255 / 84.Q255A030053-04	3,190	0
Literacy Programs for Prisoners		CAA	84.255 / 84.Q255A030053-05	142,304	0
Grants to States for Incarcerated Youth Offenders		CAA	84.331 / 84.Q331A050006	186,175	0
Grants to States for Incarcerated Youth Offenders		CAA	84.331 / 84.Q331A060006	144,343	0
Vocational Education_Occupational and Employment Information State Grants		GJA	84.346	47,919	0
SUBTOTAL DIRECT FROM:				3,796,484	6,645,928
SUBTOTAL OFFICE OF VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION				3,796,484	6,645,928
SUBTOTAL DEPARTMENT OF EDUCATION				113,066,449	248,248,461
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
DIRECT FROM:					
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
National Historical Publications and Records Grants		AMA	89.003 / 89.2005-013	2,378	0
SUBTOTAL DIRECT FROM:				2,378	0
SUBTOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				2,378	0
SUBTOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				2,378	0
ELECTION ASSISTANCE COMMISSION					
DIRECT FROM:					
ELECTION ASSISTANCE COMMISSION					
Help America Vote Act Requirements Payments		VAA	90.401	16,884,675	0
SUBTOTAL DIRECT FROM:				16,884,675	0
SUBTOTAL ELECTION ASSISTANCE COMMISSION				16,884,675	0
SUBTOTAL				16,884,675	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
ADMINISTRATION FOR CHILDREN AND FAMILIES, ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION FOR CHILDREN AND FAMILIES, ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Promoting Safe and Stable Families		IHA	93.556	915,172	2,613,719
State Court Improvement Program		JAA	93.586 / 93.0601COSCID	57,364	0
State Court Improvement Program		JAA	93.586 / 93.0601COSCIT	20,014	0
State Court Improvement Program		JAA	93.586 / 93.75-3-1512	72,682	0
State Court Improvement Program		JAA	93.586 / 93.75-4-1512	50,423	0
State Court Improvement Program		JAA	93.586 / 93.75-5-1512	186,312	0
SUBTOTAL DIRECT FROM:				1,301,967	2,613,719
SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,301,967	2,613,719
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Compassion Capital Fund		GGB	93.009	91,260	11,994
Compassion Capital Fund		GGB	93.009 / 93.06215202	23,423	0
Healthy Marriage Promotion and Responsible Fatherhood Grants		GGB	93.086	50,298	25,713
Healthy Marriage Promotion and Responsible Fatherhood Grants		IHA	93.086	235,846	0
HeadStart		EAA	93.08CD001204	65,472	0
HeadStart		EAA	93.08CD001205	71,007	0
Temporary Assistance for Needy Families (A) -		GJD	93.558	703,917	0
Temporary Assistance for Needy Families (A) -		IHA	93.558	9,116,288	97,123,672
Child Support Enforcement Research		IHA	93.564	83,915	133,240
Low-Income Home Energy Assistance (LIHEAP)		IHA	93.568	1,252,438	37,038,710
Community-Based Child Abuse Prevention Grants		FAA	93.590	138,928	609,647
Grants to States for Access and Visitation Programs (B) -		JAA	93.597 / 93.0601COSAVP	76,329	0
Grants to States for Access and Visitation Programs (B) -		JAA	93.597 / 93.75-X-1501 (2005)	23,522	0
Chafee Education and Training Vouchers Program (ETV)		IHA	93.599	828,456	0
Head Start		GGB	93.600	153,512	0
Head Start		GJD	93.600	169,271	0
Head Start		GJH	93.600	5,180,787	0
Adoption Incentive Payments		IHA	93.603	24,502	10,668
Voting Access for Individuals with Disabilities_Grants to States		VAA	93.617	132,091	0
Developmental Disabilities Basic Support and Advocacy Grants		IHA	93.630	698,237	15,834
Developmental Disabilities Projects of National Significance		GFE	93.631	134,999	107,164
University Centers for Excellence in Developmental Disabilities Education, Research, and Service		GFE	93.632	475,995	21,663
Children's Justice Grants to States		IHA	93.643	250,387	106,528
Child Welfare Services: State Grants		IHA	93.645	0	4,019,549
Foster Care: Title IV-E		IHA	93.658	23,564,127	42,779,160
Adoption Assistance		IHA	93.659	6,573,493	14,207,735
Social Services Block Grant		IHA	93.667	284,891	37,570,830
Child Abuse and Neglect State Grants		IHA	93.669	280,390	101,944
Family Violence Prevention and Services/Grants for Battered Women's Shelters: Grants to States and Indian T		IHA	93.671	1,304,669	0
Chafee Foster Care Independence Program		IHA	93.674	875,984	1,805,432
SUBTOTAL DIRECT FROM:				52,864,434	235,689,483
PASS-THROUGH PROGRAMS FROM:					
City and County of Denver					
TASC/DDHS		JAA	93.CE-61296	33,310	0
Child Welfare		JAA	93.CE61139	25,362	0
DENVER DEPT OF HUMAN SERVICES					
Temporary Assistance for Needy Families (A) -		GFE	93.558 / 93.CE52144	797,638	0
Child Abuse and Neglect Discretionary Activities		GFE	93.670 / 93.PN:0506-204	1,581	0
STATE OF WYOMING					
Child Abuse and Neglect State Grants		GFE	93.669 / 93.KC109900	7,407	0
Tri County					
Temporary Assistance for Needy Families (A) -		GJL	93.558	13,466	0
UNIVERSITY OF DENVER					
Foster Care: Title IV-E		GFE	93.658 / 93.SC36259-02-00	26,951	0
VANDERBILT UNIVERSITY					
Head Start		GFE	93.600 / 93.SUB # 19247	98,182	0
Weld County Department of Social Services					
Healthy Marriage Promotion and Responsible Fatherhood Grants		GKA	93.086 / 93.90FE0134/01	29,680	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				1,033,577	0
SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				53,898,011	235,689,483

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Special Programs for the Aging: Title VII, Chapter 3: Programs for Prevention of Elder Abuse, Neglect, and		IHA	93.041	3,890	61,035
Special Programs for the Aging: Title VII, Chapter 3: Programs for Prevention of Elder Abuse, Neglect, and		SFA	93.041	86,223	75,159
Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individua		IHA	93.042	33,147	150,835
Special Programs for the Aging: Title III, Part D: Disease Prevention and Health Promotion Services		IHA	93.043	57,582	243,771
Special Programs for the Aging: Title IV: and Title II: Discretionary Projects		FAA	93.048	232,548	0
Special Programs for the Aging: Title IV: and Title II: Discretionary Projects		IHA	93.048	65,050	0
Alzheimer's Disease Demonstration Grants to States		GGB	93.051	3,322	(21,000)
SUBTOTAL DIRECT FROM:				481,762	509,800
SUBTOTAL ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				481,762	509,800
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226	397,376	643,232
SUBTOTAL DIRECT FROM:				397,376	643,232
SUBTOTAL AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				397,376	643,232
AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Surveillance of Hazardous Substance Emergency Events		FAA	93.204	89,773	0
SUBTOTAL DIRECT FROM:				89,773	0
SUBTOTAL AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				89,773	0
BUREAU OF HEALTH PROFESSIONS, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
BUREAU OF HEALTH PROFESSIONS, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
National Research Service Award in Primary Care Medicine		GFE	93.186	225,395	0
SUBTOTAL DIRECT FROM:				225,395	0
SUBTOTAL BUREAU OF HEALTH PROFESSIONS, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				225,395	0
BUREAU OF HEALTH RESOURCES DEVELOPMENT, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
PASS-THROUGH PROGRAMS FROM:					
PITON FOUNDATION					
HIV Emergency Relief Project Grants		GFE	93.914 / 93.PN200408-138	740	0
HIV Emergency Relief Project Grants		GFE	93.914 / 93.PN200603-284	72,757	0
HIV Emergency Relief Project Grants		GFE	93.914 / 93.PN:200703-113	30,051	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				103,548	0
SUBTOTAL BUREAU OF HEALTH RESOURCES DEVELOPMENT, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				103,548	0
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs		FAA	93.116	373,286	99,805
Injury Prevention and Control Research and State and Community Based Programs		FAA	93.136	1,067,302	675,907
State Capacity Building		FAA	93.240	215,573	0
Occupational Safety and Health Program		GFE	93.262	97,432	0
Occupational Safety and Health Program		GGB	93.262 / 93.1030-13-A3	148,894	0
Occupational Safety and Health Program		GGB	93.262 / 93.PO 4000531892	3,799	0
Occupational Safety and Health Program		GGB	93.262 / 93.PO 4000531892 AMD #05	18,778	0
Occupational Safety and Health: Training Grants		GFE	93.263	3,616	0
Immunization Grants		FAA	93.268	2,492,510	1,766,710
Immunization Grants	*	FAA	93.268	418,946	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283	17,142,997	17,218,309
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283	243,227	353,965
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GGB	93.283	107,066	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Oth		DAA	93.938	615,290	250,232
HIV Prevention Activities: Health Department Based		FAA	93.940	2,534,307	1,814,178
HIV Demonstration, Research, Public and Professional Education Projects		FAA	93.941	79,999	0
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Viru		GGB	93.943	(74,949)	0
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		FAA	93.944	1,081,873	597,711
Assistance Programs for Chronic Disease Prevention and Control		FAA	93.945	264,547	15,488
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		FAA	93.946	114,499	0
Preventive Health Services: Sexually Transmitted Diseases Control Grants		FAA	93.977	1,112,434	548,223
Preventive Health Services: Sexually Transmitted Diseases Research, Demonstrations, and Public		FAA	93.978	342,885	4,621
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		FAA	93.988	507,127	0
Preventive Health and Health Services Block Grant		FAA	93.991	926,142	413,995
SUBTOTAL DIRECT FROM:				29,837,580	23,759,144
PASS-THROUGH PROGRAMS FROM:					
ASSOCIATION OF MAERICAN MEDICAL COLLEGES					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283 / 93.RMPHEC2006#	20,620	0
Assoc State/Terr Health Officials					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283 / 93.U50/CCU313903	1,326	66,287
Craig Hospital					
Disabilities Prevention		FAA	93.184 / 93.Grant Number 2628	46,500	0
DENVER HEALTH AND HOSPITAL AUTHORITY					
HIV Prevention Activities: Health Department Based		GFE	93.940 / 93.E1919B-4	5,400	0
HIV Prevention Activities: Health Department Based		GFE	93.940 / 93.E1919B-5	7,727	0
INDIANA UNIVERSITY					
HIV Prevention Activities: Non-Governmental Organization Based		GFE	93.939 / 93.PO # 251613	13,946	0
Public Health Lab Interoperability					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283	100,306	0
Pueblo Community Diabetes Project					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GGJ	93.283	30,621	0
State of New Mexico					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283 / 93.U59/CCI623401	48,270	16,000
State of Wyoming					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283	144,855	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				419,571	82,287
SUBTOTAL CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				30,257,151	23,841,431
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Unclassified Grants and Contracts		UHA	93.000 / 93.500-04-0035C	121,968	0
Head Start-Higher Ed Hispanic/Latino		GSA	93.90YP0020/01	175,349	0
Women's Sexual Health PHS		GKA	93.ORDER#HHSP233200500331P-	8	0
SUBTOTAL DIRECT FROM:				297,325	0
PASS-THROUGH PROGRAMS FROM:					
National Govenor's Association					
NGAC Project		NAA	93.93.Unknown 110-350-3761	6,447	0
Weld County Area on Aging					
DHHS - Project Connect		GKA	93.Project Connect	500	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				6,947	0
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				304,272	0
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Food and Drug Administration: Research		FAA	93.103	343,831	0
Food and Drug Administration: Research		BAA	93.103 / 93.HHSF223200540056P	3,954	0
Food and Drug Administration: Research		BAA	93.103 / 93.HHSF223200640168P	10,151	0
SUBTOTAL DIRECT FROM:				357,936	0
SUBTOTAL FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				357,936	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
State Children's Insurance Program		UHA	93.767 / 93.CBHP all	65,698,205	410,237
Medicare: Supplementary Medical Insurance		FAA	93.774	261,228	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		IHA	93.779	127,534	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		SFA	93.779	179,207	151,749
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.18-9-92019	45,953	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.18-P-9153280	45,462	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.18-P-9163080	65,810	0
SUBTOTAL DIRECT FROM:				66,423,399	561,986
SUBTOTAL HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				66,423,399	561,986
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Model State-Supported Area Health Education Centers		GFE	93.107	138,353	376,801
Maternal and Child Health Federal Consolidated Programs		FAA	93.110	565,887	76,241
Maternal and Child Health Federal Consolidated Programs		GFE	93.110	844,879	196,468
Maternal and Child Health Federal Consolidated Programs		GGB	93.110 / 93.UF06047	40,919	0
Maternal and Child Health Federal Consolidated Programs		GGB	93.110 / 93.UF07002	33,108	0
Grants for Preventive Medicine		GFE	93.117	120,723	0
Emergency Medical Services for Children		FAA	93.127	108,405	0
Primary Care Services Resource Coordination and Development		FAA	93.130	127,586	10
AIDS Education and Training Centers		GFE	93.145	880,573	1,216,869
Coordinated Services and Access to Research for Women, Infants, Children, and Youth		GFE	93.153	217,759	605,895
Grants to States for Loan Repayment Program		GFE	93.165	0	17,870
Allied Health Special Projects		GFE	93.191	129,088	0
Traumatic Brain Injury State Demonstration Grant Program		IHA	93.234	10,260	0
Abstinence Education Program		FAA	93.235	61,193	364,878
Grants for Dental Public Health Residency Training		FAA	93.236	47,288	0
Advanced Education Nursing Grant Program		GFE	93.247	79,782	0
State Planning Grants Health Care Access for the Uninsured		EAA	93.256 / 93.P09HS00013	28,698	0
Advanced Education Nursing Traineeships		GFC	93.358	51,913	0
Advanced Education Nursing Traineeships		GFE	93.358	131,074	0
Advanced Education Nursing Traineeships		GKA	93.358 / 93.2A10HP00170-07-00; Gr	27,991	0
Basic Nurse Education, Practice and Retention Grants		GFE	93.359	242,243	0
Grants for Graduate Training in Family Medicine		GFB	93.379	(873)	0
Grants for Training in Primary Care Medicine and Dentistry		GFE	93.884	829,256	213,807
National Bioterrorism Hospital Preparedness Program		FAA	93.889	1,016,692	11,671,129
Rural Health Medical Education Demonstration Projects		GTA	93.906	155,542	0
HIV Care Formula Grants		FAA	93.917	4,400,485	2,535,930
Ryan White HIV/AIDS Dental Reimbursements/Community Based Dental Partnership		GFE	93.924	90,144	130,717
Trauma Care Systems Planning and Development		FAA	93.952	17,039	0
Public Health Traineeships		GFE	93.964	4,820	0
Academic Administrative Units In Primary Care		GFE	93.984	64,513	14,882
Maternal and Child Health Services Block Grant to the States		FAA	93.994	3,252,438	3,979,622
SUBTOTAL DIRECT FROM:				13,717,778	21,401,119
PASS-THROUGH PROGRAMS FROM:					
The Piton Foundation					
HIV Care Formula Grants		FAA	93.917 / 93.Contract No. 2005	1,569	0
UNIVERSITY OF TEXAS AT SAN ANTONIO					
Coordinated Services and Access to Research for Women, Infants, Children, and Youth		GFE	93.153 / 93.123054/122735	38,404	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				39,973	0
SUBTOTAL HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				13,757,751	21,401,119
INDIAN HEALTH SERVICE, PUBLIC HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
INDIAN HEALTH SERVICE, PUBLIC HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Urban Indian Health Services		GFE	93.193	4,469	0
SUBTOTAL DIRECT FROM:				4,469	0
SUBTOTAL INDIAN HEALTH SERVICE, PUBLIC HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES				4,469	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Research Related to Deafness and Communication Disorders		GFE	93.173	91,465	0
SUBTOTAL DIRECT FROM:				91,465	0
PASS-THROUGH PROGRAMS FROM:					
Creare					
Research Related to Deafness and Communication Disorders		GKA	93.173 / 93.2R44DC005112-02A2, Su	45,655	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				45,655	0
SUBTOTAL NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				137,120	0
NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
UNITED STATES BASED COLLABORATION		GGB	93.03-030 MOD #7	881,574	32,902
Mental Health Research Grants		GFB	93.242	27,769	0
Mental Health Research Grants		GFE	93.242	320,533	0
Mental Health Research Grants		IHA	93.242	112,621	0
Mental Health Research Grants		GGB	93.242 / 93.500499.5000.L00203	9,091	0
Alcohol National Research Service Awards for Research Training		GFE	93.272	469,833	0
Alcohol Research Programs		GGB	93.273 / 93.EP010448	107,991	0
Alcohol Research Programs		GGB	93.273 / 93.RF01035633	51,317	0
Drug Abuse National Research Service Awards for Research Training		GFB	93.278	191,220	0
Drug Abuse and Addiction Research Programs		GFB	93.279	21,137	0
Drug Abuse and Addiction Research Programs		GFE	93.279	8,878	0
Drug Abuse and Addiction Research Programs		GGB	93.279 / 93.RF01034511	438,790	0
Mental Health Research Career/Scientist Development Awards		GFB	93.281	145,608	0
Mental Health National Research Service Awards for Research Training		GFB	93.282	165,446	0
Mental Health National Research Service Awards for Research Training		GFE	93.282	1,218	0
Discovery and Applied Research for Technological Innovations to Improve Human Health		GGB	93.286 / 93.10003208-02	24,472	0
Discovery and Applied Research for Technological Innovations to Improve Human Health		GGB	93.286 / 93.RO1 EB000894 10003210	7,151	0
Nursing Research		GFE	93.361	64,508	0
Minority Biomedical Research Support		GGJ	93.375	33,108	0
National Center for Research Resources		GFB	93.389	75,793	0
National Center for Research Resources		GFE	93.389	251,726	112,162
Academic Research Enhancement Award		GGB	93.390 / 93.232245	54,177	0
Cancer Cause and Prevention Research		GGB	93.393 / 93.093864 AMD 02	31,870	0
Cancer Cause and Prevention Research		GGB	93.393 / 93.094794 AMD 02	36,034	0
Cancer Cause and Prevention Research		GGB	93.393 / 93.209-CSU	36,154	0
Cancer Cause and Prevention Research		GGB	93.393 / 93.239-CSU	57,737	0
Cancer Cause and Prevention Research		GGB	93.393 / 93.249-CSU	38,899	0
Cancer Cause and Prevention Research		GGB	93.393 / 93.E95	(16)	0
Cancer Treatment Research		GGB	93.395	3,000	0
Cancer Treatment Research		GGB	93.395 / 93.214049 MOD 02	147,496	0
Cancer Centers Support		GGJ	93.397	16	0
Cancer Centers Support		GGB	93.397 / 93.0000613080	14,600	0
Cancer Centers Support		GGB	93.397 / 93.0000618218	221,468	0
Cancer Centers Support		GGB	93.397 / 93.06-201743-01-S1414	124,558	0
Cancer Research Manpower		GFB	93.398	53,033	0
Cancer Research Manpower		GFE	93.398	636,776	17,069
Cancer Control		GFE	93.399	61,437	58,405
Heart and Vascular Diseases Research		GFB	93.837	222,748	0
Heart and Vascular Diseases Research		GFE	93.837	360,731	0
Lung Diseases Research		GFE	93.838	1,831,266	0
Blood Diseases and Resources Research		GGB	93.839 / 93.001061	42,018	0
Blood Diseases and Resources Research		GGB	93.839 / 93.24-1106-0002-204	40,797	0
Arthritis, Musculoskeletal and Skin Diseases Research		GFB	93.846	12,326	0
Arthritis, Musculoskeletal and Skin Diseases Research		GFE	93.846	497,804	0
Arthritis, Musculoskeletal and Skin Diseases Research		GSA	93.846	54,853	0
Arthritis, Musculoskeletal and Skin Diseases Research		GGB	93.846 / 93.#2 R01 AR050562-03	41,351	0
Arthritis, Musculoskeletal and Skin Diseases Research		GGB	93.846 / 93.PO #612211	68,277	0
Arthritis, Musculoskeletal and Skin Diseases Research		GGB	93.846 / 93.UND FUND #200897	42,682	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847	791,829	0
Digestive Diseases and Nutrition Research		GFE	93.848	592,229	0
Kidney Diseases, Urology and Hematology Research		GFE	93.849	238,032	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853	410,410	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GGB	93.853	247,812	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GGB	93.853 / 93.RF PROJECT 1024509/#2	16,000	0
Allergy, Immunology and Transplantation Research		GFE	93.855	918,906	0
Allergy, Immunology and Transplantation Research		GGB	93.855 / 93.04-0014 P079687-0 MOD	58,081	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Allergy, Immunology and Transplantation Research		GGB	93.855 / 93.05054003	45,619	0
Allergy, Immunology and Transplantation Research		GGB	93.855 / 93.12.7888.A- AMD #1	123,257	0
Allergy, Immunology and Transplantation Research		GGB	93.855 / 93.40730/1057765	79,266	0
Allergy, Immunology and Transplantation Research		GGB	93.855 / 93.5-35466	50,018	0
Allergy, Immunology and Transplantation Research		GGB	93.855 / 93.PO 6692.914851 PROJ 1	68,486	0
Allergy, Immunology and Transplantation Research		GGB	93.855 / 93.PO 6692.914852 PROJ 2	55,216	0
Microbiology and Infectious Diseases Research		GFB	93.856	(87)	0
Microbiology and Infectious Diseases Research		GFE	93.856	165,156	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.01-065 MOD #7	1,099	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.07804401	7,685	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.1554 G EC081 AMD 3	71,934	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.200690 AMD#3	116,890	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.30.6692.913851 SUB #2	8,496	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.5-74246	102,640	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.K008522-01 AMD #5	63,958	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.PO # 5-20793	92,053	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.PRIME # 1045556 AMD #	37,538	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.RO73621159	(1,012)	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.RO73621175	127,914	0
Pharmacology, Physiology, and Biological Chemistry Research		GFB	93.859	441,532	0
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859	1,160,648	0
Pharmacology, Physiology, and Biological Chemistry Research		GGB	93.859	5,553	0
Pharmacology, Physiology, and Biological Chemistry Research		GGJ	93.859	12,215	0
Child Health and Human Development Extramural Research		GFB	93.865	174,168	0
Child Health and Human Development Extramural Research		GFE	93.865	370,137	0
Child Health and Human Development Extramural Research		GGB	93.865 / 93.05-N17	16,977	0
Child Health and Human Development Extramural Research		GGB	93.865 / 93.UFOG039A	62,318	0
Child Health and Human Development Extramural Research		GGB	93.865 / 93.WFUHS 17206	27,058	0
Aging Research		GFE	93.866	292,895	0
Aging Research		GGB	93.866 / 93.WSU06063	66,647	0
Vision Research		GFE	93.867	11,869	0
Minority Access to Research Careers		GFE	93.880	24,744	0
Minority Access to Research Careers		GSA	93.880 / 93.1 T34 GM067584-01	31,056	0
Resource and Manpower Development in the Environmental Health Sciences		GFE	93.894	5	0
International Research and Research Training		GGB	93.989 / 93.5D43TW006590-05 07-07	12,164	0
LARGE SCALE ANTIBODY & T CELL EPIT		GGB	93.GPULM0070AA AMD #1	134,630	0
COTC001: EVALUATION OF RGD TARGETE		GGB	93.PO#263-MQ-611253-1	1,058	0
ROLE OF MISSENSE MUTANT ATM IN RAD		GGB	93.PST29955, PST45578	9,293	0
CYTOSKELETAL REGULATION OF ENDOTHE		GGB	93.TRACS-31350	11,213	0
SUBTOTAL DIRECT FROM:				15,497,481	220,538
PASS-THROUGH PROGRAMS FROM:					
AMERICAN ACADEMY CHILD ADOLESCENT PSYCHIATRY					
Career Development Awards		GFE	93.277 / 93.PN2005O9-313	46,630	0
C&C Denver/Mayor's Office					
Mayor's Quality Improvement Grant		GTA	93.07-098	49,277	0
KAISER FOUNDATION					
Digestive Diseases and Nutrition Research		GFE	93.848 / 93.1 R01 DK07553-01	33,212	0
NATL JEWISH HOSPITAL					
National Center on Sleep Disorders Research (B) -		GFE	93.233 / 93.7 R01 HL075366-04	17,368	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.22083701	3,918	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.22083702	29,091	0
SOCIAL AND SCIENTIFIC SYSTEMS					
Drug Abuse and Addiction Research Programs		GFE	93.279 / 93.BRS-06-00139-T005	16,556	0
UNIVERSITY OF MICHIGAN					
Digestive Diseases and Nutrition Research		GFE	93.848 / 93.5000000175	12,268	0
UNIVERSITY OF UTAH					
Medical Library Assistance		GFE	93.879 / 93.2507044-01	95,240	0
UNIVERSITY OF WASHINGTON					
Cancer Research Manpower		GFE	93.398 / 93.UW-291912	5,550	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				309,110	0
SUBTOTAL NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				15,806,591	220,538
OFFICE OF CHILD SUPPORT ENFORCEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF CHILD SUPPORT ENFORCEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Child Support Enforcement		IHA	93.563	17,765,047	37,435,609
SUBTOTAL DIRECT FROM:				17,765,047	37,435,609
SUBTOTAL OFFICE OF CHILD SUPPORT ENFORCEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				17,765,047	37,435,609

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Community Services Block Grant (CSBG)		NAA	93.569	341,014	4,696,597
SUBTOTAL DIRECT FROM:				341,014	4,696,597
SUBTOTAL OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				341,014	4,696,597
OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		FAA	93.006	204,349	0
SUBTOTAL DIRECT FROM:				204,349	0
SUBTOTAL OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				204,349	0
OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Family Planning: Services		FAA	93.217	144,843	3,249,895
SUBTOTAL DIRECT FROM:				144,843	3,249,895
SUBTOTAL OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES				144,843	3,249,895
OFFICE OF REFUGEE RESETTLEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF REFUGEE RESETTLEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Refugee and Entrant Assistance: State Administered Programs		IHA	93.566	2,050,616	147,810
Refugee and Entrant Assistance: Discretionary Grants		FAA	93.576	95,000	0
Refugee and Entrant Assistance: Discretionary Grants		IHA	93.576	300,676	0
Refugee and Entrant Assistance: Wilson/Fish Programs		IHA	93.583	2,193,987	0
Refugee and Entrant Assistance_Targeted Assistance Grants		IHA	93.584	244,807	0
SUBTOTAL DIRECT FROM:				4,885,086	147,810
SUBTOTAL OFFICE OF REFUGEE RESETTLEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				4,885,086	147,810
OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF IOWA					
Policy Research and Evaluation Grants		GFE	93.239 / 93.UIOWA 4000505977-01	24,554	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				24,554	0
SUBTOTAL OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				24,554	0
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		IHA	93.104	2,699,120	0
Protection and Advocacy for Individuals with Mental Illness		FAA	93.138	40,441	0
Projects for Assistance in Transition from Homelessness (PATH)		IHA	93.150	767,841	0
Consolidated Knowledge Development and Application (KD&A) Program		GFE	93.230	235,263	145,386
Consolidated Knowledge Development and Application (KD&A) Program		IHA	93.230	181,574	0
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement		FAA	93.238	208,352	0
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement		IHA	93.238	525	0
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		FAA	93.243	44,610	80,676
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		GFE	93.243	246,181	51,958
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		IHA	93.243	2,569,130	0
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		JAA	93.243 / 93.1-H79-TI14052-01	115,613	0
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		JAA	93.243 / 93.1-H79-TI15479-01	108,228	0
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		JAA	93.243 / 93.1H79SP014018-01	179,201	0
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		EAA	93.243 / 93.CU1TI18302A	864,200	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Block Grants for Community Mental Health Services		IHA	93.958	5,906,694	0
Block Grants for Prevention and Treatment of Substance Abuse		IHA	93.959	21,842,670	1,365,129
SUBTOTAL DIRECT FROM:				36,009,643	1,643,149
PASS-THROUGH PROGRAMS FROM:					
GREATER DENVER INTERFAITH ALLIANCE					
Block Grants for Community Mental Health Services		GFE	93.958 / 93.PN200608-001	14,277	0
Northrop Grumman					
SAMHSA FASD		JAA	93.PO DO37899-4000	181,986	0
SAMHSA FASD		JAA	93.PO DO37903-4000	295,413	0
SIGNAL BEHAVIORAL HEALTH NETWORK					
Block Grants for Prevention and Treatment of Substance Abuse		GFE	93.959 / 93.PN200605-376	2,644,692	0
Block Grants for Prevention and Treatment of Substance Abuse		GFE	93.959 / 93.PN:0505-310	(17,602)	0
Block Grants for Prevention and Treatment of Substance Abuse		GFE	93.959 / 93.PN:200706-078	86	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				3,118,852	0
SUBTOTAL SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				39,128,495	1,643,149
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				246,039,909	332,654,368
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
DIRECT FROM:					
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
Retired and Senior Volunteer Program		GKA	94.002	79,656	0
State Commissions		EBB	94.003	165,294	0
State Commissions		GZA	94.003	362,749	0
Learn and Serve America: School and Community Based Programs		DAA	94.004	146,212	389,300
Learn and Serve America: School and Community Based Programs		EBB	94.004	255,414	0
AmeriCorps		EBB	94.006	1,833,307	0
AmeriCorps		GZA	94.006	785	0
Planning and Program Development Grants		EBB	94.007	46,054	0
Training and Technical Assistance		EBB	94.009	88,815	0
MOBILIZING ACROSS THE CURRICULUM -		GGB	94.00LHECO163 AMEND. 2	79	0
SUBTOTAL DIRECT FROM:				2,978,365	389,300
PASS-THROUGH PROGRAMS FROM:					
Colorado Compac					
AmeriCorps		GZA	94.006 / 94.CC-MSC-N	1,255	0
Colorado Parent Child Foundation					
AmeriCorps		GKA	94.006 / 94.Comprehensive Eval fo	4,800	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				6,055	0
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				2,984,420	389,300
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				2,984,420	389,300
DEPARTMENT OF HOMELAND SECURITY					
DEPARTMENT OF HOMELAND SECURITY					
DIRECT FROM:					
DEPARTMENT OF HOMELAND SECURITY					
Urban Areas Security Initiative		NAA	97.008	(327)	63,886
Boating Safety Financial Assistance		PJA	97.012	437,030	0
Pre-Disaster Mitigation (PDM) Competitive Grants		NAA	97.017	212,154	958,396
Hazardous Materials Assistance Programs		NAA	97.021	0	1,517
Community Assistance Program: State Support Services Element (CAP-SSSE)		NAA	97.023	102,500	0
Flood Mitigation Assistance		NAA	97.029	9,074	0
Crisis Counseling		IHA	97.032	622,514	0
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		NAA	97.036	353,459	8,206,419
First Responder Counter-Terrorism Training Assistance		RAA	97.038	18,823	0
Chemical Stockpile Emergency Preparedness Program		GGJ	97.040	63,130	0
Chemical Stockpile Emergency Preparedness Program		NAA	97.040	865,170	2,276,866
National Dam Safety Program		PEA	97.041	99,525	0
Emergency Management Performance Grants		NAA	97.042	1,089,312	907,722

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Cooperating Technical Partners		PDA	97.045	1,162,359	0
Fire Management Assistance Grant		GGB	97.046	51,000	0
Pre-Disaster Mitigation		NAA	97.047	26,739	0
Map Modernization Management Support		PDA	97.070	145,068	0
Rail and Transit Security Grant Program		NAA	97.075	5,410	0
Buffer Zone Protection (BZP)		NAA	97.078	5,497	1,062,446
Homeland Security Biowatch Program		FAA	97.091	205,647	0
SUBTOTAL DIRECT FROM:				5,474,084	13,477,252
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				5,474,084	13,477,252
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				5,474,084	13,477,252
FOREIGN FOOD DONATION					
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT					
DIRECT FROM:					
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT					
UNSAID Foreign Assistance for Programs Overseas		GFE	98.001	59,386	0
AN INTEGRATED PARTNERSHIP FOR IMPR		GGB	98.05076408	128,542	0
AN INTEGRATED PARTNERSHIP FOR IMPR		GGB	98.07739102	39,293	17,160
SUBTOTAL DIRECT FROM:				227,221	17,160
SUBTOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT				227,221	17,160
SUBTOTAL FOREIGN FOOD DONATION				227,221	17,160
FEDERAL AGENCIES NOT USING CFDA NUMBERS					
CONSUMER PRODUCT SAFETY COMMISSION					
DIRECT FROM:					
CONSUMER PRODUCT SAFETY COMMISSION					
Consumer Product Safety		FAA	99.CPSC-W-070002	6,744	0
SUBTOTAL DIRECT FROM:				6,744	0
SUBTOTAL CONSUMER PRODUCT SAFETY COMMISSION				6,744	0
OTHER FEDERAL AGENCIES					
DIRECT FROM:					
OTHER FEDERAL AGENCIES					
OF-CON		GFB	99.Unknown	16,693	0
SUBTOTAL DIRECT FROM:				16,693	0
SUBTOTAL OTHER FEDERAL AGENCIES				16,693	0
SUBTOTAL FEDERAL AGENCIES NOT USING CFDA NUMBERS				23,437	0
SUBTOTAL A - UNCLUSTERED PROGRAMS				1,045,029,323	751,572,301

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
AGING-CLUSTER					
**********					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and Senior Centers		IHA	93.044	1,254,061	4,896,851
Special Programs for the Aging: Title III, Part C: Nutrition Services		IHA	93.045	(197,229)	5,390,168
Nutrition Services Incentive Program		IHA	93.053	323,568	2,624,671
SUBTOTAL DIRECT FROM:				1,380,400	12,911,690
SUBTOTAL ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,380,400	12,911,690
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,380,400	12,911,690
SUBTOTAL AGING-CLUSTER				1,380,400	12,911,690

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
BILINGUAL EDUCATION-CLUSTER					
DEPARTMENT OF EDUCATION					
OFFICE OF THE DIRECTOR FOR BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION					
PASS-THROUGH PROGRAMS FROM:					
DENVER PUBLIC SCHOOLS					
Bilingual Education: Systemwide Improvement Grants		GFE	84.291 / 84.T291R000009-04	(53)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				(53)	0
SUBTOTAL OFFICE OF THE DIRECTOR FOR BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION				(53)	0
SUBTOTAL DEPARTMENT OF EDUCATION				(53)	0
SUBTOTAL BILINGUAL EDUCATION-CLUSTER				(53)	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
CCDF-CLUSTER					
**********					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Child Care and Development Block Grant (CCDBG)		IHA	93.575	4,200,545	24,002,189
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (A) -		IHA	93.596	10,398,381	26,538,629
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (A) -		GGB	93.596 / 93.EL10ELF72005	17	0
SUBTOTAL DIRECT FROM:				14,598,943	50,540,818
PASS-THROUGH PROGRAMS FROM:					
Qualistar					
Child Care and Development Block Grant (CCDBG)		GJL	93.575	361,041	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				361,041	0
SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				14,959,984	50,540,818
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				14,959,984	50,540,818
SUBTOTAL CCDF-CLUSTER				14,959,984	50,540,818

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
CHILD NUTRITION-CLUSTER					
**********					
DEPARTMENT OF AGRICULTURE					
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
School Breakfast Program		DAA	10.553	0	17,409,503
National School Lunch Program (NLSP)		DAA	10.555	27,775	80,196,649
National School Lunch Program (NLSP)		FAA	10.555	398,814	18,793,239
National School Lunch Program (NLSP)	*	IHA	10.555	9,715,592	0
Special Milk Program for Children		DAA	10.556	0	61,140
Summer Food Service Program for Children		DAA	10.559	56,070	1,471,823
Summer Food Service Program for Children	*	IHA	10.559	5,200	0
SUBTOTAL DIRECT FROM:				10,203,451	117,932,354
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE				10,203,451	117,932,354
SUBTOTAL DEPARTMENT OF AGRICULTURE				10,203,451	117,932,354
SUBTOTAL CHILD NUTRITION-CLUSTER				10,203,451	117,932,354

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DISABILITY INSURANCE/SSI-CLUSTER					
**********					
SOCIAL SECURITY ADMINISTRATION					
SOCIAL SECURITY ADMINISTRATION					
DIRECT FROM:					
SOCIAL SECURITY ADMINISTRATION					
Social Security: Disability Insurance		IHA	96.001	18,602,825	0
SUBTOTAL DIRECT FROM:				18,602,825	0
PASS-THROUGH PROGRAMS FROM:					
ASSOCIATION OF UNIVERSITY CNTRS ON DISABILITIES					
Social Security: Disability Insurance		GFE	96.001 / 96.PMU 07 CO	37,911	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				37,911	0
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				18,640,736	0
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				18,640,736	0
SUBTOTAL DISABILITY INSURANCE/SSI-CLUSTER				18,640,736	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
EMERGENCY FOOD ASSISTANCE-CLUSTER					
DEPARTMENT OF AGRICULTURE					
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
Emergency Food Assistance Program (Administrative Costs)	*	IHA	10.568	2,535,502	751,016
SUBTOTAL DIRECT FROM:				2,535,502	751,016
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE				2,535,502	751,016
SUBTOTAL DEPARTMENT OF AGRICULTURE				2,535,502	751,016
SUBTOTAL EMERGENCY FOOD ASSISTANCE-CLUSTER				2,535,502	751,016

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
EMPLOYMENT SERVICE-CLUSTER					
**********					
DEPARTMENT OF LABOR					
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR					
DIRECT FROM:					
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR					
Employment Service/Wagner-Peyser Funded Activities		KAA	17.207	2,584,245	8,692,554
SUBTOTAL DIRECT FROM:				2,584,245	8,692,554
SUBTOTAL EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR				2,584,245	8,692,554
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR					
DIRECT FROM:					
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR					
Disabled Veterans' Outreach Program (DVOP)		KAA	17.801	1,194,972	228,403
Local Veterans' Employment Representative Program		KAA	17.804	1,253,670	107,765
SUBTOTAL DIRECT FROM:				2,448,642	336,168
SUBTOTAL OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR				2,448,642	336,168
SUBTOTAL DEPARTMENT OF LABOR				5,032,887	9,028,722
SUBTOTAL EMPLOYMENT SERVICE-CLUSTER				5,032,887	9,028,722

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
FEDERAL TRANSIT-CLUSTER					
DEPARTMENT OF TRANSPORTATION					
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM: FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION Federal Transit: Formula Grants		HAA	20.507	41,769	119,687
SUBTOTAL DIRECT FROM:				41,769	119,687
SUBTOTAL FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				41,769	119,687
SUBTOTAL DEPARTMENT OF TRANSPORTATION				41,769	119,687
SUBTOTAL FEDERAL TRANSIT-CLUSTER				41,769	119,687

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
FISH AND WILDLIFE-CLUSTER					
DEPARTMENT OF THE INTERIOR					
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
Sport Fish Restoration		PBA	15.605	5,936,129	503,278
Wildlife Restoration		PBA	15.611	5,167,914	137,375
SUBTOTAL DIRECT FROM:				11,104,043	640,653
SUBTOTAL U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR				11,104,043	640,653
SUBTOTAL DEPARTMENT OF THE INTERIOR				11,104,043	640,653
SUBTOTAL FISH AND WILDLIFE-CLUSTER				11,104,043	640,653

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
FOOD STAMP PROGRAM-CLUSTER					
DEPARTMENT OF AGRICULTURE					
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					
Food Stamps		IHA	10.551	0	317,250,211
State Administrative Matching Grants for Food Stamp Program		IHA	10.561	5,868,635	24,040,576
SUBTOTAL DIRECT FROM:				5,868,635	341,290,787
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE				5,868,635	341,290,787
SUBTOTAL DEPARTMENT OF AGRICULTURE				5,868,635	341,290,787
SUBTOTAL FOOD STAMP PROGRAM-CLUSTER				5,868,635	341,290,787

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
HIGHWAY PLANNING & CONST-CLUSTER					
DEPARTMENT OF TRANSPORTATION					
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
Highway Planning & Construction		HAA	20.205	344,487,522	21,181,438
SUBTOTAL DIRECT FROM:				344,487,522	21,181,438
PASS-THROUGH PROGRAMS FROM:					
TEXAS A&M REESARCH FOUNDATION					
Highway Planning & Construction		GFB	20.205 / 20.SO40036	8,605	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				8,605	0
SUBTOTAL FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				344,496,127	21,181,438
SUBTOTAL DEPARTMENT OF TRANSPORTATION				344,496,127	21,181,438
SUBTOTAL HIGHWAY PLANNING & CONST-CLUSTER				344,496,127	21,181,438

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
HIGHWAY SAFETY-CLUSTER					
DEPARTMENT OF TRANSPORTATION					
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
State & Community Highway Safety		HAA	20.600	1,673,638	1,688,580
SUBTOTAL DIRECT FROM:				1,673,638	1,688,580
SUBTOTAL NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				1,673,638	1,688,580
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grants		HAA	20.601	739,945	0
SUBTOTAL DIRECT FROM:				739,945	0
PASS-THROUGH PROGRAMS FROM:					
NATIONAL ACADEMY OF SCIENCE					
Federal Highway Safety Data Improvements Incentive Grants		GFB	20.603 / 20.HR 14-15	39,590	81,089
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				39,590	81,089
SUBTOTAL NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				779,535	81,089
SUBTOTAL DEPARTMENT OF TRANSPORTATION				2,453,173	1,769,669
SUBTOTAL HIGHWAY SAFETY-CLUSTER				2,453,173	1,769,669

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
HOMELAND SECURITY-CLUSTER					
DEPARTMENT OF HOMELAND SECURITY					
DEPARTMENT OF HOMELAND SECURITY					
DIRECT FROM:					
DEPARTMENT OF HOMELAND SECURITY					
State Domestic Preparedness Equipment Support Program		NAA	97.004	225,897	298,195
State Domestic Preparedness Equipment Support Program		RAA	97.004	(2,498)	0
Homeland Security Grant Program		NAA	97.067	3,429,177	19,742,574
SUBTOTAL DIRECT FROM:				3,652,576	20,040,769
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				3,652,576	20,040,769
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				3,652,576	20,040,769
SUBTOTAL HOMELAND SECURITY-CLUSTER				3,652,576	20,040,769

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
MEDICAID-CLUSTER					
**********					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Medical Assistance Program (Medicaid)		FAA	93.778	4,054,121	0
Medical Assistance Program (Medicaid)		UHA	93.778 / 93.MO705C05028	1,443,927,973	318
Medical Assistance Program (Medicaid)		UHA	93.778 / 93.MO705C05048	73,378,384	8,239,334
SUBTOTAL DIRECT FROM:				1,521,360,478	8,239,652
PASS-THROUGH PROGRAMS FROM:					
BOHLING,INC.					
Medical Assistance Program (Medicaid)		GFE	93.778 / 93.PN200412-113	51,988	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				51,988	0
SUBTOTAL HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,521,412,466	8,239,652
HEALTH STANDARDS AND QUALITY BUREAU, HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH STANDARDS AND QUALITY BUREAU, HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
State Survey and Certification of Health Care Providers and Suppliers		UHA	93.777 / 93.MO705C05001	2,272,997	0
SUBTOTAL DIRECT FROM:				2,272,997	0
PASS-THROUGH PROGRAMS FROM:					
ABT ASSOCIATES INC					
State Survey and Certification of Health Care Providers and Suppliers		GFE	93.777 / 93.ABT500-00-0032 TO#7	(1)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				(1)	0
SUBTOTAL HEALTH STANDARDS AND QUALITY BUREAU, HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				2,272,996	0
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
State Medicaid Fraud Control Units		LAA	93.775 / 93.01-0601-5050	214,745	0
State Medicaid Fraud Control Units		LAA	93.775 / 93.01-0701-5050	625,146	0
SUBTOTAL DIRECT FROM:				839,891	0
SUBTOTAL OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				839,891	0
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,524,525,353	8,239,652
SUBTOTAL MEDICAID-CLUSTER				1,524,525,353	8,239,652

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
RESEARCH AND DEVELOPMENT-CLUSTER					
**********					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
DIRECT FROM:					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
Unclassified Grants and Contracts		GFB	43.000	958,307	801
SUBTOTAL DIRECT FROM:				958,307	801
PASS-THROUGH PROGRAMS FROM:					
BALL AEROSPACE					
Unclassified Grants and Contracts		GFB	43.000 / .PO#05SAK0003	37,133	0
JET PROPULSION LABORATORY					
Unclassified Grants and Contracts		GFB	43.000 / .1281585	6,368	0
Unclassified Grants and Contracts		GFB	43.000 / .1287275	51,200	0
Unclassified Grants and Contracts		GFB	43.000 / .1287780	49,475	0
Unclassified Grants and Contracts		GFB	43.000 / .1289339	118,704	0
Unclassified Grants and Contracts		GFB	43.000 / .1291410	33,862	0
Unclassified Grants and Contracts		GFB	43.000 / .1295133	46,970	0
Unclassified Grants and Contracts		GFB	43.000 / .1299858	44,125	0
Unclassified Grants and Contracts		GFB	43.000 / .1301452	7,810	0
JOHNS HOPKINS UNIVERSITY					
Unclassified Grants and Contracts		GFB	43.000 / .911436	4,447	0
LOCKHEED MARTIN					
Unclassified Grants and Contracts		GFB	43.000 / .8100000527	18,219	0
SCIENCE SYSTEMS & APPLICATIONS INC					
Unclassified Grants and Contracts		GFB	43.000 / .2613-06-041	3,718	0
SETI INSTITUTE					
Unclassified Grants and Contracts		GFB	43.000 / .SUB#00280-06-001	15,275	0
SOUTHWEST RESEARCH INSTITUTE					
Unclassified Grants and Contracts		GFB	43.000 / .699035X	56,202	0
Unclassified Grants and Contracts		GFB	43.000 / .699050X	40,915	0
Unclassified Grants and Contracts		GFB	43.000 / .699052X	12,002	0
SPACE TELESCOPE SCIENCE INSTITUTE					
Unclassified Grants and Contracts		GFB	43.000 / .HST-GO-10467.01-A	1,678	0
Unclassified Grants and Contracts		GFB	43.000 / .HST-GO-10767.01-A	21,858	0
STANFORD UNIVERSITY					
Unclassified Grants and Contracts		GFB	43.000 / .PR1469305	49,238	0
TUFTS UNIVERSITY					
Unclassified Grants and Contracts		GFB	43.000 / .OCG4784B	111,101	0
UNIVERSITY OF CALIFORNIA AT IRVINE					
Unclassified Grants and Contracts		GFB	43.000 / .2005-1656	54,232	0
UNIVERSITY OF NEW HAMPSHIRE					
Unclassified Grants and Contracts		GFB	43.000 / .PZ07064	258,341	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				1,042,873	0
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				2,001,180	801
SMALL BUSINESS ADMINISTRATION					
DIRECT FROM:					
SMALL BUSINESS ADMINISTRATION					
Unclassified Grants and Contracts		GFB	59.000	25,368	0
SUBTOTAL DIRECT FROM:				25,368	0
SUBTOTAL SMALL BUSINESS ADMINISTRATION				25,368	0
SUBTOTAL				2,026,548	801

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF AGRICULTURE					
AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
Agricultural Research Basic and Applied Research		GFE	10.001	2,809	0
Agricultural Research Basic and Applied Research		GGB	10.001	846,877	18,889
R&D		GGB	10.58-1940-5-552	14,222	0
R&D		GGB	10.58-3625-6-153	24,877	0
R&D		GGB	10.58-5402-3-306 MOD 4	42,743	0
R&D		GGB	10.58-8201-5-151 AMD 01	883	0
SUBTOTAL DIRECT FROM:				932,411	18,889
SUBTOTAL AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE				932,411	18,889
ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE					
Plant and Animal Disease, Pest Control, and Animal Care		GGB	10.025	1,097,395	0
Wildlife Services		GGB	10.028	89,243	0
R&D		GGB	10.05-7483-0489(CA)	9,037	0
R&D		GGB	10.05-9208-0039-CA REV 05-1	6,667	0
R&D		GGB	10.05-9208-0148-CA REVSN #0	146,532	0
R&D		GGB	10.06-7100-0187-CA	46,730	37,000
R&D		GGB	10.06-8100-0920-CA	22,392	0
R&D		GGB	10.06-9108-0970-CA REV.06-0	80,000	0
R&D		GGB	10.06-9708-1608-CA	61,861	0
R&D		GGB	10.06-9708-1609-CA	62,939	0
R&D		GGB	10.06-9708-1610-CA	27,103	0
R&D		GGB	10.07-7100-0228-CA	17,777	0
R&D		GGB	10.07-7100-0233-CA	44,928	0
R&D		GGB	10.07-9708-1793-CA	12,104	0
SUBTOTAL DIRECT FROM:				1,724,708	37,000
PASS-THROUGH PROGRAMS FROM:					
NEVADA DIV OF WILDLIFE					
Wildlife Services		GFB	10.028 / 10.0CG4679B	2,970	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				2,970	0
SUBTOTAL ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE				1,727,678	37,000
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE					
Grants for Agricultural Research, Special Research Grants		GGB	10.200	2,803,163	455,781
Cooperative Forestry Research		GFB	10.202	5,649	0
Cooperative Forestry Research		GFC	10.202	9,179	0
Cooperative Forestry Research		GGB	10.202	320,795	0
Payments to Agricultural Experiment Stations Under the Hatch Act		GGB	10.203	2,520,738	0
Grants for Agricultural Research: Competitive Research Grants		GFB	10.206	86,752	0
Grants for Agricultural Research: Competitive Research Grants		GFE	10.206	124,529	108,770
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206	1,916,952	728,679
Grants for Agricultural Research: Competitive Research Grants		GLA	10.206 / 10.2006-35504-16618	94,421	0
Animal Health and Disease Research		GGB	10.207	282,650	0
Food and Agricultural Sciences National Needs Graduate Fellowship Grants		GGB	10.210	50	0
Higher Education Challenge Grants		GGB	10.217	139,389	67,530
Biotechnology Risk Assessment Research		GGB	10.219	30,891	0
Initiative for Future Agriculture and Food Systems		GGB	10.302	48,142	161,045
Integrated Programs		GGB	10.303	1,075,835	527,701
Homeland Security_Agricultural (Homeland Security Program)		GGB	10.304	257,064	26,043
Cooperative Extension Service		GGB	10.500	72,385	134,521
Cooperative Extension Service		GGB	10.500 / 10.2006-41530-03504	966	0
SUBTOTAL DIRECT FROM:				9,789,550	2,210,070

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
RESEARCH CORP OF THE UNIVERSITY OF HAWAII					
Grants for Agricultural Research, Special Research Grants		GFB	10.200 / 10.OCG4645B	(3)	0
UNIVERSITY OF NEVADA, RENO					
Initiative for Future Agriculture and Food Systems		GFE	10.302 / 10.PO 12B31321	(116)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				(119)	0
SUBTOTAL COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE				9,789,431	2,210,070
DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
DEPARTMENT OF AGRICULTURE					
Unclassified Grants and Contracts		GFB	10.000	3,305	0
R&D		GGB	10.01-CS-11021300-051 MOD.	27,242	0
R&D		GGB	10.02-CA-11272165-041	39,107	0
R&D		GGB	10.02-CR-11221611-248	1,245,506	0
R&D		GGB	10.02-JV-11221602-145 AMEND	96,952	0
R&D		GGB	10.03-CS-11221611-278 AMD.	59,258	0
R&D		GGB	10.03-CS-11221617-270	756	0
R&D		GGB	10.04-CR-11221625-219 MOD	10,649	0
R&D		GGB	10.04-JV-11221616-272	1,614	0
R&D		GGB	10.05-CR-11221611-173	16,449	0
R&D		GGB	10.05-CR-11221611-174 AMD #	2,923	0
R&D		GGB	10.05-CR-11221611-180	(527)	0
R&D		GGB	10.05-CR-11221611-181	245	0
R&D		GGB	10.05-CR-11221611-189 AMD #	89,152	0
R&D		GGB	10.05-CR-11221611-190	113,923	0
R&D		GGB	10.05-CR-11221611-196	29	0
R&D		GGB	10.05-CR-11221611-230	51,622	0
R&D		GGB	10.05-CR-11221611-231	30,262	0
R&D		GGB	10.05-CR-11221611-233	694	0
R&D		GGB	10.05-CR-11221611-244	101,124	0
R&D		GGB	10.05-CR-11221611-247	14,830	0
R&D		GGB	10.05-CR-11221611-268 AMD #	58,339	0
R&D		GGB	10.05-CR-11221611-269	75,448	0
R&D		GGB	10.05-CR-11221611-270	12,897	0
R&D		GGB	10.05-CR-11221611-278	500,511	0
R&D		GGB	10.05-CS-1102000-076	18,976	0
R&D		GGB	10.05-CS-11021400-008 MOD 2	4,301	0
R&D		GGB	10.05-CS-11221616-164	32,475	0
R&D		GGB	10.06-JV-11221617-145	12,287	0
R&D		GGB	10.07-CR-11221611-117	1,789	0
R&D		GGB	10.68-3A75-4-106 MOD 5	12,232	0
R&D		GGB	10.68-3A75-4-106 MOD. 3	15,371	25,000
R&D: Grassland Bird Response to Land Use Changes		GKA	10.68-3A75-4-106/050601TSS	16,599	0
R&D		GGB	10.68-3A75-4-155 MOD. 1	12,125	0
R&D		GGB	10.68-7482-2-44Y AMEND. 5	254,074	0
R&D		GGB	10.68-7482-3-131 AMEND. 1	6,587	0
R&D		GGB	10.68-7482-3-159	2,420	0
R&D		GGB	10.SRS 06-CA-11330129-151	50,171	0
SUBTOTAL DIRECT FROM:				2,991,717	25,000
PASS-THROUGH PROGRAMS FROM:					
BOISE STATE UNIVERSITY					
R&D		GLA	10.2004-35102-14802	548	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				548	0
SUBTOTAL DEPARTMENT OF AGRICULTURE				2,992,265	25,000

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE					
R&D		GGB	10.58-3148-5-052	12,311	0
Technical Agricultural Assistance		GFB	10.960	12,187	0
Technical Agricultural Assistance		GGB	10.960	175,908	0
Cochran Fellowship Program-International Training - Foreign Participant		GGB	10.962	12,064	0
SUBTOTAL DIRECT FROM:				212,470	0
SUBTOTAL FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE				212,470	0
FOREST SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOREST SERVICE, DEPARTMENT OF AGRICULTURE					
R&D		GGB	10.01-JV-11221615-186	6,720	0
R&D		GGB	10.01-PA-11130149-235 MOD.	7,137	0
R&D		GGB	10.02-CR-11221611-248	205,939	0
R&D		GGB	10.02-JV-11221602-145 AMEND	317,438	0
R&D		GGB	10.02-JV-11221610-112 MOD.	28	0
R&D		GGB	10.02-JV-11221616-275	43,617	0
R&D		GGB	10.02-JV-11222007-004	8,048	0
R&D		GGB	10.02-JV-11272165-038	22,237	0
R&D		GGB	10.03-CA-11120101-009 MOD 5	58,340	0
R&D		GGB	10.03-CR-11052007-079	12,853	0
R&D		GGB	10.03-CS-11020000-052	1,990	0
R&D		GGB	10.03-CS-11020000-094 MOD.	6,250	0
R&D		GGB	10.03-CS-11021006-035 MOD.	642	0
R&D		GGB	10.03-CS-11221611-257	12,790	0
R&D		GGB	10.03-CS-11222033-315 AMEND	10	0
R&D		GGB	10.03-DG-11132762-164 MOD.	9,521	0
R&D		GGB	10.03-JV-11221607-116	10,730	0
R&D		GGB	10.03-JV-11221609-272	58,995	0
R&D		GGB	10.03-JV-11221610-065	48,671	0
R&D		GGB	10.03-JV-11221616-093	25,114	0
R&D		GGB	10.03-JV-11221616-232	57,741	0
R&D		GGB	10.03-JV-11222065-292	73,533	0
R&D		GGB	10.03-JV-11231300-043	11,104	0
R&D		GGB	10.04-CA-11120101-047	20,669	0
R&D		GGB	10.04-CS-11221625-100 MOD.	1,551	0
R&D		GGB	10.04-JV-11221610-029 AMEND	4,445	0
R&D		GGB	10.04-JV-11221610-039	21,307	0
R&D		GGB	10.04-JV-11221610-214 MOD.	8,903	0
R&D		GGB	10.04-JV-11221611-221 MOD.	3,281	0
R&D		GGB	10.04-JV-11221611-264	11,418	0
R&D		GGB	10.04-JV-11221616-215	11,928	0
R&D		GGB	10.04-JV-11221616-308	10,336	0
R&D		GGB	10.04-JV-11221617-189 #2	14,921	0
R&D		GGB	10.04-JV-11222014-175	30,670	0
R&D		GGB	10.04-JV-11222073-302	2,035	0
R&D		GGB	10.04-JV-11272164-428	30,552	0
R&D		GGB	10.05-CA-11242343-029 MOD.	80,778	0
R&D		GGB	10.05-CR-11031600-083	208,083	0
R&D		GGB	10.05-CR-11221611-166 MOD #	75,505	0
R&D		GGB	10.05-CR-11221611-175 AMEND	24,277	0
R&D		GGB	10.05-CR-11221611-279 MOD #	209,625	0
R&D		GGB	10.05-CS-11020000-075	5,818	0
R&D		GGB	10.05-CS-11020000-086	9,242	15,311
R&D		GGB	10.05-CS-11020000-088	5,345	0
R&D		GGB	10.05-CS-11021211-076 MOD.	5,572	0
R&D		GGB	10.05-CS-11031600-078	1,009	0
R&D		GGB	10.05-CS-11221611-213	106,112	0
R&D		GGB	10.05-CS-11221625-187 MOD.	25,343	0
R&D		GGB	10.05-JV-11221607-106	18,394	0
R&D		GGB	10.05-JV-11221609-121 MOD.	21,677	0
R&D		GGB	10.05-JV-11221616-108	69,288	0
R&D		GGB	10.05-JV-11221616-209	1,610	0
R&D		GGB	10.05-JV-11221617-101	110,910	0
R&D		GGB	10.05-JV-11221617-205 #2	1,301	0
R&D		GGB	10.06-CR-11052007-173	267,247	0
R&D		GGB	10.06-CR-11221611-008	52,661	0
R&D		GGB	10.06-CR-11221611-009	4,756	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D	GGB	10.06-CR-11221611-013	26,106	0
R&D	GGB	10.06-CR-11221611-014	35,594	0
R&D	GGB	10.06-CR-11221611-024	47,903	0
R&D	GGB	10.06-CR-11221611-029	11,955	0
R&D	GGB	10.06-CR-11221611-032	49,012	0
R&D	GGB	10.06-CR-11221611-033 AMD #	87,364	0
R&D	GGB	10.06-CR-11221611-036 AMD 1	26,837	0
R&D	GGB	10.06-CR-11221611-038	69,405	0
R&D	GGB	10.06-CR-11221611-053	42,550	0
R&D	GGB	10.06-CR-11221611-054	7,851	0
R&D	GGB	10.06-CR-11221611-055	102,842	0
R&D	GGB	10.06-CR-11221611-058 AMD #	33,565	0
R&D	GGB	10.06-CR-11221611-066	127,135	0
R&D	GGB	10.06-CR-11221611-067 AMD #	53,691	0
R&D	GGB	10.06-CR-11221611-078 MOD #	2,215,446	0
R&D	GGB	10.06-CR-11221611-084 AMD 2	213,034	0
R&D	GGB	10.06-CR-11221611-085 AMD#3	350,467	0
R&D	GGB	10.06-CR-11221611-092	97,599	0
R&D	GGB	10.06-CR-11221611-094	29,785	0
R&D	GGB	10.06-CR-11221611-107	37,084	0
R&D	GGB	10.06-CR-11221611-109	50,966	0
R&D	GGB	10.06-CR-11221611-110	5,471	0
R&D	GGB	10.06-CR-11221611-111	98,653	0
R&D	GGB	10.06-CR-11221611-123	340,962	0
R&D	GGB	10.06-CR-11221611-132	76,789	0
R&D	GGB	10.06-CR-11221611-137 AMD #	95,821	0
R&D	GGB	10.06-CR-11221611-138	216,539	0
R&D	GGB	10.06-CR-11221611-151	90,569	0
R&D	GGB	10.06-CR-11221611-152	48,774	0
R&D	GGB	10.06-CR-11221611-153	92,778	0
R&D	GGB	10.06-CR-11221611-155	40,480	0
R&D	GGB	10.06-CR-11221611-159	154,021	0
R&D	GGB	10.06-CR-11221611-160	67,081	0
R&D	GGB	10.06-CR-11221611-166	314,223	0
R&D	GGB	10.06-CR-11221611-169 AMD 1	17,615	0
R&D	GGB	10.06-CR-11221611-174 AMD#1	134,148	0
R&D	GGB	10.06-CR-11221611-203	41,985	0
R&D	GGB	10.06-CR-11221611-204	34,373	0
R&D	GGB	10.06-CR-11221611-205	44,998	0
R&D	GGB	10.06-CR-11221611-223	367,429	0
R&D	GGB	10.06-CR-11221611-243	66,065	0
R&D	GGB	10.06-CR-11221611-244	61,813	0
R&D	GGB	10.06-CR-11221611-245	26,989	0
R&D	GGB	10.06-CR-11221611-246	64,737	0
R&D	GGB	10.06-CR-11221611-247	50,689	0
R&D	GGB	10.06-CR-11221611-248	316,319	0
R&D	GGB	10.06-CR-11221611-249	47,682	0
R&D	GGB	10.06-CR-11221611-250	26,654	0
R&D	GGB	10.06-CR-11221611-251	39,234	0
R&D	GGB	10.06-CR-11221611-257	18,027	0
R&D	GGB	10.06-CR-11221611-258	36,406	0
R&D	GGB	10.06-CR-11221611-284	24,295	0
R&D	GGB	10.06-CR-11221611-285	30,625	0
R&D	GGB	10.06-CR-11221611-286	49,899	0
R&D	GGB	10.06-CR-11221611-287	16,566	0
R&D	GGB	10.06-CR-11221611-288	66,384	0
R&D	GGB	10.06-CR-11221611-290	85,613	0
R&D	GGB	10.06-CR-11221611-293	81,011	0
R&D	GGB	10.06-CR-11221611-299	42,349	0
R&D	GGB	10.06-CR-11221611-320	172,806	0
R&D	GGB	10.06-CR-11221611-323	9,115	0
R&D	GGB	10.06-CR-11221611-324	12,976	0
R&D	GGB	10.06-CR-11221611-325	111,791	0
R&D	GGB	10.06-CR-11221611-326	1,241	0
R&D	GGB	10.06-CR-11221611-327	82,122	0
R&D	GGB	10.06-CR11221611-117	48,501	0
R&D	GGB	10.06-CR11221611-321	15,797	0
R&D	GGB	10.06-CS-11020000-081	21,769	0
R&D	GGB	10.06-CS-11020000-082	14,336	0
R&D	GGB	10.06-CS-11020604-014	7,197	0
R&D	GGB	10.06-CS-11020604-043	10,873	0
R&D	GGB	10.06-CS-11132427-235	8,834	0
R&D	GGB	10.06-CS-11132427-236	8,404	0
R&D	GGB	10.06-CS-11221611-211 (REVI	13,352	0
R&D	GGB	10.06-DG-11132762-202	37,630	0
R&D	GGB	10.06-JV-11138150-011	17,668	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D	GGB	10.06-JV-11221611-161	5,000	0
R&D	GGB	10.06-JV-11221616-179	5,465	0
R&D	GGB	10.06-JV-11221616-266	46,712	0
R&D	GGB	10.06-JV-11221617-141	34,742	0
R&D	GGB	10.06-JV-11221617-233	14,897	0
R&D	GGB	10.06-JV-11272137-059	3,972	0
R&D	GGB	10.07-CA-11132762-102	10,458	0
R&D	GGB	10.07-CR-11221611-001	54,792	0
R&D	GGB	10.07-CR-11221611-002	35,342	0
R&D	GGB	10.07-CR-11221611-003 AMD #	15,859	0
R&D	GGB	10.07-CR-11221611-004	5,811	0
R&D	GGB	10.07-CR-11221611-005	26,134	0
R&D	GGB	10.07-CR-11221611-006	36,643	0
R&D	GGB	10.07-CR-11221611-007	45,542	0
R&D	GGB	10.07-CR-11221611-008	6,334	0
R&D	GGB	10.07-CR-11221611-009	42,754	0
R&D	GGB	10.07-CR-11221611-010	40,123	0
R&D	GGB	10.07-CR-11221611-011	71,987	0
R&D	GGB	10.07-CR-11221611-012	36,121	0
R&D	GGB	10.07-CR-11221611-013	28,430	0
R&D	GGB	10.07-CR-11221611-014	49,512	0
R&D	GGB	10.07-CR-11221611-017	49,358	0
R&D	GGB	10.07-CR-11221611-018	29,625	0
R&D	GGB	10.07-CR-11221611-019	25,796	0
R&D	GGB	10.07-CR-11221611-020	24,153	0
R&D	GGB	10.07-CR-11221611-021	71,080	0
R&D	GGB	10.07-CR-11221611-022	40,344	0
R&D	GGB	10.07-CR-11221611-023	156	0
R&D	GGB	10.07-CR-11221611-024	156	0
R&D	GGB	10.07-CR-11221611-025	52,287	0
R&D	GGB	10.07-CR-11221611-026	6,131	0
R&D	GGB	10.07-CR-11221611-027 AMD #	21,640	0
R&D	GGB	10.07-CR-11221611-028	32,801	0
R&D	GGB	10.07-CR-11221611-029	147,335	0
R&D	GGB	10.07-CR-11221611-030	22,879	0
R&D	GGB	10.07-CR-11221611-031	64,088	0
R&D	GGB	10.07-CR-11221611-032	114,625	0
R&D	GGB	10.07-CR-11221611-033	8,721	0
R&D	GGB	10.07-CR-11221611-034	63,010	0
R&D	GGB	10.07-CR-11221611-035	78,384	0
R&D	GGB	10.07-CR-11221611-036 AMD 1	58,521	0
R&D	GGB	10.07-CR-11221611-037	51,495	0
R&D	GGB	10.07-CR-11221611-038	59,136	0
R&D	GGB	10.07-CR-11221611-039 AMD #	4,430	0
R&D	GGB	10.07-CR-11221611-040	23,428	0
R&D	GGB	10.07-CR-11221611-043	51,344	0
R&D	GGB	10.07-CR-11221611-045	8,056	0
R&D	GGB	10.07-CR-11221611-046	4,652	0
R&D	GGB	10.07-CR-11221611-047	117,938	0
R&D	GGB	10.07-CR-11221611-049	67,089	0
R&D	GGB	10.07-CR-11221611-065	35,051	0
R&D	GGB	10.07-CR-11221611-066 AMD#1	97,909	0
R&D	GGB	10.07-CR-11221611-067	37,741	0
R&D	GGB	10.07-CR-11221611-091	250,474	0
R&D	GGB	10.07-CR-11221611-094	42,552	0
R&D	GGB	10.07-CR-11221611-095	121	0
R&D	GGB	10.07-CR-11221611-096 AMD #	39,527	0
R&D	GGB	10.07-CR-11221611-097	33,780	0
R&D	GGB	10.07-CR-11221611-098	99	0
R&D	GGB	10.07-CR-11221611-099	99	0
R&D	GGB	10.07-CR-11221611-100	37,609	0
R&D	GGB	10.07-CR-11221611-101	21,528	0
R&D	GGB	10.07-CR-11221611-105 AMD #	66,262	0
R&D	GGB	10.07-CR-11221611-106	2,703	0
R&D	GGB	10.07-CR-11221611-108 AMD1	28,834	0
R&D	GGB	10.07-CR-11221611-109	26,339	0
R&D	GGB	10.07-CR-11221611-110	35,004	0
R&D	GGB	10.07-CR-11221611-112	8,576	0
R&D	GGB	10.07-CR-11221611-118	18,136	0
R&D	GGB	10.07-CR-11221611-146	97	0
R&D	GGB	10.07-CR-11221611-147	42	0
R&D	GGB	10.07-CR-11221611-149	74	0
R&D	GGB	10.07-CR-11221611-152	19	0
R&D	GGB	10.07-CR-11221611-174	171,921	0
R&D	GGB	10.07-CR-11221611-198	373	0
R&D	GGB	10.07-CR-11221611-200	10,113	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	10.07-CR-11221611-219	44,858	0
R&D		GGB	10.07-CR-11221611-221	42	0
R&D		GGB	10.07-CR-11221611-224	44,271	0
R&D		GGB	10.07-CR-11221611-234	2,923	0
R&D		GGB	10.07-CR-11221611-237	42	0
R&D		GGB	10.07-CR-11221611-240	7,348	0
R&D		GGB	10.07-CR-11221611-245	42	0
R&D		GGB	10.07-CR-11221611-246	42	0
R&D		GGB	10.07-CR-1221611-244	42	0
R&D		GGB	10.07-IA-11221611-120	167,272	0
R&D		GGB	10.07-JV-11221611-180	5,793	0
R&D		GGB	10.07-JV-11221616-061	12,415	0
R&D		GGB	10.07-JV-11221673-135	5,846	0
R&D		GGB	10.07-PA-11221616-207	3,771	0
Forestry Research		GFB	10.652	9,384	0
Forestry Research		GFE	10.652	12,682	0
Forestry Research		GGB	10.652	947,587	0
SUBTOTAL DIRECT FROM:				14,365,317	15,311
SUBTOTAL FOREST SERVICE, DEPARTMENT OF AGRICULTURE				14,365,317	15,311
NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE					
Soil and Water Conservation		GGB	10.902	11,130	0
Environmental Quality Incentives Program		GGB	10.912	197,535	0
SUBTOTAL DIRECT FROM:				208,665	0
SUBTOTAL NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE				208,665	0
RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE					
Community Outreach and Assistance Partnership Program		GGB	10.455	58,622	0
Commodity Partnerships for Risk Management Education		GGB	10.457	63,121	0
Commodity Partnerships for Small Agricultural Risk Management Education Sessions		GGB	10.459	3,928	0
SUBTOTAL DIRECT FROM:				125,671	0
SUBTOTAL RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE				125,671	0
SUBTOTAL DEPARTMENT OF AGRICULTURE				30,353,908	2,306,270
DEPARTMENT OF COMMERCE					
DEPARTMENT OF COMMERCE					
DIRECT FROM:					
DEPARTMENT OF COMMERCE					
Unclassified Grants and Contracts		GFB	11.000	367,397	0
Unclassified Grants and Contracts		GFE	11.000	171,433	0
SUBTOTAL DIRECT FROM:				538,830	0
SUBTOTAL DEPARTMENT OF COMMERCE				538,830	0
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE					
Economic Development: Support for Planning Organizations		GFB	11.302	42,879	0
SUBTOTAL DIRECT FROM:				42,879	0
SUBTOTAL ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE				42,879	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE					
Weights and Measures Service		GFE	11.606	1,487	0
Measurement and Engineering Research and Standards		GFB	11.609	6,670,409	0
Measurement and Engineering Research and Standards		GFE	11.609	124,112	0
Measurement and Engineering Research and Standards		GGB	11.609	206,036	0
Measurement and Engineering Research and Standards		GLA	11.609 / 11.70NANB7H6083	9,777	0
Advanced Technology Program		GFB	11.612	167,009	0
R&D		GLA	11.IPA#3007	(14)	0
R&D		GLA	11.IPA0608	8,605	0
R&D		GLA	11.NA030AR4300104	127	0
R&D		GLA	11.RA1341-05-SE-1341	(882)	0
SUBTOTAL DIRECT FROM:				7,186,666	0
PASS-THROUGH PROGRAMS FROM:					
National Instutue of Standards and Technology					
Advanced Technology Program		GLA	11.612 / 11.70NANB6H6036	511	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				511	0
SUBTOTAL NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE				7,187,177	0
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE					
Climate and Atmospheric Research		GFB	11.431	426,348	0
Climate and Atmospheric Research		GFC	11.431	10,827	0
Climate and Atmospheric Research		GFE	11.431	(34,219)	0
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes		GFB	11.432	23,432,504	6,529
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes		GGB	11.432	7,211,479	71,264
Environmental Sciences, Applications, Data, and Education		GFB	11.440	41,449	0
Congressionally Identified Awards and Projects		GGB	11.469	113,772	0
R&D		GGB	11.NA17RJ1228 #82	76,184	0
R&D		GGB	11.NA17RJ1228 #91	105,145	0
R&D		GGB	11.NA17RJ1228 AMEND.100	136,755	0
R&D		GGB	11.NA17RJ1228 AMEND.134	583,248	0
R&D		GGB	11.NA17RJ1228 #102	83,079	0
R&D		GGB	11.NA17RJ1228 #106	76,636	0
R&D		GGB	11.NA17RJ1228 #110	18,660	0
R&D		GGB	11.NA17RJ1228 #127	105,419	0
R&D		GGB	11.NA17RJ1228 #130	72,936	0
R&D		GGB	11.NA17RJ1228 #133	221,356	0
R&D		GGB	11.NA17RJ1228 #46	4,777	0
R&D		GGB	11.NA17RJ1228 #68	1,270	0
R&D		GGB	11.NA17RJ1228 #79	191,316	0
R&D		GGB	11.NA17RJ1228 #80	103,991	0
R&D		GGB	11.NA17RJ1228 AMEND. 111	43,619	0
R&D		GGB	11.NA17RJ1228 AMEND. 137	333,924	0
R&D		GGB	11.NA17RJ1228 AMEND. 24	2,257	0
R&D		GGB	11.NA17RJ1228 AMEND.126	19,810	0
SUBTOTAL DIRECT FROM:				33,382,542	77,793
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY CORP. FOR ATMOSPHERIC RESEARCH					
Climate and Atmospheric Research		GFB	11.431 / 11.S06-54898	18,275	0
UNIVERSITY OF MIAMI					
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes		GFB	11.432 / 11.66080T/PO#P779141	29,852	0
UNIVERSITY OF NEBRASKA LINCOLN					
Climate and Atmospheric Research		GFB	11.431 / 11.25-6238-0297-002	36,831	0
University of Alaska - Fairbanks					
Undersea Research		GLA	11.430 / 11.UAF 06-0097	74,528	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				159,486	0
SUBTOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE				33,542,028	77,793

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL WEATHER SERVICE, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL WEATHER SERVICE, DEPARTMENT OF COMMERCE					
Hydrologic Research		GFB	11.462	52,631	0
SUBTOTAL DIRECT FROM:				52,631	0
SUBTOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL WEATHER SERVICE, DEPARTMENT OF COMMERCE				52,631	0
SUBTOTAL DEPARTMENT OF COMMERCE				41,363,545	77,793
DEPARTMENT OF DEFENSE					
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE					
R&D		GLA	12.202466-SU6	4,291	0
R&D		GLA	12.700146469	20,049	0
Air Force Defense Research Sciences Program		GFB	12.800	2,159,283	9,671
Air Force Defense Research Sciences Program		GFC	12.800	14,980	0
Air Force Defense Research Sciences Program		GGB	12.800	395,727	0
Air Force Defense Research Sciences Program		GLA	12.800 / 12.FA9550-06-1-0548	60,736	0
Air Force Defense Research Sciences Program		GLA	12.800 / 12.FA9550-07-0026	127,452	0
R&D		GLA	12.CSM-07.01	4,175	0
R&D		GLA	12.F29601-02-C-0222	(181)	0
R&D		GLA	12.FA8650-04-C-5044	739	0
R&D		GLA	12.FA8750-04-1-0298	66,040	0
R&D		GLA	12.FA8750-06-1-0001	174,997	0
R&D		GLA	12.W912HQ-06-C-0024	5,820	0
R&D		GLA	12.W912HQ-06-C-0028	9,996	0
SUBTOTAL DIRECT FROM:				3,044,104	9,671
PASS-THROUGH PROGRAMS FROM:					
ADA Technologies, Inc.					
R&D		GLA	12.05-0965S	127,860	0
R&D		GLA	12.06-08365	2,566	0
Functional Coating Technologies, LLC					
R&D		GLA	12.FA8650-06-M-2627	13,118	0
GE GLOBAL RESEARCH					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.PO 700118281	118,537	0
ITN ENERGY SYSTEMS INC.					
R&D		GLA	12.FA9550-04-C-0111	(17)	0
MIDE TECHNOLOGY CORPORATION					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.311	10,711	0
NORTHWESTERN UNIVERSITY					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.0650 300 F416 427	221,269	0
Noblis					
R&D		GLA	12.30940	66,452	0
Office of Naval Research					
R&D		GLA	12.N00014-06-1-0207	146,267	0
Pathfinder Systems, Inc.					
R&D		GLA	12.0212-001	33,963	0
Percep Tek, Inc.					
R&D		GLA	12.F051-161-0846	717	0
R&D		GLA	12.unknown	48,365	0
Princeton University					
Air Force Defense Research Sciences Program		GLA	12.800 / 12.1040	243,620	93,311
ROCKWELL SCIENCE CENTER					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.B5U520036	9	0
S&K ELECTRONICS					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.99HOU02	(24,320)	0
TDA Research, Inc.					
R&D		GLA	12.CSM06.01	8,200	0
TECH-X CORPORATION					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.F2-1928	1,041	0
TELEDYNE SCIENTIFIC AND IMAGING, LLC					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.B5U529136	55,310	0
THE TIMKEN COMPANY					
R&D		GLA	12.F33615-03-D-2353	(10,523)	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
U.S. Army Corp. of Engineers					
R&D		GLA	12.Service Order No. 452652	182,517	0
R&D		GLA	12.W912HQ-06-C-0018	102,572	0
UNIVERSITY OF CALIFORNIA BERKLEY					
Air Force Defense Research Sciences Program		GFB	12.800 / 12.SA4391-32438PG	22,750	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				1,370,984	93,311
SUBTOTAL AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE				4,415,088	102,982
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE					
Research & Technology Development		GFB	12.910	672,912	347,887
Research & Technology Development		GFC	12.910	3,327	0
Research & Technology Development		GGB	12.910	6,320	29,437
Research & Technology Development		GLA	12.910 / 12.61175	140,898	0
SUBTOTAL DIRECT FROM:				823,457	377,324
PASS-THROUGH PROGRAMS FROM:					
NEXTGEN AERONAUTICS, INC.					
Research & Technology Development		GFB	12.910 / 12.PO # NGAI 05.0025	(982)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				(982)	0
SUBTOTAL DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE				822,475	377,324
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE					
Military Medical Research & Development		GFB	12.420	92,470	0
Military Medical Research & Development		GFC	12.420	17,076	0
Military Medical Research & Development		GFE	12.420	1,951,506	0
Military Medical Research & Development		GGB	12.420	383,793	173,172
SUBTOTAL DIRECT FROM:				2,444,845	173,172
PASS-THROUGH PROGRAMS FROM:					
AXIOM RESOURCE MANAGEMENT, INC.					
Military Medical Research & Development		GFE	12.420 / 12.W81XWH-04-F-0828	22,519	0
INDIANA UNIVERSITY					
Military Medical Research & Development		GFE	12.420 / 12.IND.UNIV #71287	62,914	0
UNIVERSITY OF WISCONSIN					
Military Medical Research & Development		GFE	12.420 / 12.V195786	(16,275)	0
Military Medical Research & Development		GFE	12.420 / 12.V207594	394,829	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				463,987	0
SUBTOTAL DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE				2,908,832	173,172
DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEPARTMENT OF DEFENSE					
Unclassified Grants and Contracts		GFB	12.000	988,331	0
R&D		GGB	12.DAAD19-02-2-0005 P00005	(3,171)	0
R&D		GGB	12.DAAD19-02-2-0005 P00009	94,776	145,459
R&D		GGB	12.DACA87-04-H-001	101,046	0
R&D		GGB	12.DAMD17-01-1-0124	31,958	0
R&D		GGB	12.DAMD17-02-0008 DO#0019	247,564	0
R&D		GGB	12.MG7854-07-1-7021 MOD P00	147,822	0
R&D		GGB	12.N62473-06-LT-R0026	119,440	0
R&D		GGB	12.N68711-04-LT-A0063	4,014	0
R&D		GGB	12.N68711-05-LT-A-0052	82,662	0
R&D		GLA	12.P116B040030	39,400	61,904
R&D		GLA	12.P200A060133	75,951	0
R&D		GGB	12.W911NF-06-2-0015	1,674,680	56,055
R&D		GGB	12.W9128F-06-P-0072	216,400	0
R&D		GGB	12.W912HQ-04-C-0043	229,108	67,470
R&D		GGB	12.W912HQ-05-C-0028	122,890	0
R&D		GGB	12.W912HQ-05-C-0042 #03	76,169	19,171
R&D		GGB	12.W912HQ-06-C-0012	47,934	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	12.W9132T-06-2-0018 P00002	38,726	0
R&D		GGB	12.W9132T-07-2-0012	12,544	0
R&D		GGB	12.W91CRB-04-C-0061 P0009	149,989	0
SUBTOTAL DIRECT FROM:				4,498,233	350,059
PASS-THROUGH PROGRAMS FROM:					
BAE SYSTEMS					
Unclassified Grants and Contracts		GFB	12.000 / 12.248320	64,082	20,000
CORNERSTONE RESEARCH GROUP					
Unclassified Grants and Contracts		GFB	12.000 / 12.7345	44,003	0
HONEYWELL INTERNATIONAL, INC.					
Unclassified Grants and Contracts		GFB	12.000 / 12.GPA A007443	85,167	0
INFOSCITEX					
Unclassified Grants and Contracts		GFB	12.000 / 12.1124-1S2	3,400	0
MIDE TECHNOLOGY CORPORATION					
Unclassified Grants and Contracts		GFB	12.000 / 12.1016	36,519	0
MOSAIC AMT, INC.					
Unclassified Grants and Contracts		GFB	12.000 / 12.OCG4920B	15,815	0
PrSM Corporation					
R&D		GLA	12.W9113M-05-C-0119	1,639	0
SCIENCE APPLICATIONS INTERNATIONAL CORP					
Unclassified Grants and Contracts		GFB	12.000 / 12.4400124667	47,247	0
SHARED SPECTRUM COMPANY					
Unclassified Grants and Contracts		GFB	12.000 / 12.2005-13	234,198	0
SYNKERA TECHNOLOGIES, INC.					
Unclassified Grants and Contracts		GFB	12.000 / 12.OCG4739B	88,426	0
Unclassified Grants and Contracts		GFB	12.000 / 12.OCG4867	36,522	0
UNIVERSITY OF ILLINOIS					
Unclassified Grants and Contracts		GFB	12.000 / 12.2006-06418-01	295	0
UNIVERSITY OF WASHINGTON					
Unclassified Grants and Contracts		GFB	12.000 / 12.SUBCONTRACT NO.3023	324,899	0
VESCENT PHOTONICS, INC.					
Unclassified Grants and Contracts		GFB	12.000 / 12.OCG4829B	12,787	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				994,999	20,000
SUBTOTAL DEPARTMENT OF DEFENSE				5,493,232	370,059
NATIONAL SECURITY AGENCY, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
NATIONAL SECURITY AGENCY, DEPARTMENT OF DEFENSE					
Mathematical Sciences Grants Program		GFC	12.901	18,525	0
Information Security Grant Program		GFB	12.902	(22,822)	0
SUBTOTAL DIRECT FROM:				(4,297)	0
SUBTOTAL NATIONAL SECURITY AGENCY, DEPARTMENT OF DEFENSE				(4,297)	0
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY					
DIRECT FROM:					
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY					
Basic & Applied Scientific Research		GFB	12.300	2,149,324	137,310
Basic & Applied Scientific Research		GFC	12.300	213,780	376,404
Basic & Applied Scientific Research		GGB	12.300	852,083	9,064
Basic & Applied Scientific Research		GLA	12.300 / 12.N00014-02-1-0234	116,968	0
Basic & Applied Scientific Research		GLA	12.300 / 12.N00014-04-1-0156	(381)	0
R&D		GGB	12.N61331-06-C-0027 #P00001	33,162	0
R&D		GLA	12.unknown	(2,500)	0
SUBTOTAL DIRECT FROM:				3,362,436	522,778
PASS-THROUGH PROGRAMS FROM:					
BAE SYSTEMS					
Basic & Applied Scientific Research		GFB	12.300 / 12.165974	214,590	0
COLUMBIA UNIVERSITY					
Basic & Applied Scientific Research		GFC	12.300 / 12.N00014-05-1-0188	64,170	0
Basic & Applied Scientific Research		GFC	12.300 / 12.N00014-06-1-0032	47,857	0
InnovaTek, Inc.					
R&D		GLA	12.14329	7,861	0
R&D		GLA	12.14442	52,373	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Office of Naval Research					
Basic & Applied Scientific Research		GLA	12.300 / 12.N00014-06-1-0544	116,245	0
R&D		GLA	12.N00014-02-1-0665	305,897	450,105
R&D		GLA	12.N00014-05-1-0339	218,046	196,543
QuesTek Innovations LLC					
R&D		GLA	12.PO No. 05-197	47,762	0
REMOTE REALITY					
Basic & Applied Scientific Research		GFC	12.300 / 12.PO-M10025	91,551	0
S2 CORPORATION					
Basic & Applied Scientific Research		GFB	12.300 / 12.OCG4588B	(2,519)	0
TDA RESEARCH INC.					
Basic & Applied Scientific Research		GFB	12.300 / 12.UCB05.01	205,951	0
UNIVERSITY OF CALIFORNIA BERKLEY					
Basic & Applied Scientific Research		GFB	12.300 / 12.SA3212	(1,167)	0
UNIVERSITY OF WASHINGTON					
Basic & Applied Scientific Research		GFB	12.300 / 12.245906	225,887	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				1,594,504	646,648
SUBTOTAL OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY				4,956,940	1,169,426
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE					
Flood Plain Management Services		GFE	12.104	(74)	0
Collaborative Research & Development		GFB	12.114	148,832	30,426
Collaborative Research & Development		GGB	12.114	361,077	630,721
SUBTOTAL DIRECT FROM:				509,835	661,147
PASS-THROUGH PROGRAMS FROM:					
AERONAUTICAL INCORPORATED					
Collaborative Research & Development		GFB	12.114 / 12.177201	6	0
Collaborative Research & Development		GFB	12.114 / 12.177201 DEL ORDER 96	110	0
HONEYWELL INTERNATIONAL, INC.					
Collaborative Research & Development		GFB	12.114 / 12.GPA A007075,A006563	10,752	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				10,868	0
SUBTOTAL OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE				520,703	661,147
OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE					
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	91,989	0
Basic, Applied, & Advanced Research in Science and Engineering		GFC	12.630	868,529	0
Basic, Applied, & Advanced Research in Science and Engineering		GGB	12.630	44,065	0
SUBTOTAL DIRECT FROM:				1,004,583	0
PASS-THROUGH PROGRAMS FROM:					
NORTHROP GRUMMAN					
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630 / 12.16112QDP4S	79,909	26,311
TELEDYNE SCIENTIFIC AND IMAGING, LLC					
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630 / 12.B6U517361	322,106	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				402,015	26,311
SUBTOTAL OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE				1,406,598	26,311
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND					
DIRECT FROM:					
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND					
R&D		GLA	12.202563.028	71,274	0
Basic Scientific Research		GFB	12.431	2,989,954	1,825,602
Basic Scientific Research		GFC	12.431	716,178	794,347
Basic Scientific Research		GFE	12.431	193,319	60,415
Basic Scientific Research		GGB	12.431	274,611	0
Basic Scientific Research		GLA	12.431 / 12.W911NF-04-1-0169	81,617	0
Basic Scientific Research		GLA	12.431 / 12.W911NF-06-1-0338	33,550	0
Basic Scientific Research		GLA	12.431 / 12.W911NF-07-1-0134	5,376	0
R&D		GLA	12.DAAD19-01-1-0590	(612)	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GLA	12.W81XWH-07-C-0061	40,744	0
R&D		GLA	12.W911NF-05-1-0141	59,655	0
R&D		GLA	12.W911NF-07-1-025-8	12,396	0
SUBTOTAL DIRECT FROM:				4,478,062	2,680,364
PASS-THROUGH PROGRAMS FROM:					
AMERICAN MUSEUM OF NATURAL HISTORY					
Basic Scientific Research		GFB	12.431 / 12.SUB2-2005/PO#40004	47,483	0
Advanced Technology Institute					
R&D		GLA	12.2006-343	(2,949)	0
American Chemical Society					
R&D		GLA	12.2006-343	33,632	0
Army Research Office					
Basic Scientific Research		GLA	12.431 / 12.DAAD19-03-1-0292	(3,355)	0
Basic Scientific Research		GLA	12.431 / 12.W911NF-06-1-0311	62,374	0
Basic Scientific Research		GLA	12.431 / 12.W911NF-06-1-0350	22,644	0
Carnegie Mellon University					
R&D		GLA	12.1130070-179180	59,076	0
MICROSAT SYSTEMS INC					
Basic Scientific Research		GFB	12.431 / 12.04M-233	1,864	(1,600)
MITRETEK SYSTEMS, INC.					
R&D		GLA	12.FA8903-04-D-8715	28,897	0
NEW MEXICO STATE UNIVERSITY					
Basic Scientific Research		GFB	12.431 / 12.Q00877	19,376	0
PURDUE UNIVERSITY					
Basic Scientific Research		GFB	12.431 / 12.531-0897-01	100,743	0
Protonex Technolgoy Corp					
R&D		GLA	12.2006-02 PRIME-W911NF-06-	54,548	0
SKY RESEARCH, INC.					
R&D		GLA	12.W912HQ-04-C-0009	33,930	0
TDA Research, Inc.					
R&D		GLA	12.CSM-05.1	(165)	0
U.S. Army Corp. of Engineers					
R&D		GLA	12.DACA72-02-C-0012	(1,800)	0
R&D		GLA	12.DACA72-02-C-0019	6,192	0
R&D		GLA	12.W912HQ-04-C-0040	175,211	101,366
UNIVERSITY OF CALIFORNIA AT SANTA BARBARA					
Basic Scientific Research		GFB	12.431 / 12.KK0124	101,475	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				739,176	99,766
SUBTOTAL U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND				5,217,238	2,780,130
SUBTOTAL DEPARTMENT OF DEFENSE				25,736,809	5,660,551
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Equal Opportunity in Housing		GFE	14.400	164,261	68,758
SUBTOTAL DIRECT FROM:				164,261	68,758
SUBTOTAL OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				164,261	68,758
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				164,261	68,758
DEPARTMENT OF THE INTERIOR					
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR					
R&D		GLA	15.CMK00000003	22,362	0
R&D		GLA	15.CMK16060016	179,433	0
SUBTOTAL DIRECT FROM:				201,795	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
Bureau of Indian Affairs					
R&D		GLA	15.CMK00000003	(61,504)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				(61,504)	0
SUBTOTAL BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR				140,291	0
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR					
R&D		GGB	15.07584102	7,987	0
R&D		GGB	15.1422 CAA030001 CAF050034	56,922	0
R&D		GGB	15.1422 CAA030001 CAF060013	6,846	0
R&D		GGB	15.1422 CAA030001 CAF060021	28,828	0
R&D		GGB	15.1422 CAA030001 CAF060022	14,999	0
R&D		GGB	15.1422 CAA030001/CAF060018	4,429	0
R&D, BLM GIS Projects for Students		GZA	15.1422 CAA050009	6,494	0
R&D		GGB	15.1422 CAA050023	40,182	0
R&D, Bureau of Land Mgmt Task Order		GZA	15.1422CAA990017 TASK TO4	3,290	0
Recreation Resource Management		GFB	15.225	27,865	0
R&D		GGB	15.KAA000011 KAF031018	31,055	10,105
R&D		GGB	15.KAA051037	24,704	0
R&D		GGB	15.LAA-04-0008	78,904	0
R&D,BLM Wildland Fire Mgmt		GZA	15.PreAward	4,029	0
SUBTOTAL DIRECT FROM:				336,534	10,105
SUBTOTAL BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR				336,534	10,105
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR					
R&D		GGB	15.02-FC-40-6130	797,971	0
R&D		GGB	15.04CS810989 3001	3,747	0
R&D		GGB	15.05FC601953	17,519	0
R&D		GGB	15.05FG602036	165	0
R&D		GGB	15.06FG204049 #0002	19,875	0
R&D		GGB	15.06FG602179	56,212	0
R&D		GGB	15.06FG602187 #001	3,876	0
R&D		GGB	15.06PG810159	21,669	0
R&D		GGB	15.07FC602204	455	0
Water Reclamation and Reuse Program		GFB	15.504	501,337	0
R&D		GGB	15.99-FC-60-12140 MOD. #01	39,685	0
SUBTOTAL DIRECT FROM:				1,462,511	0
PASS-THROUGH PROGRAMS FROM:					
Bureau of Reclaimation					
R&D		GLA	15.04-FC-81-1053	(1,074)	0
Minerals Management Service					
Water Reclamation and Reuse Program		GLA	15.504 / 15.0105PO39363	35,983	0
Water Reclamation and Reuse Program		GLA	15.504 / 15.0106PO39592	47,929	0
WATER REUSE FOUNDATION					
R&D		GLA	15.WRF-03-014	13,079	53,801
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				95,917	53,801
SUBTOTAL BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR				1,558,428	53,801
DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
DEPARTMENT OF THE INTERIOR					
Unclassified Grants and Contracts		GFB	15.000	476,327	0
Unclassified Grants and Contracts		GFE	15.000	44,869	0
R&D		GGB	15.1425-05-FC-10-1135 #002	21,723	0
R&D		GGB	15.H1200040001 CSU-12	6,920	0
R&D: Dept of Interior: Curecanti Nat'l Rec		GKA	15.J1379060045	6,000	0
R&D		GGB	15.S06PC12056	914	0
SUBTOTAL DIRECT FROM:				556,753	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
BBNT SOLUTIONS LLC					
Unclassified Grants and Contracts		GFB	15.000 / 15.9500008244	84,513	66,990
TEXAS A&M UNIVERSITY					
Unclassified Grants and Contracts		GFB	15.000 / 15.S020055	11,362	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				95,875	66,990
SUBTOTAL DEPARTMENT OF THE INTERIOR				652,628	66,990
GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR					
Assistance to State Water Resources Research Institutes		GFB	15.805	208,835	0
Assistance to State Water Resources Research Institutes		GGB	15.805	39,131	16,733
Earthquake Hazards Reduction Program		GFB	15.807	66,486	0
Earthquake Hazards Reduction Program		GLA	15.807 / 15.04HQGR0108	(31,468)	0
Earthquake Hazards Reduction Program		GLA	15.807 / 15.06HQGR0006	36,564	0
U.S. Geological Survey: Research & Data Acquisition		GFB	15.808	206,505	0
U.S. Geological Survey: Research & Data Acquisition		GFE	15.808	59,049	0
U.S. Geological Survey: Research & Data Acquisition		GGB	15.808	1,286,714	13,248
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04CRAG0009	49,528	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04CRAG0010	41	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04CRAG0026	(7,838)	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04HQGR0147	(239)	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04HQGR015	305	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.07ERAG0010	4,863	0
SUBTOTAL DIRECT FROM:				1,918,476	29,981
PASS-THROUGH PROGRAMS FROM:					
SCIENCE APPLICATIONS INTERNATIONAL CORP					
U.S. Geological Survey: Research & Data Acquisition		GFB	15.808 / 15.4400085812	150,217	0
U.S. Geological Survey					
Earthquake Hazards Reduction Program		GLA	15.807 / 15.06HQGR0004	11,384	0
US Geological Survey					
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04CRGR0001	(145)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				161,456	0
SUBTOTAL GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR				2,079,932	29,981
MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR					
R&D		GLA	15.0103PO72188	(4,235)	0
SUBTOTAL DIRECT FROM:				(4,235)	0
PASS-THROUGH PROGRAMS FROM:					
Minerals Management Service					
R&D		GLA	15.0106CT39654	79,188	0
R&D		GLA	15.1435-01-04-36637	3,444	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				82,632	0
SUBTOTAL MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR				78,397	0
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR					
Technical Preservation Services		GFB	15.915	1,842	0
Technical Preservation Services		GFC	15.915	646	0
Technical Preservation Services		GKA	15.915	21,132	0
Outdoor Recreation: Acquisition, Development and Planning		GGB	15.916	77,911	0
Rivers, Trails, & Conservation Assistance		GFB	15.921	65,665	0
Native American Graves Protection and Repatriation Act		GFB	15.922	43,760	0
National Center for Preservation Technology and Training (B) -		GFE	15.923	(584)	0
National Center for Preservation Technology and Training (B) -		GLA	15.923 / 15.20118 INITIAL 2006	18,560	0
American Battlefield Protection		GFB	15.926	5,440	0
Save America's Treasures		GFB	15.929	36,406	0
Save America's Treasures		GFE	15.929	3	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D	GGB	15.CA H2380040002 TO 04-09	84,905	0
R&D	GGB	15.CA6000A0100 TA# J-2106-0	27,834	0
R&D	GGB	15.CAH6000060100 J1560-06-C	20,000	0
R&D	GGB	15.H1200040001 J124205006	8,422	0
R&D	GGB	15.H1200040001 J1521050023	357	0
R&D	GGB	15.H1200040001 J7350060006	42,820	0
R&D	GGB	15.H1200040001 CSU-01	5,165	0
R&D	GGB	15.H1200040001 CSU-08, -04	7,908	0
R&D	GGB	15.H1200040001 CSU-09	922	0
R&D	GGB	15.H1200040001 CSU-20	1,181	0
R&D	GGB	15.H1200040001 CSU-22	2,457	0
R&D	GGB	15.H1200040001 CSU-28, CSUR	8,812	0
R&D	GGB	15.H1200040001 CSU-31	34,235	0
R&D	GGB	15.H1200040001 CSU-32	9,275	9,000
R&D	GGB	15.H1200040001 CSU-33, 07,	23,157	0
R&D	GGB	15.H1200040001 CSU-34,29,21	113,688	0
R&D	GGB	15.H1200040001 CSURM-14,38	24,527	0
R&D	GGB	15.H1200040001 CSURM-16	20,452	0
R&D	GGB	15.H1200040001 CSURM-23	4,519	0
R&D	GGB	15.H1200040001 CSURM-26,44	41,970	0
R&D	GGB	15.H1200040001 CSURM-43	6,478	0
R&D	GGB	15.H1200040001 CSURM-46	14,620	0
R&D	GGB	15.H1200040001 CSURM-48	5,734	0
R&D	GGB	15.H1200040001 CSURM-52, 56	22,041	0
R&D	GGB	15.H1200040001 CSURM-53	12,018	0
R&D	GGB	15.H1200040001 CSURM-57	2,707	0
R&D	GGB	15.H1200040001 CSURM-64	16,676	0
R&D	GGB	15.H1200040001 CSURM-65	21,848	0
R&D	GGB	15.H1200040001 CSURM-66/27/	94,961	0
R&D	GGB	15.H1200040001 CSURM-68, 78	8,428	0
R&D	GGB	15.H1200040001 CSURM-69,42	74,300	0
R&D	GGB	15.H1200040001 CSURM-70,37	9,527	0
R&D	GGB	15.H1200040001 CSURM-71	1,436	0
R&D	GGB	15.H1200040001 CSURM-72	4,741	0
R&D	GGB	15.H1200040001 CSURM-73	9,817	0
R&D	GGB	15.H1200040001 J9453060048	3,584	0
R&D	GGB	15.H1200040001 TO J21140600	63,257	0
R&D	GGB	15.H1200040001/CSURM-74	3,423	0
R&D	GGB	15.H1200040002 CSU-107 CSU-	182,764	0
R&D	GGB	15.H1200040002 CSU-108	17,290	0
R&D	GGB	15.H1200040002 CSU-109	2,378	0
R&D	GGB	15.H1200040002 CSU-110	4,457	0
R&D	GGB	15.H1200040002 CSUCP-105	2,754	0
R&D	GGB	15.H1200040002 CSUCP-112	(3)	0
R&D	GGB	15.H1200040002 CSUCP-113	69,762	0
R&D	GGB	15.H1200040002 CSUCP-114	10,425	0
R&D	GGB	15.H1200040002 CSUCP-115	8,304	0
R&D	GGB	15.H1200040002 CSUCP-116	3,047	0
R&D	GGB	15.H1200040002 CSUCP-117,10	97,129	0
R&D	GGB	15.H1200040002 CSUCP-119	6,175	0
R&D	GGB	15.H1200040002 CSUCP-97	3,174	0
R&D	GGB	15.H120004001 TO36/CSU39	35,625	0
R&D, Native Plant Restoration, Colo Natl Mon	GZA	15.H1378040033	32	0
R&D	GGB	15.H23800040002 TO 05-60	314,072	0
R&D	GGB	15.H23800040002 TO J2350064	564,959	0
R&D	GGB	15.H2380040001 J2340060027	20,372	0
R&D	GGB	15.H2380040001 J2350064110	60,893	0
R&D	GGB	15.H2380040001 J2370050544	48,169	0
R&D	GGB	15.H2380040001 J2380060110	15,481	0
R&D	GGB	15.H2380040001 T.O. 04-01	10,411	0
R&D	GGB	15.H2380040001 T.O.J2380060	324,010	0
R&D	GGB	15.H2380040001 TO 04-59	12,320	0
R&D	GGB	15.H2380040001 TO J23400500	205,296	0
R&D	GGB	15.H2380040001 TO J23400600	41,361	0
R&D	GGB	15.H2380040001 TO J23700501	91,673	0
R&D	GGB	15.H2380040001 TO J23700505	56,641	10,910
R&D	GGB	15.H2380040001 TO J23700601	291,338	0
R&D	GGB	15.H2380040001 TO J23700625	8,413	0
R&D	GGB	15.H2380040001 TO J23800501	60,484	0
R&D	GGB	15.H2380040001 TO J25510530	130,874	0
R&D	GGB	15.H2380040002 02-19/J2485	201,332	0
R&D	GGB	15.H2380040002 T.O. 05-51	13,604	0
R&D	GGB	15.H2380040002 TO 04-20 MO	10,821	0
R&D	GGB	15.H2380040002 TO 04-21 MO	137,716	0
R&D	GGB	15.H2380040002 TO 05-56 0	252,809	0
R&D	GGB	15.H2380040002 J2340060040	22,471	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	15.H2380040002 J2350053125	97,449	0
R&D		GGB	15.H2380040002 J2485050105	58,799	0
R&D		GGB	15.H2380040002 TO 04-02 MOD	784,550	0
R&D		GGB	15.H2380040002 TO 04-04 AME	62,958	0
R&D		GGB	15.H2380040002 TO 04-05 MOD	45,489	0
R&D		GGB	15.H2380040002 TO 04-53 05-	42,724	0
R&D		GGB	15.H2380040002 TO J23400500	52,218	0
R&D		GGB	15.H2380040002 TO J23400600	228,740	0
R&D		GGB	15.H2380040002 TO J23600641	412,923	0
R&D		GGB	15.H2380040002 TO J23700530	286,302	0
R&D		GGB	15.H2380040002 TO J95600600	14,578	0
R&D		GGB	15.H2380040002/J2350064155	304,195	0
R&D		GGB	15.H2380040002/J2350075042	77,751	0
R&D		GGB	15.H2380040002/J2370050079	111,133	0
R&D		GGB	15.H2380040002/J2380050138	115,101	0
R&D: Dept of Interior: Ethnographic Overview RMNP		GKA	15.J1217060007	12,275	0
R&D		GGB	15.J1242069001	9,947	0
R&D		GGB	15.P8333060005	21,525	0
SUBTOTAL DIRECT FROM:				7,206,473	19,910
PASS-THROUGH PROGRAMS FROM:					
NATIONAL PARK FOUNDATION					
National Center for Preservation Technology and Training (B) -		GFB	15.923 / 15.OCG4544B	13,457	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				13,457	0
SUBTOTAL NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR				7,219,930	19,910
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
Abandoned Mine Land Reclamation (AMLR) Program		GFB	15.252	18	0
SUBTOTAL DIRECT FROM:				18	0
SUBTOTAL OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR				18	0
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
Fish & Wildlife Management Assistance		GFB	15.608	(65)	0
Fish & Wildlife Management Assistance		GGB	15.608	184,836	0
Coastal Program		GFB	15.630	248,173	0
State Wildlife Grants		GFB	15.634	124,578	0
SUBTOTAL DIRECT FROM:				557,522	0
SUBTOTAL U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR				557,522	0
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR					
R&D		GLA	15.04CRSA0840	65	0
R&D		GGB	15.05HQGR0150 MOD 01	0	61,565
National Spatial Data Infrastructure Competitive Cooperative Agreements Program		GFB	15.809	9,293	3,980
Cooperative Research Units Program		GFB	15.812	428	0
Cooperative Research Units Program		GFE	15.812	4,715	0
Cooperative Research Units Program		GGB	15.812	24,408	0
R&D		GLA	15.01WRCN0015	(64)	0
R&D		GLA	15.unknown	102,575	0
SUBTOTAL DIRECT FROM:				141,420	65,545

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
National Renewable Energy Laboratory					
R&D		GLA	15.FA8750-04-1-0298	660	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				660	0
SUBTOTAL U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR				142,080	65,545
SUBTOTAL DEPARTMENT OF THE INTERIOR				12,765,760	246,332
DEPARTMENT OF JUSTICE					
DEPARTMENT OF JUSTICE					
DIRECT FROM:					
DEPARTMENT OF JUSTICE					
Unclassified Grants and Contracts		GFB	16.000	100,032	0
Unclassified Grants and Contracts		GFE	16.000	3,649	0
SUBTOTAL DIRECT FROM:				103,681	0
SUBTOTAL DEPARTMENT OF JUSTICE				103,681	0
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE					
National Institute of Justice Research, Evaluation, and Development Projects Grants		GFB	16.560	142,045	0
SUBTOTAL DIRECT FROM:				142,045	0
SUBTOTAL NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE				142,045	0
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE					
Public Safety Partnership & Community Policing Grants		GFB	16.710	109,521	0
SUBTOTAL DIRECT FROM:				109,521	0
SUBTOTAL OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE				109,521	0
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE					
DIRECT FROM:					
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE					
Juvenile Justice & Delinquency Prevention: Allocation to States		GFB	16.540	(45,527)	102,118
Part E -Developing, Testing and Demonstrating Promising New Programs		GFB	16.541	677,930	0
Part E -Developing, Testing and Demonstrating Promising New Programs		GFE	16.541	140,513	110,960
Part D - Research, Evaluation, Technical Assistance and Training		GFE	16.542	43,460	0
Tribal Youth Program		GGB	16.731	2,681	0
SUBTOTAL DIRECT FROM:				819,057	213,078
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF PENNSYLVANIA					
Part D - Research, Evaluation, Technical Assistance and Training		GFB	16.542 / 16.536868-C/1665071	121,764	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				121,764	0
SUBTOTAL OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE				940,821	213,078
SUBTOTAL DEPARTMENT OF JUSTICE				1,296,068	213,078

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF LABOR					
MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR					
PASS-THROUGH PROGRAMS FROM:					
Mining Health & Safety Admin					
R&D		GLA	17.B2532537	6,368	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				6,368	0
SUBTOTAL MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR				6,368	0
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR					
DIRECT FROM:					
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR					
Occupational Safety & Health: Susan Harwood Training Grants		GLA	17.502 / 17.U60/CCU816929-05	(26)	0
SUBTOTAL DIRECT FROM:				(26)	0
PASS-THROUGH PROGRAMS FROM:					
University of California					
Occupational Safety & Health: Susan Harwood Training Grants		GLA	17.502 / 17.PO 10255091	185,759	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				185,759	0
SUBTOTAL OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR				185,733	0
SUBTOTAL DEPARTMENT OF LABOR				192,101	0
DEPARTMENT OF STATE					
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE					
DIRECT FROM:					
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE					
Educational Partnerships Program		GFB	19.406	36,307	0
SUBTOTAL DIRECT FROM:				36,307	0
SUBTOTAL BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE				36,307	0
DEPARTMENT OF STATE					
DIRECT FROM:					
DEPARTMENT OF STATE					
Unclassified Grants		GFB	19.000	10,419	0
SUBTOTAL DIRECT FROM:				10,419	0
SUBTOTAL DEPARTMENT OF STATE				10,419	0
SUBTOTAL DEPARTMENT OF STATE				46,726	0
DEPARTMENT OF TRANSPORTATION					
DEPARTMENT OF TRANSPORTATION					
DIRECT FROM:					
DEPARTMENT OF TRANSPORTATION					
Unclassified Grants and Contracts		GFE	20.000	47,495	0
R&D		GGB	20.DTFH61-99-X-00009	77,409	0
R&D		GGB	20.DTFH68-06-X-00022	29,998	0
R&D		GGB	20.DTFH68-07-X-00002	12,245	0
SUBTOTAL DIRECT FROM:				167,147	0
SUBTOTAL DEPARTMENT OF TRANSPORTATION				167,147	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY CORP. FOR ATMOSPHERIC RESEARCH					
Aviation Research Grants		GFB	20.108 / 20.S06-57994	45,752	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				45,752	0
SUBTOTAL FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION				45,752	0
SUBTOTAL DEPARTMENT OF TRANSPORTATION				212,899	0
OFFICE OF PERSONNEL MANAGEMENT					
OFFICE OF PERSONNEL MANAGEMENT					
DIRECT FROM:					
OFFICE OF PERSONNEL MANAGEMENT					
Intergovernmental Personnel Act (IPA) Mobility Program		GFE	27.011	1,780,278	0
SUBTOTAL DIRECT FROM:				1,780,278	0
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT				1,780,278	0
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT				1,780,278	0
GENERAL SERVICES ADMINISTRATION					
GENERAL SERVICES ADMINISTRATION					
DIRECT FROM:					
GENERAL SERVICES ADMINISTRATION					
Federal Citizen Information Center		GFE	39.009	74,074	0
SUBTOTAL DIRECT FROM:				74,074	0
SUBTOTAL GENERAL SERVICES ADMINISTRATION				74,074	0
SUBTOTAL GENERAL SERVICES ADMINISTRATION				74,074	0
LIBRARY OF CONGRESS					
LIBRARY OF CONGRESS					
DIRECT FROM:					
LIBRARY OF CONGRESS					
Government Publications Sales and Distribution		GFB	42.002	789	0
Distribution of Library of Congress Cataloging		GFB	42.003	572,868	0
SUBTOTAL DIRECT FROM:				573,657	0
PASS-THROUGH PROGRAMS FROM:					
AEROASTRO, INC.					
Government Publications Sales and Distribution		GFB	42.002 / 42.2491-001 VERSION 01	12	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				12	0
SUBTOTAL LIBRARY OF CONGRESS				573,669	0
SUBTOTAL LIBRARY OF CONGRESS				573,669	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
DIRECT FROM:					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
Aerospace Education Services Program		GFB	43.001	192,220	0
Aerospace Education Services Program		GFC	43.001	54,514	0
Aerospace Education Services Program		GGB	43.001	27,131	77,107
Technology Transfer		GFB	43.002	37,363,918	5,645,250
Technology Transfer		GFE	43.002	109,919	0
R&D		GLA	43.02500-0009	4,769	0
R&D		GLA	43.CNS-0546712	49,787	0
R&D		GGB	43.NAG5-11370 SUPPLEMENT 2	2,330	0
R&D		GLA	43.NAG5-12754	11,479	0
R&D		GGB	43.NAG5-13562 SUPPL. 3	2,565	0
R&D		GGB	43.NAG5-13567 MOD 5	118,208	0
R&D		GGB	43.NAG5-13623 SUPP. 6	15,080	0
R&D		GGB	43.NAG5-13637 SUPPLEMENT 2	7,523	0
R&D		GGB	43.NAG5-13640 #2	8,296	0
R&D		GGB	43.NAG5-13694 SUPP. 7	28,649	0
R&D		GGB	43.NAG5-13712 SUPP. 8	183,516	0
R&D		GGB	43.NAG5-13712 SUPP. 9	29,285	0
R&D		GGB	43.NAG9-1569 SUPP #1	1,477,843	460,073
R&D		GGB	43.NAS1-99103 AMEND. 22	53,617	0
R&D		GGB	43.NAS5-99237 MOD #24	663,983	0
R&D		GGB	43.NAS5-99237 MOD. 24	1,232,941	0
R&D		GGB	43.NNA06CB25G	17,019	0
R&D		GLA	43.NNA06CB64G	90,830	0
R&D		GLA	43.NNC04AA13A	117,688	63,882
R&D		GLA	43.NNC8-238	521,123	198,641
R&D		GLA	43.NNC04GA97G	31,834	0
R&D		GGB	43.NNG04GA22G #2	59,155	0
R&D		GGB	43.NNG04GB87G #01	5,930	25,725
R&D		GGB	43.NNG04GB97G SUPP. 3	2,638	0
R&D		GGB	43.NNG04GD75G SUPPLEMENT 4	69,832	0
R&D		GGB	43.NNG04GE35G	28,166	0
R&D		GGB	43.NNG04GF52A #3	295,977	0
R&D		GGB	43.NNG04GH53G SUPP 3	82,885	114,892
R&D		GGB	43.NNG04GH63G SUPP. 2	283,485	153,419
R&D		GGB	43.NNG04GI25G #02	135,141	0
R&D		GGB	43.NNG04GL61G SUPPLEMENT 1	0	1
R&D		GLA	43.NNG04GL90G	63,099	25,569
R&D		GLA	43.NNG04GN40G	200,116	0
R&D		GGB	43.NNG04GO73G SUPP. 4	50,508	74,817
R&D		GGB	43.NNG04GP59G #2	157,359	0
R&D		GGB	43.NNG04GQ15H SUPP2	18,766	0
R&D		GGB	43.NNG04GR44G MOD 2	37,890	0
R&D		GGB	43.NNG04HZ45C AMENDMENT 8	138,534	0
R&D		GGB	43.NNG05GA33G	134,209	25,133
R&D		GGB	43.NNG05GD15G AMD2	216,784	0
R&D		GGB	43.NNG05GF41G #01	18,546	0
R&D		GGB	43.NNG05GG12G SUPP 1	0	3,666
R&D		GGB	43.NNG05GK54G	206,074	0
R&D		GGB	43.NNG05GL07G	34,856	0
R&D		GLA	43.NNG05GL52H	22,540	0
R&D		GGB	43.NNG05GP53H	21,164	0
R&D		GGB	43.NNG06GA54G SUPP 1	93,920	0
R&D		GGB	43.NNG06GB41G	155,357	0
R&D		GGB	43.NNG06GB60G	39,962	0
R&D		GGB	43.NNG06GC10G	202,090	0
R&D		GGB	43.NNG06GC42G	176,508	0
R&D		GGB	43.NNG06GC46G	208,372	0
R&D		GGB	43.NNG06GE11A	88,030	43,526
R&D		GGB	43.NNG06GF00G	140,455	0
R&D		GGB	43.NNJ04HD83G SUPP 7	266,028	0
R&D		GLA	43.NNJ05HD86G	(54)	0
R&D		GLA	43.NNJ05HE13G	86,219	0
R&D		GLA	43.NNJ06AH15G	56,249	45,378
R&D		GGB	43.NNL04AA36G SUPP. 2	95,986	0
R&D		GLA	43.NNM05AA88C	14,187	79,047
R&D		GGB	43.NNM06AA25G	71,543	0
R&D		GGB	43.NNS06AB01A	49,762	0
R&D		GGB	43.NNX06AB63G	22,786	0
R&D		GGB	43.NNX06AB66G	35,046	0
R&D		GGB	43.NNX06AC11G SUPP 2	124,006	23,000

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	43.NNX06AC75G SUPP1	178,441	0
R&D		GGB	43.NNX06AC76G	204,142	0
R&D		GGB	43.NNX06AG89G	87,616	0
R&D		GGB	43.NNX06AH36G	188,551	50,000
R&D		GGB	43.NNX07AB64G AMD001	16,108	0
R&D		GGB	43.NNX07AD35G	22,300	0
R&D		GGB	43.NNX07AD47G	55,621	0
R&D		GGB	43.NNX07AD51G	72,540	0
R&D		GGB	43.NNX07AD75G	90,992	0
R&D		GGB	43.NNX07AD81G	43,520	0
R&D		GGB	43.NNX07AD89G	9,999	0
R&D		GLA	43.PO54108	(652)	0
R&D		GLA	43.SPO20919/UCB153-5097	(683)	0
SUBTOTAL DIRECT FROM:				47,594,668	7,109,126
PASS-THROUGH PROGRAMS FROM:					
ARIZONA STATE UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.01-079	244,001	0
BALL AEROSPACE					
Technology Transfer		GFB	43.002 / 43.02DLB10019	4,792	0
Technology Transfer		GFB	43.002 / 43.97BSM00005	509,141	24,806
Technology Transfer		GFB	43.002 / 43.99BSM00007	708,181	88,177
Technology Transfer		GFB	43.002 / 43.PO# 05SAK00003	765,135	0
BOSTON UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.GC 189636 NGA	182,274	0
BRIGHAM YOUNG UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.04-0127/PO#292	35,390	0
CALIFORNIA INSTITUTE OF TECHNOLOGY					
Technology Transfer		GFE	43.002 / 43.1267973	4,293	0
Technology Transfer		GFB	43.002 / 43.44B-1080550	47,661	0
CARNEGIE INSTITUTE OF WASHINGTON					
Technology Transfer		GFB	43.002 / 43.9-3226-01	78,468	0
Technology Transfer		GFB	43.002 / 43.DTM-3250-01 PHASE E	122,891	0
Case Western Reserve University					
R&D		GLA	43.Nasa Grant NNC05GA29G	(731)	0
FIRESTAR ENGINEERING					
R&D		GLA	43.NOF-BOBS-1	7,687	0
GEORGIA INSTITUTE OF TECHNOLOGY					
Aerospace Education Services Program		GFB	43.001 / 43.G-35-B82-G1	39,397	0
HAMPTON UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.10-Mar	3,547,616	9,407,976
JET PROPULSION LABORATORY					
Technology Transfer		GFB	43.002 / 43.1217897	(1)	0
Technology Transfer		GFB	43.002 / 43.1225700	66,417	0
Technology Transfer		GFB	43.002 / 43.1234181	0	(3,284)
Technology Transfer		GFB	43.002 / 43.1238953	98,194	0
Technology Transfer		GFB	43.002 / 43.1241698	(27)	0
Technology Transfer		GFB	43.002 / 43.1253767	4,411	0
Technology Transfer		GFB	43.002 / 43.1259025	120,929	0
Technology Transfer		GFB	43.002 / 43.1259168	9,791	0
Technology Transfer		GFB	43.002 / 43.1259515	48,747	0
Technology Transfer		GFB	43.002 / 43.1261405	73,669	0
Technology Transfer		GFB	43.002 / 43.1264310	5,360	0
Technology Transfer		GFB	43.002 / 43.1264538	16,369	0
Technology Transfer		GFB	43.002 / 43.1264905	6,951	0
Technology Transfer		GFB	43.002 / 43.1265288	64,061	0
Technology Transfer		GFB	43.002 / 43.1265291	12,528	0
Technology Transfer		GFB	43.002 / 43.1268004	3,372	0
Technology Transfer		GFB	43.002 / 43.1268026	6,407	0
Technology Transfer		GFB	43.002 / 43.1269163	18,968	85,840
Technology Transfer		GFB	43.002 / 43.1269422	1	0
Technology Transfer		GFB	43.002 / 43.1275296	11,393	0
Technology Transfer		GFB	43.002 / 43.1275592	94	0
Technology Transfer		GFB	43.002 / 43.1275599	4,163	0
Technology Transfer		GFB	43.002 / 43.1276931	13,013	0
Technology Transfer		GFB	43.002 / 43.1276945	9,393	0
Technology Transfer		GFB	43.002 / 43.1278036	73	0
Technology Transfer		GFB	43.002 / 43.1278228	33,191	0
Technology Transfer		GFB	43.002 / 43.1279178	1,510,132	302,209
Technology Transfer		GFB	43.002 / 43.1282397	51,669	0
Technology Transfer		GFB	43.002 / 43.1283568	54,300	0
Technology Transfer		GFB	43.002 / 43.1285530	10,227	0
Technology Transfer		GFB	43.002 / 43.1287918	7,622	0
Technology Transfer		GFB	43.002 / 43.1287949	31,742	0
Technology Transfer		GFB	43.002 / 43.961571	(7)	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
JOHNS HOPKINS UNIVERSITY					
Aerospace Education Services Program		GFB	43.001 / 43.919299	30,123	0
Technology Transfer		GFB	43.002 / 43.893472	33,854	0
LOCKHEED MARTIN					
Technology Transfer		GFB	43.002 / 43.SQ02H5801R	1,762,804	158,058
LOCKHEED MARTIN ASTRONAUTICS					
R&D		GLA	43.NNT04AA07C	2,104	0
Makel Engineering					
R&D		GLA	43.PO-R06112	69,370	0
NORTHWEST RESEARCH ASSOCIATES INC					
Technology Transfer		GFB	43.002 / 43.NWRA-07-S-101	7,967	0
REDEFINE TECHNOLOGIES					
Technology Transfer		GFB	43.002 / 43.NNA06AA23C	35,625	0
RESEARCH CORP OF THE UNIVERSITY OF HAWAII					
Technology Transfer		GFB	43.002 / 43.Z702963	62,035	0
SCIENCE APPLICATIONS INTERNATIONAL CORP					
Technology Transfer		GFB	43.002 / 43.4400120513	25,756	0
SOUTHWEST RESEARCH INSTITUTE					
Technology Transfer		GFB	43.002 / 43.278985Q	125,419	0
Technology Transfer		GFB	43.002 / 43.299449Q	112,083	0
Technology Transfer		GFB	43.002 / 43.499877Q	250,388	42,764
Technology Transfer		GFB	43.002 / 43.499942Q	74,434	0
Technology Transfer		GFB	43.002 / 43.599791Q	106,518	0
Technology Transfer		GFB	43.002 / 43.599795X	10,682	0
Technology Transfer		GFB	43.002 / 43.699010N	7,190	0
Technology Transfer		GFB	43.002 / 43.PO #431541E	7,614	0
SPACE TELESCOPE SCIENCE INSTITUTE					
Technology Transfer		GFB	43.002 / 43.HST-AR-09536.08-A	(3)	0
Technology Transfer		GFB	43.002 / 43.HST-AR-10638.01-A	97,825	0
Technology Transfer		GFB	43.002 / 43.HST-AR-10645.02-A	14,913	0
Technology Transfer		GFB	43.002 / 43.HST-AR-10650.01-A	11,299	0
Technology Transfer		GFB	43.002 / 43.HST-AR-10956.01-A	17,470	0
Technology Transfer		GFB	43.002 / 43.HST-EO-10241.05-A	2,500	0
Technology Transfer		GFB	43.002 / 43.HST-GO-09506.01-A	5,964	0
Technology Transfer		GFB	43.002 / 43.HST-GO-09511.05-A	18,747	0
Technology Transfer		GFB	43.002 / 43.HST-GO-09688.01-A	1,636	0
Technology Transfer		GFB	43.002 / 43.HST-GO-09778.01-A	14,741	0
Technology Transfer		GFB	43.002 / 43.HST-GO-09825.01-A	(1)	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10114.02-A	7,867	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10114.03-A	8,372	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10236.02-A	(37)	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10241.01-A	1,061	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10489.01-A	17,352	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10496.08-A	28,320	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10549.09-A	8,087	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10626.01-A	4,317	0
Technology Transfer		GFB	43.002 / 43.HST-GO-10925.01-A	45,522	0
Technology Transfer		GFB	43.002 / 43.HST-HF-01166.01-A	12,271	0
Technology Transfer		GFB	43.002 / 43.HST-HF-01183.01-A	13,838	0
Stone Aerospace, Inc.					
R&D		GLA	43.NNG04GC09G	50,857	0
Technology Applications, Inc.					
R&D		GLA	43.S06-C029-007	4,600	0
UNIV OF CENTRAL FLORIDS					
R&D		GLA	43.UCF-FT04/NAS1003006	10,043	0
UNIVERSITIES SPACE RESEARCH ASSOCIATION					
Aerospace Education Services Program		GFE	43.001 / 43.09930-212	5,915	0
Technology Transfer		GFB	43.002 / 43.07605-003-053	124,885	66,083
Technology Transfer		GFB	43.002 / 43.SUBGRANT 03491-24	1	0
UNIVERSITY CORP. FOR ATMOSPHERIC RESEARCH					
Technology Transfer		GFB	43.002 / 43.S05-50919	58,630	0
UNIVERSITY OF ARIZONA					
Technology Transfer		GFB	43.002 / 43.Y402819	96,786	0
Technology Transfer		GFB	43.002 / 43.Y432803	202,285	0
UNIVERSITY OF CALIFORNIA AT IRVINE					
Aerospace Education Services Program		GFB	43.001 / 43.2004-1433	39,493	0
UNIVERSITY OF CALIFORNIA AT SANTA BARBARA					
Aerospace Education Services Program		GFB	43.001 / 43.KK4133	52,901	0
UNIVERSITY OF CALIFORNIA BERKLEY					
Technology Transfer		GFB	43.002 / 43.SA3649-26326	98,854	0
Technology Transfer		GFB	43.002 / 43.SA4585-10331	81,302	0
Technology Transfer		GFB	43.002 / 43.SA4890-26309	87,106	0
UNIVERSITY OF CENTRAL FLORIDA					
Technology Transfer		GFB	43.002 / 43.16296044	217,233	0
UNIVERSITY OF MARYLAND COLLEGE PARK					
Aerospace Education Services Program		GFC	43.001 / 43.Z601601	8,040	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Aerospace Education Services Program		GFB	43.001 / 43.Z610001	(18)	0
UNIVERSITY OF NEW HAMPSHIRE					
Technology Transfer		GFB	43.002 / 43.05-901	60,585	0
University of California					
R&D		GLA	43.S-00000167	64,626	0
University of Central Florida					
R&D		GLA	43.PO#110110	20,045	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				12,929,544	10,172,629
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				60,524,212	17,281,755
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				60,524,212	17,281,755
NATIONAL ENDOWMENT FOR THE HUMANITIES					
INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
DIRECT FROM:					
INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
Grants to States		GZA	45.310	28,869	0
Laura Bush 21st Century Librarian Program		GFB	45.313	73,577	0
SUBTOTAL DIRECT FROM:				102,446	0
SUBTOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				102,446	0
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
DIRECT FROM:					
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
Promotion of the Humanities: Division of Preservation and Access		GFB	45.149	5,941	0
Promotion of the Humanities: Division of Preservation and Access		GGB	45.149	3,000	0
Promotion of the Humanities: Fellowships and Stipends		GKA	45.160	40,000	0
SUBTOTAL DIRECT FROM:				48,941	0
SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				48,941	0
SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES				151,387	0
NATIONAL SCIENCE FOUNDATION					
NATIONAL SCIENCE FOUNDATION					
DIRECT FROM:					
NATIONAL SCIENCE FOUNDATION					
Unclassified Grants and Contracts		GFB	47.000	2,908,140	0
Unclassified Grants and Contracts		GFE	47.000	10,757	0
R&D		GGB	47.0203285 005	8,822	14,874
Engineering Grants		GFB	47.041	3,876,123	74,333
Engineering Grants		GFC	47.041	74,625	0
Engineering Grants		GFE	47.041	236,124	0
Engineering Grants		GGB	47.041	2,327,217	2,938,861
Engineering Grants		GLA	47.041 / 47.BES-0628282	117,237	0
Engineering Grants		GLA	47.041 / 47.CSM-0327509	11,571	0
Engineering Grants		GLA	47.041 / 47.DMI-0547649	27,693	0
Engineering Grants		GLA	47.041 / 47.EEC-0529777	49,952	0
Mathematical and Physical Sciences		GFB	47.049	7,052,769	203,575
Mathematical and Physical Sciences		GFC	47.049	358,805	0
Mathematical and Physical Sciences		GFE	47.049	316,647	0
Mathematical and Physical Sciences		GGB	47.049	2,346,380	9,520

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Mathematical and Physical Sciences		GKA	47.049	3,331	0
Mathematical and Physical Sciences		GLA	47.049 / 47.CHE-0515521	77,227	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR 0606054	6,197	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-00103945	(1,472)	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0103945	877	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0200866	(2,026)	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0303510	26,057	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0304968	0	1,587
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0520386	7,295	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0606054	73,132	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMS-0222286	56,611	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMS-0539176	192,367	0
Mathematical and Physical Sciences		GKA	47.049 / 47.NSF CHE-0532516	45,611	0
Mathematical and Physical Sciences		GLA	47.049 / 47.PHY-0420357	213,796	0
Geosciences		GFB	47.050	8,272,384	387,116
Geosciences		GFE	47.050	145,622	3,000
Geosciences		GGB	47.050	5,769,886	626,656
Geosciences		GZA	47.050	56,017	0
Geosciences		GLA	47.050 / 47.EAR-0207217	(2,039)	0
Geosciences		GLA	47.050 / 47.EAR-0337379	90,226	0
Geosciences		GLA	47.050 / 47.EAR-041292	270	0
Geosciences		GLA	47.050 / 47.EAR-0530873	68,430	0
Geosciences		GLA	47.050 / 47.EAR-0609595	22,261	0
Geosciences		GLA	47.050 / 47.EAR-9985234	2,700	0
Geosciences		GKA	47.050 / 47.NSF EAR-0305074	4,595	0
Geosciences		GLA	47.050 / 47.OCE-0551715	122,476	0
R&D		GGB	47.0534608	108,546	0
R&D		GGB	47.06439402	6,787	0
Computer and Information Science and Engineering		GFB	47.070	4,601,903	1,262,891
Computer and Information Science and Engineering		GFE	47.070	61,586	0
Computer and Information Science and Engineering		GGB	47.070	599,820	0
Computer and Information Science and Engineering		GLA	47.070 / 47.ANI-0073699	5,299	0
Computer and Information Science and Engineering		GLA	47.070 / 47.CNS-0208352	27,131	0
Computer and Information Science and Engineering		GLA	47.070 / 47.CNS-0240558	3,133	0
Computer and Information Science and Engineering		GLA	47.070 / 47.CNS-0435376	583	0
Computer and Information Science and Engineering		GLA	47.070 / 47.CNS-0451431	255	0
Computer and Information Science and Engineering		GLA	47.070 / 47.CNS-0546712	64,839	0
Computer and Information Science and Engineering		GLA	47.070 / 47.EAR-0345935	3,305	0
R&D		GGB	47.07204102	22,969	0
Biological Sciences		GFB	47.074	3,994,403	147,133
Biological Sciences		GFE	47.074	233,220	0
Biological Sciences		GGB	47.074	2,808,784	676,454
Biological Sciences		GLA	47.074 / 47.624789	5,239	0
Biological Sciences		GLA	47.074 / 47.DBI-0454686	62,382	0
Biological Sciences		GZA	47.074 / 47.DEB-0344220	18,471	0
Biological Sciences		GZA	47.074 / 47.DEB-0346736	1,100	0
Biological Sciences		GKA	47.074 / 47.NSF DBI-0237149	21,278	0
Social, Behavioral, and Economic Sciences		GFB	47.075	1,745,377	335,736
Social, Behavioral, and Economic Sciences		GFC	47.075	84,091	0
Social, Behavioral, and Economic Sciences		GFE	47.075	37,638	25,659
Social, Behavioral, and Economic Sciences		GGB	47.075	486,264	112,983
Social, Behavioral, and Economic Sciences		GLA	47.075 / 47.INT-0106665	501	0
Education and Human Resources		GFB	47.076	2,915,516	237,806
Education and Human Resources		GFC	47.076	55,135	0
Education and Human Resources		GFE	47.076	53,698	0
Education and Human Resources		GGB	47.076	1,383,656	318,951
Education and Human Resources		GLA	47.076 / 47.DGE-0231611	254,850	0
Education and Human Resources		GZA	47.076 / 47.DUE-0094493	5,134	0
Education and Human Resources		GZA	47.076 / 47.DUE-0101820	31,484	0
Education and Human Resources		GKA	47.076 / 47.NSF REC-0440103	165,308	186,018
Polar Programs (B) -		GFB	47.078	2,918,503	46,580
Polar Programs (B) -		GGB	47.078	460,448	143,829
Polar Programs (B) -		GLA	47.078 / 47.ANT-0530340	60,665	0
Polar Programs (B) -		GKA	47.078 / 47.NSF OPP-0425606	4,062	0
International Science and Engineering (OISE)		GFB	47.079	238,902	0
International Science and Engineering (OISE)		GGB	47.079	13,946	0
International Science and Engineering (OISE)		GLA	47.079 / 47.CTS-0626226	4,341	0
International Science and Engineering (OISE)		GLA	47.079 / 47.OISE-0106665	2,457	0
International Science and Engineering (OISE)		GLA	47.079 / 47.OISE-0632109	38,500	0
Office of Cyberinfrastructure		GGB	47.080	126,954	0
R&D		GLA	47.ANI-0240558	136,147	0
R&D		GGB	47.ATM-0500061 AMD002	220,466	0
R&D		GGB	47.ATM-0545221 AMD003	47,833	0
R&D		GLA	47.BES-0328187	912	0
R&D		GLA	47.CMS-0327509	(9,825)	0
R&D		GLA	47.CMS-0408150	28,200	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GLA	47.CMS-0537537	(126)	0
R&D		GLA	47.CNS-0435376	4,380	0
R&D		GLA	47.CTS-0093611	4,376	0
R&D		GLA	47.CTS-0419204	357	0
R&D		GLA	47.CTS-0626226	110,624	0
R&D		GLA	47.DBI-0454686	3,962	0
R&D		GLA	47.DEB 0614350	24,805	0
R&D		GGB	47.DEB-0217631	920,856	70,073
R&D		GLA	47.DGE-0531499	40,500	0
R&D		GLA	47.DMR-0554294	10,000	0
R&D		GLA	47.DMR-0702351	240	0
R&D		GLA	47.DMS-0453600	66,375	0
R&D		GLA	47.DUE-0127806	(70)	0
R&D		GLA	47.DUE-0325492	8,869	0
R&D		GLA	47.DUE-0532684	16,041	0
R&D		GLA	47.DUE-0630888	16	0
R&D		GLA	47.EAR-0519409	7,516	0
R&D		GGB	47.EAR-0552526 #001	107,365	0
R&D		GLA	47.EAR-0716153	122,814	0
R&D		GLA	47.ECS-0134130	94,716	0
R&D		GLA	47.ECS-0134132	57,749	0
R&D		GGB	47.ECS-0245291 AMEND. 002	6,393	0
R&D		GLA	47.EEC-0002918	25,051	0
R&D		GGB	47.EEC-0310717 #009	2,503	0
R&D		GGB	47.EEC-0310717 #011	790,171	41,224
R&D		GGB	47.EEC-0310717 AMENDMENT 01	400,807	0
R&D		GGB	47.EEC-0310717#011	290,793	0
R&D		GLA	47.EEC-0550169	8,462	0
R&D		GGB	47.EIA-0306142	35,917	0
R&D		GGB	47.IOB-0335203	117,649	0
R&D		GLA	47.KXEA-3-33607-02	(8)	0
R&D		GGB	47.MCB-0314644 004	110,355	0
R&D		GGB	47.MCB-0314644 006	2,189	0
R&D		GLA	47.P00527	442	0
R&D		GLA	47.PHY-0547845	106,262	0
SUBTOTAL DIRECT FROM:				62,635,240	7,864,859
PASS-THROUGH PROGRAMS FROM:					
ABILENE CHRISTIAN UNIVERSITY					
Unclassified Grants and Contracts		GFB	47.000 / 47.OCG4783B	9,081	0
ADA Technologies, Inc.					
R&D		GLA	47.06-0326S	(11,914)	0
ALD NANOSOLUTIONS, INC.					
Unclassified Grants and Contracts		GFB	47.000 / 47.OCG4756B	8,249	0
Unclassified Grants and Contracts		GFB	47.000 / 47.OCG4779B	118,622	0
Unclassified Grants and Contracts		GFB	47.000 / 47.OCG4903B	1,332	0
Engineering Grants		GFB	47.041 / 47.OCG4632B	43,435	0
Engineering Grants		GFB	47.041 / 47.OCG4711B	35,586	0
Engineering Grants		GFB	47.041 / 47.OCG4736B	22,770	0
Engineering Grants		GFB	47.041 / 47.OCG4740B	29,441	0
Engineering Grants		GFB	47.041 / 47.OCG4751B	33,123	0
Engineering Grants		GFB	47.041 / 47.OCG4887B	820	0
AMERICAN SOCIETY FOR ENGR ED					
Education and Human Resources		GLA	47.076 / 47.DUE-0341127	183,661	0
ARIZONA STATE UNIVERSITY					
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.06-636	16,829	0
American Society for Engineering Education					
Education and Human Resources		GLA	47.076 / 47.DUE-0517528	13,918	0
BAROFOLD INC.					
Engineering Grants		GFB	47.041 / 47.OCG4636B	13,004	0
BOSTON UNIVERSITY					
Geosciences		GFB	47.050 / 47.GC177055NGA	618,087	0
BRANDEIS UNIVERSITY					
Unclassified Grants and Contracts		GFB	47.000 / 47.CNS-0551615	105,781	0
BROWN UNIVERSITY					
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.PO #P978039	552	0
CARLETON COLLEGE					
Geosciences		GFB	47.050 / 47.OCG4884B	9,329	0
CARNEGIE MELLON UNIVERSITY					
Engineering Grants		GFB	47.041 / 47.1120523-152253	6,416	0
CASE WESTERN RESERVE UNIVERSITY					
Mathematical and Physical Sciences		GFB	47.049 / 47.OCG4484B	939	0
CMD Research LLC					
R&D		GLA	47.0637406	53,788	0
COLUMBIA UNIVERSITY					

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Geosciences		GFB	47.050 / 47.SUBAWARD NO 1	5,156	0
COMPUTATIONAL PHYSICS, INC.					
Unclassified Grants and Contracts		GFB	47.000 / 47.5154-000-50	5,525	0
COMPUTING RESEARCH ASSOCIATION					
Education and Human Resources		GFB	47.076 / 47.110	78,061	0
CORNELL UNIVERSITY					
Mathematical and Physical Sciences		GFB	47.049 / 47.49759-8180	13,821	0
Geosciences		GFB	47.050 / 47.49130-8301	23,877	0
Cardianl Peak, LLC					
R&D		GLA	47.NSF-STTR PHASE1	17,723	0
DENVER MUSEUM OF NATURE & SCIENCE					
Computer and Information Science and Engineering		GFB	47.070 / 47.OCG4661B	22,249	0
DISPLAYTECH					
Mathematical and Physical Sciences		GFB	47.049 / 47.OCG4647B	7,441	0
EVOLUTIONARY GENOMICS					
Engineering Grants		GFE	47.041 / 47.NSF-0450627	103,876	0
FIDELITY COMTECH INC					
Computer and Information Science and Engineering		GFB	47.070 / 47.OCG4725B	60,998	0
HARRISBURG UNIVERSITY OF SCIENCE AND TECHNOLOGY					
Education and Human Resources		GFB	47.076 / 47.OCG4670B	19,631	0
INCORPORATED RESEARCH INSTITUTIONS SEISMOLOGY					
Geosciences		GFB	47.050 / 47.381-18	6,895	0
INDIANA STATE UNIVERSITY					
Geosciences		GFB	47.050 / 47.OCG4644B	(7)	0
ITN Energy Systems Inc.					
Engineering Grants		GLA	47.041 / 47.PO#05I-0564	320,402	33,700
ITN Engery Systems, Inc.					
Engineering Grants		GLA	47.041 / 47.PO#051-0564	16,798	0
JOHNS HOPKINS UNIVERSITY					
Mathematical and Physical Sciences		GFB	47.049 / 47.8601-06856	15,828	0
L-3 COMMUNICATIONS CORPORATION					
Computer and Information Science and Engineering		GFB	47.070 / 47.SUB #C05-0268	92,765	0
Math. Assoc of America					
Education and Human Resources		GZA	47.076 / 47.College Algebra Grant	3,776	0
NETWORK FOR EARTHQUAKE ENGINEERING SIMULATION					
Engineering Grants		GFB	47.041 / 47.OMSA-2004,V3.1	178,860	0
Engineering Grants		GFB	47.041 / 47.OMSA-2006-SSL-UCOB	368,529	0
NEW YORK UNIVERSITY					
Computer and Information Science and Engineering		GFB	47.070 / 47.F6682-01/PO#P137871	16,141	0
NORTH CAROLINA STATE UNIVERSITY					
Mathematical and Physical Sciences		GFB	47.049 / 47.2004-1057-01	75,256	0
NORTHWEST RESEARCH ASSOCIATES INC					
Engineering Grants		GFB	47.041 / 47.NWRA-05-S-086	12,348	0
National Academy of Sciences					
R&D		GLA	47.HR 21-09	127,832	66,904
R&D		GLA	47.NAE-5944-04-001	72,711	0
National Renewable Energy Laboratory					
R&D		GLA	47.XCE-6-66402-01	67,107	0
Northern Illinois University					
Mathematical and Physical Sciences		GLA	47.049 / 47.44-G6A63809/PO#80907	39,827	0
OHIO STATE UNIVERSITY					
Geosciences		GFB	47.050 / 47.739204 PO#RF915335	(474)	0
OHIO STATE UNIVERSITY RESEARCH FOUNDATION					
Mathematical and Physical Sciences		GFB	47.049 / 47.746336PO#RF00981315	54,397	0
Polar Programs (B) -		GFB	47.078 / 47.GRT8212500/60000263	108,133	0
PENNSYLVANIA STATE UNIVERISTY					
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.3066-UC-NSF-2839	3,993	0
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.3383-UC-NSF-7888	4,242	0
PV Technologies					
R&D		GLA	47.unknown	12,821	0
Purdue University					
Geosciences		GLA	47.050 / 47.501-2104-01	25,994	0
RESEARCH CORP OF THE UNIVERSITY OF HAWAII					
Biological Sciences		GFB	47.074 / 47.Z689721	111,924	0
RICE UNIVERSITY					
Computer and Information Science and Engineering		GFB	47.070 / 47.R3A594/CNS 0634516	3,367	0
RSCH FDN OF STATE UNIV OF NY, STONY BROOK					
Mathematical and Physical Sciences		GFB	47.049 / 47.37687/1051021	2,938	0
SAINT JOSEPH'S UNIVERSITY					
Education and Human Resources		GLA	47.076 / 47.DUE-0339734	26,303	0
SAN DIEGO STATE UNIVERSITY FOUNDATION					
Education and Human Resources		GFB	47.076 / 47.#52270AP16237802211	27,901	0
Education and Human Resources		GFB	47.076 / 47.52270AP16237802211	5,216	0
Polar Programs (B) -		GFB	47.078 / 47.53678A P1529 7804	142,793	0
SANDIA NATIONAL LABORATORIES					
Unclassified Grants and Contracts		GFB	47.000 / 47.618780	74,110	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
SANTA FE INSTITUTE					
Biological Sciences		GFB	47.074 / 47.UCB-EF0526747	200,593	0
SECURICS, INC					
Engineering Grants		GFC	47.041 / 47.SUBAWARD - 10/17/06	14,745	0
SRI INTERNATIONAL					
Geosciences		GFB	47.050 / 47.03-000027	25,388	0
Geosciences		GFB	47.050 / 47.03-000030	18,996	0
Computer and Information Science and Engineering		GFB	47.070 / 47.55-000342	15,271	0
Computer and Information Science and Engineering		GFB	47.070 / 47.55-000452	17,914	0
Computer and Information Science and Engineering		GFB	47.070 / 47.66-000195	61,622	0
ST. JOSEPH'S UNIVERSITY					
Education and Human Resources		GLA	47.076 / 47.NFF DUE-0302542	71,876	0
STATE UNIVERSITY NEW YORK RESEARCH FOUND					
Mathematical and Physical Sciences		GFB	47.049 / 47.39745/1055595	91,166	0
Geosciences		GFB	47.050 / 47.1025099	12,888	0
STEVENS INSTITUTE OF TECHNOLOGY					
Computer and Information Science and Engineering		GFB	47.070 / 47.SUBAWARD 527032-01	83,742	0
Southwest Research Institute					
R&D		GLA	47.699021X	65,417	0
Stony Brook State University NY					
Mathematical and Physical Sciences		GLA	47.049 / 47.37687/1051021	46,783	0
TERC					
Unclassified Grants and Contracts		GFB	47.000 / 47.4205	820	0
THE UNIVERSITY OF KANSAS CENTER FOR RSCH, INC					
Biological Sciences		GFB	47.074 / 47.FY2006-008	4,433	0
UNIV. OF WASHINGTON					
Education and Human Resources		GLA	47.076 / 47.ESI-0227558	175,499	0
Education and Human Resources		GLA	47.076 / 47.NSF NO.ESI-0227558	7,600	0
UNIVERSITY CORP. FOR ATMOSPHERIC RESEARCH					
Unclassified Grants and Contracts		GFB	47.000 / 47.SO6-61958	42,474	0
Engineering Grants		GFB	47.041 / 47.SO3-36656	14,607	0
Mathematical and Physical Sciences		GFB	47.049 / 47.SO5-39607	105,002	143,895
Geosciences		GFB	47.050 / 47.PO#P0240650	3	0
Geosciences		GFB	47.050 / 47.SO4-49367	5,169	0
Geosciences		GFB	47.050 / 47.SO5-52960	578	0
Geosciences		GFB	47.050 / 47.SO6-58156	78,919	0
Computer and Information Science and Engineering		GFB	47.070 / 47.SO3-36368	19,840	0
Computer and Information Science and Engineering		GFB	47.070 / 47.SO3-40710	1,812	0
Education and Human Resources		GFB	47.076 / 47.SO3-32418	79,579	0
Education and Human Resources		GFB	47.076 / 47.SO4-47899	11,126	0
UNIVERSITY OF ALASKA					
Polar Programs (B) -		GFB	47.078 / 47.UAF 05-0009	43,560	0
Polar Programs (B) -		GFB	47.078 / 47.UAF 07-0106	16,595	0
UNIVERSITY OF ARIZONA					
Geosciences		GFB	47.050 / 47.PO# Y414431	39,454	0
Geosciences		GFB	47.050 / 47.PO#Y773372	2,368	0
UNIVERSITY OF CALIFORNIA AT IRVINE					
Computer and Information Science and Engineering		GFB	47.070 / 47.2003-1352	78,647	0
UNIVERSITY OF CALIFORNIA AT SAN DIEGO					
Unclassified Grants and Contracts		GFB	47.000 / 47.10257353	38,028	0
Engineering Grants		GFB	47.041 / 47.10255042	104,935	0
UNIVERSITY OF MASSACHUSETTS					
Computer and Information Science and Engineering		GFB	47.070 / 47.PO#0001068580	179	0
UNIVERSITY OF MIAMI					
Geosciences		GFB	47.050 / 47.66189W/P100162	58,078	0
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.66080C	36,055	0
UNIVERSITY OF MINNESOTA					
Engineering Grants		GFB	47.041 / 47.T5206563101	599	0
Geosciences		GFB	47.050 / 47.T5366216009	57,617	0
UNIVERSITY OF NEW MEXICO					
Engineering Grants		GFB	47.041 / 47.740023-874X	34,157	0
UNIVERSITY OF OKLAHOMA					
Education and Human Resources		GLA	47.076 / 47.DGE-0086457	(1,293)	0
UNIVERSITY OF SOUTH FLORIDA					
Geosciences		GFB	47.050 / 47.2500-1012-00-B	20,380	0
UNIVERSITY OF SOUTHERN CALIFORNIA					
Geosciences		GFB	47.050 / 47.95698	851	0
UNIVERSITY OF WISCONSIN					
Mathematical and Physical Sciences		GFB	47.049 / 47.F082353	113,772	0
Biological Sciences		GFB	47.074 / 47.X260256/144-LL26	44,914	0
Education and Human Resources		GFB	47.076 / 47.X255113	20,267	0
Education and Human Resources		GFB	47.076 / 47.X260271	35,949	0
US CIVILIAN RESEARCH/DEVELOPMENT FDN					
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.AR-E2-2584-YE-04	5,193	0
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.GEP1-3333-TB-03	174	0
International Science and Engineering (OISE)		GFB	47.079 / 47.RUB1-2863-MO-07	909	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
International Science and Engineering (OISE)		GFC	47.079 / 47.UK2-2811-OD-06	1,686	0
VANDERBILT UNIVERSITY					
Unclassified Grants and Contracts		GFB	47.000 / 47.18494	676	0
VIRGINIA TECH					
Education and Human Resources		GLA	47.076 / 47.NSF DUE-0230992	40,989	0
WOODS HOLE OCEANOGRAPHIC INSTITUTION					
Engineering Grants		GFB	47.041 / 47.NA17RJ1223 37122357	17,137	0
ZENWA, INC.					
Unclassified Grants and Contracts		GFB	47.000 / 47.SUB# OCG4879B	32,081	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				5,807,752	244,499
SUBTOTAL NATIONAL SCIENCE FOUNDATION				68,442,992	8,109,358
SUBTOTAL NATIONAL SCIENCE FOUNDATION				68,442,992	8,109,358
TENNESSEE VALLEY AUTHORITY					
TENNESSEE VALLEY AUTHORITY					
DIRECT FROM:					
TENNESSEE VALLEY AUTHORITY					
TVA Energy Research and Technology Applications		GFB	62.001	276,939	0
SUBTOTAL DIRECT FROM:				276,939	0
SUBTOTAL TENNESSEE VALLEY AUTHORITY				276,939	0
SUBTOTAL TENNESSEE VALLEY AUTHORITY				276,939	0
DEPARTMENT OF VETERANS AFFAIRS					
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS					
DIRECT FROM:					
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS					
Sharing Specialized Medical Resources		GFE	64.018	56,119	0
SUBTOTAL DIRECT FROM:				56,119	0
SUBTOTAL VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS				56,119	0
SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS				56,119	0
ENVIRONMENTAL PROTECTION AGENCY					
ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
ENVIRONMENTAL PROTECTION AGENCY					
Surveys, Studies, Investigations and Special Purpose Grants (B) -		GGB	66.606	11,211	0
Pesticide Environmental Stewardship Regional Grants		GGB	66.714	57,667	0
R&D		GGB	66.CP-97801501-0	13,784	0
R&D		GGB	66.CP-98892801-01	2,142	0
R&D		GLA	66.PO No. 009222	3,472	0
R&D		GGB	66.R-82951501-7	14,567	0
R&D		GLA	66.X797852001	5,000	0
SUBTOTAL DIRECT FROM:				107,843	0
PASS-THROUGH PROGRAMS FROM:					
Environmental Quality Management					
R&D		GLA	66.PO 009670	4,063	0
MOUNTAIN STUDIES INSTITUTE					
Unclassified Grants and Contracts		GFB	66.000 / 66.OCG4834B	11,612	0
UNIVERSITY OF DELAWARE					
R&D		GLA	66.R-82950001	(1,620)	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
University of Delaware					
R&D		GLA	66.Subgrant No. 718	13,401	0
WASHINGTON UNIVERSITY					
R&D		GLA	66.EPA C R 827881-01-0	(1,010)	0
WATER ENVIRONMENT RESEARCH					
R&D		GLA	66.X-83085101	134,916	0
Water Environment Research Foundation					
R&D		GLA	66.4-Dec-06	101,631	19,840
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				262,993	19,840
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY				370,836	19,840
OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY					
PASS-THROUGH PROGRAMS FROM:					
AERODYNE RESEARCH, INC.					
Air Pollution Control Program Support		GFB	66.001 / 66.10343-2	(122)	0
CITY AND COUNTY OF DENVER					
Air Pollution Control Program Support		GFE	66.001	8,456	0
NATL JEWISH HOSPITAL					
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air A		GFE	66.034 / 66.NJH 22086201	20,726	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				29,060	0
SUBTOTAL OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY				29,060	0
OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY					
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements		GGB	66.814	19,121	67,000
SUBTOTAL DIRECT FROM:				19,121	67,000
SUBTOTAL OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY				19,121	67,000
OFFICE OF ENVIRONMENTAL EDUCATION, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF ENVIRONMENTAL EDUCATION, ENVIRONMENTAL PROTECTION AGENCY					
Environmental Education Grants		GFB	66.951	6,218	0
SUBTOTAL DIRECT FROM:				6,218	0
SUBTOTAL OFFICE OF ENVIRONMENTAL EDUCATION, ENVIRONMENTAL PROTECTION AGENCY				6,218	0
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY					
Surveys, Studies, Investigations, Training Demonstrations and Education Outreach		GGB	66.716	137,012	0
SUBTOTAL DIRECT FROM:				137,012	0
SUBTOTAL OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY				137,012	0
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY					
Environmental Protection-Consolidated Research		GFB	66.500	74,142	0
Environmental Protection-Consolidated Research		GGB	66.500	303,452	151,288
Environmental Protection-Consolidated Research		GLA	66.500 / 66.R-83043101-0	76,636	0
Science to Achieve Results (STAR) Research Program		GFB	66.509	209,576	4,144
Science to Achieve Results (STAR) Research Program		GGB	66.509	325,915	0
Science to Achieve Results (STAR) Research Program		GLA	66.509 / 66.RD-83153001-1	60,303	0
Science to Achieve Results (STAR) Research Program		GLA	66.509 / 66.RD-833332401-01	1,490	0
P3 Award: National Student Design Competition for Sustainability		GFB	66.516	7,213	0
P3 Award: National Student Design Competition for Sustainability		GFE	66.516	7,701	0
SUBTOTAL DIRECT FROM:				1,066,428	155,432

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
MACTEC ENGINEERING AND CONSULTING INC					
Environmental Protection-Consolidated Research		GFB	66.500 / 66.6064035004-3230	4,080	0
MALCOLM PIRNIE					
Environmental Protection-Consolidated Research		GFB	66.500 / 66.1700-035	45,849	0
METROPOLITAN WATER DIST SOUTHERN CALIFORNIA					
Environmental Protection-Consolidated Research		GFB	66.500 / 66.57398	(182)	0
ST CLOUD STATE UNIVERSITY					
Science to Achieve Results (STAR) Research Program		GFB	66.509 / 66.PO 117225	132,273	0
UNIVERSITY OF CALIFORNIA RIVERSIDE					
Science to Achieve Results (STAR) Research Program		GFB	66.509 / 66.S0043	14,743	0
UNIVERSITY OF CHICAGO					
Environmental Protection-Consolidated Research		GFB	66.500 / 66.22602-E	1,903	0
WERF					
Office of Research and Development Consolidated Research/Training		GLA	66.511 / 66.CR-83155901	19,854	51,771
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				218,520	51,771
SUBTOTAL OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY				1,284,948	207,203
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY					
DIRECT FROM:					
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY					
Water Quality Cooperative Agreements		GFB	66.463	30,233	0
Water Quality Cooperative Agreements		GGB	66.463	65,243	0
SUBTOTAL DIRECT FROM:				95,476	0
SUBTOTAL OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY				95,476	0
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY				1,942,671	294,043
DEPARTMENT OF ENERGY					
DEPARTMENT OF ENERGY					
DIRECT FROM:					
DEPARTMENT OF ENERGY					
Unclassified Grants and Contracts		GFB	81.000	671,145	0
R&D		GLA	81.00292-001-04 3N	(681)	0
R&D		GLA	81.06C733F	23,267	0
R&D		GLA	81.2006-3434300048178	184,922	0
R&D		GLA	81.2035-CSM-DOE-1025	(90)	0
R&D		GLA	81.282795/PO#A0344	(80)	0
R&D		GLA	81.47291-001-07	10,295	0
R&D		GLA	81.CSM04.01	775	0
R&D		GLA	81.DE-AD91-07WE07036	30,922	0
R&D		GLA	81.DE-AF26-06NT00440	41,171	35,000
R&D		GLA	81.DE-AF26-06NT03205	5,420	0
R&D		GLA	81.DE-FC07-051D14648	118,987	0
R&D		GGB	81.DE-FC26-02NT41335 AMEND.	96,387	0
R&D		GGB	81.DE-FG02-01ER63239 A006	107,022	0
R&D		GGB	81.DE-FG02-02ER15351	34,751	0
R&D		GGB	81.DE-FG02-02ER63370 AMEND.	286,215	0
R&D		GLA	81.DE-FG02-03ER15390	27,109	0
R&D		GGB	81.DE-FG02-03ER15451	79,875	0
R&D		GLA	81.DE-FG02-03ER41242	730	0
R&D		GGB	81.DE-FG02-03ER63645 AMD A0	14,327	0
R&D		GGB	81.DE-FG02-04ER15591	121,185	0
R&D		GLA	81.DE-FG02-04ER54775	24,112	0
R&D		GLA	81.DE-FG02-04ER63900	102,501	0
R&D		GLA	81.DE-FG02-05ER15739	54,334	0
R&D		GLA	81.DE-FG02-05ER46242	269,694	0
R&D		GGB	81.DE-FG02-05ER64087 A003	187,360	126,536
R&D		GGB	81.DE-FG02-05ER64137 A001	67,018	0
R&D		GLA	81.DE-FG02-06ER15778	72,259	0
R&D		GGB	81.DE-FG02-06ER25724	54,255	0
R&D		GLA	81.DE-FG02-06ER64233	253,542	0
R&D		GGB	81.DE-FG02-07ER64350	129,262	0
R&D		GLA	81.DE-FG02-93ER40789	255,049	0
R&D		GGB	81.DE-FG02-94ER61748 AMEND.	107,877	0
R&D		GLA	81.DE-FG02-95ER14568	17,169	0
R&D		GLA	81.DE-FG26-05NT42537	22,856	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GLA	81.DE-FG36-06GO16032	200,470	0
R&D		GGB	81.DE-FG52-06NA26152 #001	172,365	100,937
R&D		GGB	81.DE-FGO2-96ER14625 A017	101,583	0
R&D		GLA	81.DGE-0531499	52,081	732,296
R&D		GLA	81.KN6007286	7,588	0
R&D		GLA	81.KXEA-3-336017-28	18,959	0
R&D		GLA	81.KXEA-3-33607-09	(4,688)	0
R&D		GLA	81.KXEA-3-33607-10	(40)	0
R&D		GLA	81.KXEA-3-33607-17	17,903	0
R&D		GLA	81.KXEA-3-33607-27	16,925	0
R&D		GLA	81.PO 4400153657	(10,417)	0
R&D		GLA	81.PO 66962	(1,777)	0
R&D		GLA	81.PO#173797	38,908	0
R&D		GLA	81.UBJQ79197/UBJQ79199	31,947	0
R&D		GLA	81.USMMM258U9	10,465	0
SUBTOTAL DIRECT FROM:				4,123,214	994,769
PASS-THROUGH PROGRAMS FROM:					
ADVANCED TECHNOLOGY INSTITUTE					
R&D		GLA	81.DE-FC36-04GO14230	95,571	0
AERODYNE RESEARCH, INC.					
Unclassified Grants and Contracts		GFB	81.000 / 81.10420-4	15,603	0
AMERICAN IRON AND STEEL INST.					
R&D		GLA	81.DE-FC36-97ID13554	63,797	0
Agouron Institute, Inc.					
R&D		GLA	81.KXEA-3-33607-22	34,708	0
Argonne National Labs					
R&D		GLA	81.W-31-109-ENG-38	47,608	0
BATTELLE MEMORIAL INSTITUTE					
Unclassified Grants and Contracts		GFB	81.000 / 81.37317	151,529	0
Unclassified Grants and Contracts		GFB	81.000 / 81.37396	115,969	0
Unclassified Grants and Contracts		GFB	81.000 / 81.OCG4820B/32284	1,720	0
BBNT SOLUTIONS LLC					
Unclassified Grants and Contracts		GFB	81.000 / 81.OCG4748B	120,150	0
Unclassified Grants and Contracts		GFB	81.000 / 81.OCG4748B PO 9500008	197,401	0
BOISE STATE UNIVERSITY					
R&D		GLA	81.BSU NO. 13OG106009	26,556	0
BROOKHAVEN NATIONAL LAB					
Unclassified Grants and Contracts		GFB	81.000 / 81.110499	3,609	0
Battelle Memorial Institute					
R&D		GLA	81.36101	37,437	0
Bechtel Nevada					
R&D		GLA	81.53084	2,482	0
Bechtel SAIC Company, LLC					
R&D		GLA	81.NN-SRA-00004 TO 0001	(1,695)	0
R&D		GLA	81.NN-SRA-00004 TO 0004	(1,339)	0
R&D		GLA	81.NN-SRA-00004, TO 003	(16)	0
R&D		GLA	81.NN-SRA-00004, TO 6	(21,441)	0
R&D		GLA	81.NN-SRA-00004; TO 5	17,126	78,120
R&D		GLA	81.NN-SRA-0004, TO 002	(429)	0
R&D		GLA	81.NN-SRA-0004, TO 7	72,942	64,440
R&D		GLA	81.NN-SRA-0004, TO 9	8,028	0
R&D		GLA	81.NN-SRA-004, TO 8	31,208	68,439
Brookhaven National Laboratory					
R&D		GLA	81.114940	13,821	0
Gas Technology Institute					
R&D		GLA	81.KI40570	587,561	0
Kaiser-Hill Company, L.L.C.					
R&D		GLA	81.KH 023299	(256)	0
Lawrence Livermore National Labs					
R&D		GLA	81.B552989	74,267	0
Los Alamos National Laboratory					
R&D		GLA	81.16063-001-05	70,278	0
R&D		GLA	81.24498-001-06 2A	88,561	0
R&D		GLA	81.47501-001-07	21,908	0
MSE TECHNOLOGY APPLICATIONS					
R&D		GLA	81.DE-AC09-96EW96405	1	0
NATIONAL RENEWABLE ENERGY LABORATORY					
Unclassified Grants and Contracts		GFB	81.000 / 81.KXEA-3-33606-18	24,584	0
Unclassified Grants and Contracts		GFB	81.000 / 81.KXEA-3-33606-19	77,425	0
Unclassified Grants and Contracts		GFB	81.000 / 81.KXEA-3-33606-20	36,206	0
Unclassified Grants and Contracts		GFB	81.000 / 81.KXEA-3-33606-21	23,172	0
Unclassified Grants and Contracts		GFB	81.000 / 81.KXEA-3-33606-22	17,206	0
Unclassified Grants and Contracts		GFB	81.000 / 81.KXEA-3-33606-24	8,522	0
Unclassified Grants and Contracts		GFB	81.000 / 81.KXEA-3-33606-25	16,192	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Unclassified Grants and Contracts		GFB	81.000 / 81.NCO-6-66378-01	8,719	0
Unclassified Grants and Contracts		GFB	81.000 / 81.XCO-6-66421-01	87,599	0
NORTH CAROLINA STATE UNIVERSITY					
Unclassified Grants and Contracts		GFB	81.000 / 81.2005-0993-01	64,331	0
NORTHERN ARIZONA UNIVERSITY					
Unclassified Grants and Contracts		GFB	81.000 / 81.MPC35TB-A2	109,737	0
National Renewable Energy Laboratory					
R&D		GLA	81.ADJ-2-30630-05	83,557	0
R&D		GLA	81.KXEA-3-33607-04	3,951	0
R&D		GLA	81.KXEA-3-33607-07	56,728	0
R&D		GLA	81.KXEA-3-33607-11	192	0
R&D		GLA	81.KXEA-3-33607-12	(4,852)	0
R&D		GLA	81.KXEA-3-33607-15	12	0
R&D		GLA	81.KXEA-3-33607-16	36,001	0
R&D		GLA	81.KXEA-3-33607-18	2,826	0
R&D		GLA	81.KXEA-3-33607-19	14,609	0
R&D		GLA	81.KXEA-3-33607-21	33,855	0
R&D		GLA	81.KXEA-3-33607-23	2,235	0
R&D		GLA	81.KXEA-3-33607-24	30,722	0
R&D		GLA	81.KXEA-3-33607-25	21,880	0
R&D		GLA	81.KXEA-3-33607-26	51,001	0
R&D		GLA	81.NEV-7-77395-01	34,266	0
R&D		GLA	81.XEA-5-44245-01	162,224	0
Pall Corporation					
R&D		GLA	81.DE-FG36-05GO15093	146,114	0
Petroleum Technology Transfer Council					
R&D		GLA	81.Subcontract No. 0895	70,178	0
Research and Development Solutions, LLC					
R&D		GLA	81.41817M3260	24,348	0
SANDIA NATIONAL LABORATORIES					
Unclassified Grants and Contracts		GFB	81.000 / 81.644347	29,973	0
SOUTHWEST RESEARCH INSTITUTE					
R&D		GLA	81.DEFC2603NT41849	20,866	0
STRATA PRODUCTION COMPANY					
R&D		GLA	81.DE-FG04-01AL67212	2,072	0
SWARTHMORE COLLEGE					
Unclassified Grants and Contracts		GFB	81.000 / 81.OCG4892B	12,365	0
Sandia National Labs					
R&D		GLA	81.403684	67,767	0
R&D		GLA	81.A0344/228627	19,777	0
R&D		GLA	81.PO#A0344/228627	2,516	0
TDA RESEARCH INC.					
Unclassified Grants and Contracts		GFB	81.000 / 81.UCB05.02	165,142	0
TDA Research, Inc.					
R&D		GLA	81.DE-FG02-06ER86290	37,717	0
UT BATTELLE LLC					
Unclassified Grants and Contracts		GFB	81.000 / 81.4000049470	18,198	0
University of Nevada, Las Vegas					
R&D		GLA	81.17GC00000022 UNR-07-16	17,500	0
University of Utah					
R&D		GLA	81.2406098	189,109	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				3,701,207	210,999
SUBTOTAL DEPARTMENT OF ENERGY				7,824,421	1,205,768
OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY					
PASS-THROUGH PROGRAMS FROM:					
TULANE UNIVERSITY					
Stewardship Science Grant Program		GFB	81.112 / 81.TUL-508-05/06	57,356	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				57,356	0
SUBTOTAL OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY				57,356	0
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					
State Energy Program		GFB	81.041	111,644	0
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysi		GFB	81.117	1,643,963	0
SUBTOTAL DIRECT FROM:				1,755,607	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
NATIONAL RENEWABLE ENERGY LABORATORY					
Inventions and Innovations		GFB	81.036 / 81.KXEA-3-33606-15	(33)	0
UNIVERSITY OF OREGON					
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysi		GFB	81.117 / 81.234151-1	80,093	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				80,060	0
SUBTOTAL OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY				1,835,667	0
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					
Renewable Energy Research & Development		GFB	81.087	297,183	35,013
SUBTOTAL DIRECT FROM:				297,183	35,013
PASS-THROUGH PROGRAMS FROM:					
AERODYNE RESEARCH, INC.					
Renewable Energy Research & Development		GFB	81.087 / 81.10366-2	68,388	0
Renewable Energy Research & Development		GFB	81.087 / 81.10366-3	45,916	0
BATTELLE, COLUMBUS DIVISION					
Renewable Energy Research & Development		GFB	81.087 / 81.4000025755	189	0
ITN ENERGY SYSTEMS, INC.					
Renewable Energy Research & Development		GFB	81.087 / 81.PO# 05I-0529	1,375	0
ITN Energy Systems, Inc.					
Renewable Energy Research & Development		GLA	81.087 / 81.PO#061-0813	27,744	0
LAWRENCE LIVERMORE NATIONAL LABORATORY					
Renewable Energy Research & Development		GFB	81.087 / 81.B558352	25,708	0
NATIONAL ASSOCIATION OF STATE ENERGY OFFICIALS					
Renewable Energy Research & Development		GFB	81.087 / 81.OCG4587B	(115)	0
NATIONAL RENEWABLE ENERGY LABORATORY					
Renewable Energy Research & Development		GFB	81.087 / 81.KXDK-9-29638-22	(1,821)	0
Renewable Energy Research & Development		GFB	81.087 / 81.KXEA-3-33606-06	30,534	0
Renewable Energy Research & Development		GFB	81.087 / 81.KXEA-3-33606-08	(1,310)	0
Renewable Energy Research & Development		GFB	81.087 / 81.KXEA-3-33606-12	9,335	0
Renewable Energy Research & Development		GFB	81.087 / 81.XAT-5-33636-01	195,884	0
Renewable Energy Research & Development		GFB	81.087 / 81.XCO-4-44002-01	522	0
Renewable Energy Research & Development		GFB	81.087 / 81.XEA-6-55422-01	37,579	0
SANDIA NATIONAL LABORATORIES					
Renewable Energy Research & Development		GFB	81.087 / 81.15268	(1,295)	0
Renewable Energy Research & Development		GFB	81.087 / 81.35962	(10,471)	0
Renewable Energy Research & Development		GFB	81.087 / 81.OCG4830B	19,267	0
Renewable Energy Research & Development		GFB	81.087 / 81.PO177989	68,427	0
TDA RESEARCH INC.					
Renewable Energy Research & Development		GFB	81.087 / 81.#CU-TDA03.1	9,142	0
UNIVERSITY OF NEVADA AT LAS VEGAS					
Renewable Energy Research & Development		GFB	81.087 / 81.#RF-05-SHGR-006	385,458	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				910,456	0
SUBTOTAL OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY				1,207,639	35,013
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY					
Office of Science Financial Assistance Program		GFB	81.049	3,346,051	0
Office of Science Financial Assistance Program		GFE	81.049	84,296	61,980
Office of Science Financial Assistance Program		GGB	81.049	2,774,035	587,272
Office of Science Financial Assistance Program		GLA	81.049 / 81.DE-FG02-07ER15841	11,893	0
Office of Science Financial Assistance Program		GLA	81.049 / 81.DE-FG02-93ER14363	81,076	0
Office of Scientific & Technical Information		GFB	81.064	551,772	0
SUBTOTAL DIRECT FROM:				6,849,123	649,252
PASS-THROUGH PROGRAMS FROM:					
AERODYNE RESEARCH, INC.					
Office of Scientific & Technical Information		GFB	81.064 / 81.ARI-10303-1	1	0
FERMI NATIONAL ACCELERATOR LABORATORY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.552817	234	0
LOS ALAMOS NATIONAL LABORATORIES					
Office of Science Financial Assistance Program		GFB	81.049 / 81.95480-001-04 3F	36,350	0
MASSACHUSETTS INSTITUTE OF TECHNOLOGY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.5710001810	59,260	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL RENEWABLE ENERGY LABORATORY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.KXEA-3-33606-16	15,859	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.KXEA-3-33606-17	5,820	0
Office of Scientific & Technical Information		GFB	81.064 / 81.KXEA-3-33606-14	(639)	0
NORTHERN ARIZONA UNIVERSITY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.MPC35TB-A4	10,248	0
TECH-X CORPORATION					
Office of Science Financial Assistance Program		GFB	81.049 / 81.OCG4897B	14,786	0
TULANE UNIVERSITY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.TUL-182-04/05	10,594	0
UNIVERSITY OF MISSOURI-ROLLA					
Office of Science Financial Assistance Program		GFB	81.049 / 81.OCG4401B	20,933	0
UNIVERSITY OF UTAH					
Office of Scientific & Technical Information		GFB	81.064 / 81.2403133/PO#124856	27,222	0
UT BATTELLE LLC					
Office of Scientific & Technical Information		GFB	81.064 / 81.4000038129	99,282	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				299,950	0
SUBTOTAL OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY				7,149,073	649,252
OFFICE OF ENVIRONMENT, SAFETY AND HEALTH, DEPARTMENT OF ENERGY					
PASS-THROUGH PROGRAMS FROM:					
NATL JEWISH HOSPITAL					
Epidemiology and Other Health Studies Financial Assistance Program		GFE	81.108 / 81.22085402	36,661	0
Epidemiology and Other Health Studies Financial Assistance Program		GFE	81.108 / 81.NJH 22085403	176,191	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				212,852	0
SUBTOTAL OFFICE OF ENVIRONMENT, SAFETY AND HEALTH, DEPARTMENT OF ENERGY				212,852	0
OFFICE OF FOSSIL ENERGY, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF FOSSIL ENERGY, DEPARTMENT OF ENERGY					
University Coal Research		GLA	81.057 / 81.DE-FG26-03NT41792	17,630	0
Fossil Energy Research & Development		GLA	81.089 / 81.DE-FC26-04NT15505	101,537	15,975
SUBTOTAL DIRECT FROM:				119,167	15,975
PASS-THROUGH PROGRAMS FROM:					
ARGONNE NATIONAL LABORATORY - SEE UCHICAGO					
Fossil Energy Research & Development		GFB	81.089 / 81.5F-00462	(3,608)	0
Penn State					
Fossil Energy Research & Development		GLA	81.089 / 81.2970-CSM-DOE-2098	27,886	0
Fossil Energy Research & Development		GLA	81.089 / 81.3192-CSM-DOE-1779	6,866	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				31,144	0
SUBTOTAL OFFICE OF FOSSIL ENERGY, DEPARTMENT OF ENERGY				150,311	15,975
OFFICE OF NONPROLIFERATION AND NATIONAL SECURITY, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF NONPROLIFERATION AND NATIONAL SECURITY, DEPARTMENT OF ENERGY					
Defense Nuclear Nonproliferation Research		GFB	81.113	255,471	0
SUBTOTAL DIRECT FROM:				255,471	0
SUBTOTAL OFFICE OF NONPROLIFERATION AND NATIONAL SECURITY, DEPARTMENT OF ENERGY				255,471	0
ROCKY FLATS ENVIRONMENTAL TECHNOLOGY SITE, OFFICE OF CIVIL RIGHTS AND DIVERSITY MANAGEMENT, DEPARTMENT OF ENERGY					
DIRECT FROM:					
ROCKY FLATS ENVIRONMENTAL TECHNOLOGY SITE, OFFICE OF CIVIL RIGHTS AND DIVERSITY MANAGEMENT, DEPARTMENT OF ENERGY					
Science & Engineering Training to Support Diversity-Related Programs		GFB	81.116	188,275	0
SUBTOTAL DIRECT FROM:				188,275	0
SUBTOTAL ROCKY FLATS ENVIRONMENTAL TECHNOLOGY SITE, OFFICE OF CIVIL RIGHTS AND DIVERSITY MANAGEMENT, DEPARTMENT OF ENERGY				188,275	0
SUBTOTAL DEPARTMENT OF ENERGY				18,881,065	1,906,008

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF EDUCATION					
ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION					
PASS-THROUGH PROGRAMS FROM:					
RMPBS/USDOED					
Ready to Teach		GZA	84.286 / 84.R286A050005	9,665	0
ROCKY MOUNTAIN PUBLIC BROADCASTING NETWORK, INC.					
Ready to Teach		GFC	84.286 / 84.AGREEMENT 10/12/05	195,949	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				205,614	0
SUBTOTAL ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION				205,614	0
DEPARTMENT OF EDUCATION					
PASS-THROUGH PROGRAMS FROM:					
ARIZONA STATE UNIVERSITY					
Unclassified Grants and Contracts		GFB	84.000 / 84.07-811/PO#SC34107M0	12,600	0
DENVER PUBLIC SCHOOLS					
Unclassified Grants and Contracts		GFB	84.000 / 84.OCG4833B	18,053	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				30,653	0
SUBTOTAL DEPARTMENT OF EDUCATION				30,653	0
INSTITUTE OF EDUCATION SCIENCES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
INSTITUTE OF EDUCATION SCIENCES, DEPARTMENT OF EDUCATION					
Education Research, Development and Dissemination		GFB	84.305	415,071	21,166
SUBTOTAL DIRECT FROM:				415,071	21,166
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF CALIFORNIA LOS ANGELES					
Education Research, Development and Dissemination		GFB	84.305 / 84.0070 G CC911	122,685	0
Education Research, Development and Dissemination		GFB	84.305 / 84.0070 G GB335	24,479	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				147,164	0
SUBTOTAL INSTITUTE OF EDUCATION SCIENCES, DEPARTMENT OF EDUCATION				562,235	21,166
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					
Fund for the Improvement of Education		GKA	84.215	14,507	0
SUBTOTAL DIRECT FROM:				14,507	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION				14,507	0
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
National Resource Centers and Fellowships Program for Language and Area or Language and International Studi		GFB	84.015	273,590	0
Undergraduate International Studies and Foreign Language Programs		GFB	84.016	65,486	0
Overseas_Faculty Research Abroad		GFB	84.019	(4,441)	0
Overseas_Doctoral Dissertation		GFB	84.022	27,963	0
Fund for the Improvement of Postsecondary Education		GFB	84.116	(59,646)	0
Fund for the Improvement of Postsecondary Education		GGB	84.116	76,829	0
Graduate Assistance in Areas of National Need		GFB	84.200	265,476	0
Graduate Assistance in Areas of National Need		GFE	84.200	149,931	0
Demonstration Projects to Ensure Students With Disabilities Receive a Higher Education		GGB	84.333	251,981	0
Teacher Quality Enhancement Grants		GFC	84.336	194	3,533
SUBTOTAL DIRECT FROM:				1,047,363	3,533
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				1,047,363	3,533

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
Rehabilitation Services: Service Projects		GGB	84.128	91,041	15,974
National Institute on Disability and Rehabilitation Research		GFE	84.133	743,838	409,667
SUBTOTAL DIRECT FROM:				834,879	425,641
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF ILLINOIS					
National Institute on Disability and Rehabilitation Research		GFE	84.133 / 84.H133EE020715	107,471	147,815
National Institute on Disability and Rehabilitation Research		GFE	84.133 / 84.PN0307-028	(87)	0
UNIVERSITY OF MICHIGAN					
National Institute on Disability and Rehabilitation Research		GFE	84.133 / 84.SUB# 3000662025	16,349	0
UNIVERSITY OF MINNESOTA					
National Institute on Disability and Rehabilitation Research		GFE	84.133 / 84.H133B031116 AMD#3	41,156	0
UNIVERSITY OF PITTSBURG					
National Institute on Disability and Rehabilitation Research		GFE	84.133 / 84.#070151-4	10,700	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				175,589	147,815
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION				1,010,468	573,456
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION					
Bilingual Education: Professional Development		GFB	84.195	128,199	35,000
SUBTOTAL DIRECT FROM:				128,199	35,000
SUBTOTAL OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION				128,199	35,000
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Migrant Education: College Assistance Migrant Program		GFB	84.149	242,583	0
Safe and Drug-Free Schools and Communities: National Programs		GFB	84.184	231,956	0
Improving Teacher Quality State Grants		GLA	84.367 / 84.B06-07-4	22,668	0
SUBTOTAL DIRECT FROM:				497,207	0
PASS-THROUGH PROGRAMS FROM:					
CLAYTON FOUNDATION					
Parental Assistance Centers		GFE	84.310 / 84.CPIRC	21,148	0
Early Reading First		GFE	84.359 / 84.PN200611-023	49,457	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				70,605	0
SUBTOTAL OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION				567,812	0
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
Research in Special Education		GFB	84.324	134,909	0
Research in Special Education		GFE	84.324	367,815	29,936
Research in Special Education		GGB	84.324	42,867	0
Research in Special Education		GKA	84.324	71,676	0
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFB	84.325	72,489	0
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFE	84.325	229,034	0
SUBTOTAL DIRECT FROM:				918,790	29,936

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
ARIZONA STATE UNIVERSITY					
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFE	84.325 / 84.07-825	35,871	0
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFB	84.326 / 84.07-819/PO# SC 34107	65,849	0
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFE	84.326 / 84.07-826	277,185	0
TENNESSE VOICES FOR CHILDREN					
Research in Special Education		GFE	84.324 / 84.H324C030118	43,253	0
UNIVERSITY OF NORTHERN IOWA					
Research in Special Education		GFC	84.324 / 84.SUBC. NO:S4728B	13,434	0
UNIVERSITY OF SOUTH FLORIDA					
Research in Special Education		GFE	84.324 / 84.5830-0479-00-H	81,075	0
Research in Special Education		GFE	84.324 / 84.5830-1081-00-A	188,131	0
Research in Special Education		GFE	84.324 / 84.5830-479-LO-H	109,688	0
UNIVERSITY OF WASHINGTON					
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		GFE	84.325 / 84.NO. 334905	136,561	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				951,047	0
SUBTOTAL OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION				1,869,837	29,936
SUBTOTAL DEPARTMENT OF EDUCATION				5,436,688	663,091
SCHOLARSHIP AND FELLOWSHIP FOUNDATIONS					
THE MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION					
DIRECT FROM:					
THE MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION					
R&D		GFE	85.95X5415T1191100	35,786	0
SUBTOTAL DIRECT FROM:				35,786	0
SUBTOTAL THE MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION				35,786	0
SUBTOTAL SCHOLARSHIP AND FELLOWSHIP FOUNDATIONS				35,786	0
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Abandoned Infants		GFE	93.551	371,695	0
Family Violence Prevention and Services/Grants for Battered Women's Shelters: Discretionary Grants		GFE	93.592	476	0
Head Start		GFE	93.600	695,772	68,347
Head Start		GGB	93.600	30,723	0
Developmental Disabilities Projects of National Significance		GFE	93.631	267,022	50,039
Child Abuse and Neglect Discretionary Activities		GFE	93.670	(4,028)	0
SUBTOTAL DIRECT FROM:				1,361,660	118,386
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF ILLINOIS					
Head Start		GFE	93.600 / 93.90YD0119/01	54,508	0
XTRIA, LLC					
Head Start		GFE	93.600 / 93.SUB# 1053-007-45-18	9,102	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				63,610	0
SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,425,270	118,386
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Special Programs for the Aging: Title III, Part D: In-Home Services for Frail Older Individuals		GFE	93.046	106,819	0
Special Programs for the Aging: Title IV: and Title II: Discretionary Projects		GFE	93.048	2,778,237	483,044
Alzheimer's Disease Demonstration Grants to States		GGB	93.051	65,025	290,768
SUBTOTAL DIRECT FROM:				2,950,081	773,812
SUBTOTAL ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				2,950,081	773,812

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) / FEDERAL AGENCY / MAJOR SUBDIVISION OF FEDERAL AGENCY / SOURCE TYPE (DIRECT OR PASS-THROUGH) / ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Research on Health Care Outcomes and Quality		GFE	93.180	208,611	55,000
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226	1,608,871	461,459
SUBTOTAL DIRECT FROM:				1,817,482	516,459
PASS-THROUGH PROGRAMS FROM:					
AMERICAN COLLEGE OF SURGEONS					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.AMCOL U18HS11913-03	46,020	0
COLORADO HEALTH INSTITUTE					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.PN200609-069	27,199	0
MASSACHUSETTS GENERAL HOSPITAL					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.R01 HS013099-02	413	0
NATL JEWISH HOSPITAL					
Research on Health Care Outcomes and Quality		GFE	93.180 / 93.PN200302-079	149	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				73,781	0
SUBTOTAL AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,891,263	516,459
AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
PASS-THROUGH PROGRAMS FROM:					
ASSOCIATION OF UNIVERSITY CNTRS ON DISABILITIES					
Human Health Studies: Applied Research and Development		GFE	93.206 / 93.RTO12005-1/2-07	101,524	39,886
Human Health Studies: Applied Research and Development		GFE	93.206 / 93.RTOI2005-1/2-07 416	54,389	61,912
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				155,913	101,798
SUBTOTAL AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				155,913	101,798
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Centers for Genomics and Public Health		GFE	93.063	286,188	55,777
Centers for Research and Demonstration for Health Promotion and Disease Prevention		GFE	93.135	1,350,655	9,305
Injury Prevention and Control Research and State and Community Based Programs		GFE	93.136	532,790	93,530
Injury Prevention and Control Research and State and Community Based Programs		GGB	93.136	754,281	119,843
Health Program for Toxic Substances and Disease Registry		GGB	93.161	25,496	0
Immunization Research, Demonstration, Public Information and Education: Training and Clinical Skills Improv		GFE	93.185	107,628	2,527
Occupational Safety and Health Program		GFB	93.262	618,892	17,423
Occupational Safety and Health Program		GFE	93.262	605,601	39,645
Occupational Safety and Health Program		GGB	93.262	1,072,340	198,647
Occupational Safety and Health Program		GLA	93.262 / 93.254-2006-M-15778	15,727	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283	550,068	575,943
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GGB	93.283	406,490	84,755
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Viru		GGB	93.943	442,947	0
Assistance Programs for Chronic Disease Prevention and Control		GFE	93.945	565,122	45,024
SUBTOTAL DIRECT FROM:				7,334,225	1,242,419
PASS-THROUGH PROGRAMS FROM:					
ASSOCIATION FOR PREVENTION TEACHING AND RESEARCH					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283	19,820	0
ASSOCIATION OF MAERICAN MEDICAL COLLEGES					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283 / 93.MM-0855-05/05	84	0
CINCINNATI CHILDREN'S HOSPITAL MEDICAL CENTER					
Assistance Programs for Chronic Disease Prevention and Control		GFE	93.945 / 93.CHMC#500/U01DP00248	5,267	0
COLORADO INJURY CONTROL RESEARCH CENTER					
Injury Prevention and Control Research and State and Community Based Programs		GFE	93.136 / 93.CSU G-7873-8	3,562	0
DENVER HEALTH AND HOSPITAL					
Preventive Health Services: Sexually Transmitted Diseases Research, Demonstrations, and Public		GFE	93.978 / 93.DHH-E1919B-1	10,413	0
DUKE UNIVERSITY					
Occupational Safety and Health Program		GFE	93.262 / 93.R01 OH008007-03	30,949	0
HDT BIOSYSTEMS					
Immunization Grants		GFE	93.268 / 93.PN200606-267	105,929	0
Immunization Grants		GFE	93.268 / 93.PN:0504-195	(220)	0
INDIANA UNIVERSITY					
HIV Prevention Activities: Non-Governmental Organization Based		GFE	93.939 / 93.PO# 79312	41,731	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
JOHNS HOPKINS UNIVERSITY					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283 / 93.PN:0412-172	(36)	0
UNIVERSITY OF ALABAMA					
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		GFE	93.944 / 93.BAMSG 3-01	504	0
University of Missouri - Rolla					
Occupational Safety and Health Program		GLA	93.262 / 93.1-R25-OH003819-01	379,719	0
WESTAT, INC					
HIV Prevention Activities: Non-Governmental Organization Based		GFE	93.939 / 93.7735-S035	1,223,269	605,816
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				1,820,991	605,816
SUBTOTAL CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				9,155,216	1,848,235
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Unclassified Grants and Contracts		GFB	93.000	193,453	0
R&D		GGB	93.212-2005-M-13350 AMD #2	18,335	0
R&D		GGB	93.5 R01 GM56685-03	861	0
SUBTOTAL DIRECT FROM:				212,649	0
PASS-THROUGH PROGRAMS FROM:					
AKTIV-DRY LLC					
Unclassified Grants and Contracts		GFB	93.000 / 93.OCG4745B	571,916	0
CITY OF BOULDER					
Unclassified Grants and Contracts		GFB	93.000 / 93.OCG4777B	93,306	0
INDEVR, LLC					
Unclassified Grants and Contracts		GFB	93.000 / 93.OCG4851B	27,763	0
SERENDIPITY PHARMACEUTICALS, INC.					
Unclassified Grants and Contracts		GFB	93.000 / 93.OCG4870B	19,490	0
STATE UNIVERSITY NEW YORK RESEARCH FOUND					
Unclassified Grants and Contracts		GFB	93.000 / 93.1049874-2-37135	68,832	0
WASHINGTON STATE UNIVERSITY					
Unclassified Grants and Contracts		GFB	93.000 / 93.G001928 N01-A1-3055	53,795	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				835,102	0
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,047,751	0
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
R&D		GLA	93.D3921303	(416)	0
SUBTOTAL DIRECT FROM:				(416)	0
PASS-THROUGH PROGRAMS FROM:					
Food and Drug Adminstration					
R&D		GLA	93.223-04-3004	44,714	0
MASSACHUSETTS GENERAL HOSPITAL					
Food and Drug Administration: Research		GFE	93.103 / 93.FD-R002555-01	10,146	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				54,860	0
SUBTOTAL FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				54,444	0
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Medicare: Supplementary Medical Insurance		GFE	93.774	1,969,075	62,229
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		GFE	93.779	222,333	0
SUBTOTAL DIRECT FROM:				2,191,408	62,229

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
ABT ASSOCIATES INC					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		GFE	93.779 / 93.18378	183,345	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		GFE	93.779 / 93.NO. 18563	130,865	0
COLORADO FOUNDATION MEDICAL CARE					
Medicare: Hospital Insurance		GFE	93.773 / 93.500-02-C001	142,666	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		GFE	93.779 / 93.CMS# 500-05-C001	226,905	0
IOWA FOUNDANTION FOR MEDICAL CARE					
Medicare: Supplementary Medical Insurance		GFE	93.774 / 93.IFMC 500-02-IA03	40,102	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				723,883	0
SUBTOTAL HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				2,915,291	62,229
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Maternal and Child Health Federal Consolidated Programs		GFE	93.110	135,051	106,882
Coordinated Services and Access to Research for Women, Infants, Children, and Youth		GFE	93.153	(11)	0
Universal Newborn Hearing Screening		GFB	93.251	141,205	27,799
Minority Health and Health Disparities Research		GFE	93.307	285,941	282,033
Health Care and Other Facilities		GGB	93.887	591,220	0
Specially Selected Health Projects		GKA	93.888	11,769	0
SUBTOTAL DIRECT FROM:				1,165,175	416,714
PASS-THROUGH PROGRAMS FROM:					
CHILDRENS HOSPITAL					
Grants to Increase Organ Donations		GFE	93.134 / 93.G06810-03	179,196	0
DENVER DEPT OF HUMAN SERVICES					
Maternal and Child Health Federal Consolidated Programs		GFE	93.110 / 93.CE 61304	116,755	0
PUEBLO COMMUNITY HEALTH CENTER					
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		GFE	93.918 / 93.CU EIS CONTRCT2003	19,954	0
SOCIAL AND SCIENTIFIC SYSTEMS					
AIDS Education and Training Centers		GFE	93.145 / 93.BRS-Q-06-00116-T005	431	0
UNIVERSITY OF FLORIDA					
Development and Coordination of Rural Health Services		GFE	93.223 / 93.R18 HL073326	777	0
UNIVERSITY OF NEW MEXICO					
Primary Care Services Resource Coordination and Development		GFE	93.130 / 93.HHSN268200425211C	821	0
UNIVERSITY OF TORONTO					
Centers for Medical Education Research		GFE	93.222 / 93.5-R01NR005075	(15,307)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				302,627	0
SUBTOTAL HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,467,802	416,714
NATIONAL HUMAN GENOME RESEARCH INSTITUTE, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
NATIONAL HUMAN GENOME RESEARCH INSTITUTE, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Human Genome Research		GFE	93.172	240,175	8,609
SUBTOTAL DIRECT FROM:				240,175	8,609
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF WASHINGTON					
Human Genome Research		GFE	93.172 / 93.P50HG003374	22,846	0
Human Genome Research		GFE	93.172 / 93.PN2003I1-009	2,081	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				24,927	0
SUBTOTAL NATIONAL HUMAN GENOME RESEARCH INSTITUTE, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				265,102	8,609
NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
R&D		GLA	93.1R01 OH007493-01A2	138,577	0
SUBTOTAL DIRECT FROM:				138,577	0
SUBTOTAL NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				138,577	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Research Related to Deafness and Communication Disorders		GFB	93.173	340,248	324,989
Research Related to Deafness and Communication Disorders		GFE	93.173	2,682,082	303,364
Research Related to Deafness and Communication Disorders		GGB	93.173	284,907	88,246
SUBTOTAL DIRECT FROM:				3,307,237	716,599
PASS-THROUGH PROGRAMS FROM:					
LOUISIANA STATE UNIVERSITY					
Research Related to Deafness and Communication Disorders		GFE	93.173 / 93.LSU R187697B	(22)	0
NORTHWESTERN UNIVERSITY					
Research Related to Deafness and Communication Disorders		GFB	93.173 / 93.0600 340 D339 1071	43,313	0
UNIVERSITY OF PITTSBURG					
Research Related to Deafness and Communication Disorders		GFE	93.173 / 93.108488-2	32,507	0
Research Related to Deafness and Communication Disorders		GFE	93.173 / 93.UPITT 111077-1	14,287	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				90,085	0
SUBTOTAL NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				3,397,322	716,599
NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
R&D		GGB	93.1 R25 DK067017-03	4,293	0
Biological Response to Environmental Health Hazards		GFE	93.113	906,044	0
Biological Response to Environmental Health Hazards		GGB	93.113	868,014	0
Oral Diseases and Disorders Research		GFB	93.121	1,364,219	68,625
Oral Diseases and Disorders Research		GFE	93.121	3,060,098	47,343
Research and Training in Complementary and Alternative Medicine		GFB	93.213	116,844	0
Research and Training in Complementary and Alternative Medicine		GFE	93.213	499,177	131,651
National Center on Sleep Disorders Research (B) -		GFB	93.233	304	0
Mental Health Research Grants		GFB	93.242	3,200,517	708,432
Mental Health Research Grants		GFE	93.242	7,919,703	743,768
Mental Health Research Grants		GGB	93.242	113,705	0
Alcohol Research Career Development Awards for Scientists and Clinicians		GFB	93.271	251,360	0
Alcohol National Research Service Awards for Research Training		GFB	93.272	42,386	0
Alcohol Research Programs		GFB	93.273	2,858,282	304,461
Alcohol Research Programs		GFE	93.273	4,721,733	510,177
Alcohol Research Programs		GGB	93.273	303,392	18,000
Career Development Awards		GFB	93.277	5,948	(19,850)
Career Development Awards		GFE	93.277	113,273	98,661
Career Development Awards		GGB	93.277	77,789	0
Drug Abuse National Research Service Awards for Research Training		GFB	93.278	13,995	0
Drug Abuse and Addiction Research Programs		GFB	93.279	2,691,941	492,025
Drug Abuse and Addiction Research Programs		GFE	93.279	4,976,313	1,634,283
Drug Abuse and Addiction Research Programs		GGB	93.279	598,358	(14,137)
Mental Health Research Career/Scientist Development Awards		GFB	93.281	87,561	0
Mental Health Research Career/Scientist Development Awards		GFE	93.281	174,482	0
Mental Health National Research Service Awards for Research Training		GFB	93.282	114,974	0
Discovery and Applied Research for Technological Innovations to Improve Human Health		GFB	93.286	538,029	64,253
Discovery and Applied Research for Technological Innovations to Improve Human Health		GFE	93.286	474,788	0
Discovery and Applied Research for Technological Innovations to Improve Human Health		GGB	93.286	648,571	56,492
Discovery and Applied Research for Technological Innovations to Improve Human Health		GLA	93.286 / 93.5 R21 EB001722-02	606	0
Trans-NIH Research Support		GGB	93.310	128,810	0
Clinical Research		GFE	93.333	302,277	83,379
Nursing Research		GFE	93.361	9,115	4,657
Minority Biomedical Research Support		GFE	93.375	951,071	166,769
National Center for Research Resources		GFB	93.389	970,319	0
National Center for Research Resources		GFE	93.389	6,529,193	4,890,713
National Center for Research Resources		GGB	93.389	1,238,750	20,500
Cancer Cause and Prevention Research		GFB	93.393	144,113	0
Cancer Cause and Prevention Research		GFE	93.393	2,598,697	500
Cancer Cause and Prevention Research		GGB	93.393	1,812,869	15,926
Cancer Detection and Diagnosis Research		GFB	93.394	90,918	0
Cancer Detection and Diagnosis Research		GFE	93.394	1,323,258	115,190
Cancer Detection and Diagnosis Research		GGB	93.394	94,674	0
Cancer Treatment Research		GFB	93.395	314,494	0
Cancer Treatment Research		GFE	93.395	2,504,774	328,928
Cancer Treatment Research		GGB	93.395	1,302,291	50,400
Cancer Biology Research		GFB	93.396	995,296	0
Cancer Biology Research		GFE	93.396	4,612,173	75,383
Cancer Centers Support		GFE	93.397	6,047,963	152,318

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Cancer Research Manpower		GFB	93.398	60,476	0
Cancer Research Manpower		GFE	93.398	593,881	9,182
Cancer Research Manpower		GGB	93.398	382,392	0
Cancer Control		GFB	93.399	345,455	167,858
Cancer Control		GFE	93.399	3,517,409	627,548
R&D		GGB	93.5 R01 GM40525-12	(6,983)	0
R&D		GGB	93.5 R33 RR017025-05	139,141	0
R&D		GGB	93.5 R56 NS044395-05	1,985	0
R&D		GGB	93.5 U54 AI065357-02	513,878	0
Cell Biology and Biophysics Research		GFB	93.821	287,012	0
Cell Biology and Biophysics Research		GFE	93.821	27,413	0
Heart and Vascular Diseases Research		GFB	93.837	1,363,278	52,595
Heart and Vascular Diseases Research		GFE	93.837	7,241,238	615,617
Heart and Vascular Diseases Research		GGB	93.837	463,858	0
Lung Diseases Research		GFB	93.838	206,729	0
Lung Diseases Research		GFE	93.838	10,802,155	2,445,938
Blood Diseases and Resources Research		GFB	93.839	128,917	0
Blood Diseases and Resources Research		GFE	93.839	552,976	5,397
Arthritis, Musculoskeletal and Skin Diseases Research		GFB	93.846	1,246,389	308,000
Arthritis, Musculoskeletal and Skin Diseases Research		GFE	93.846	2,580,599	213,270
Diabetes, Endocrinology and Metabolism Research		GFE	93.847	14,465,844	743,046
Diabetes, Endocrinology and Metabolism Research		GGB	93.847	322,277	0
Digestive Diseases and Nutrition Research		GFE	93.848	6,177,526	232,014
Digestive Diseases and Nutrition Research		GGB	93.848	167,832	0
Digestive Diseases and Nutrition Research		GGB	93.848 / 93.3 R01 DK072017-01S1	5,621	0
Kidney Diseases, Urology and Hematology Research		GFE	93.849	5,116,426	547,626
Kidney Diseases, Urology and Hematology Research		GGB	93.849	330,442	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFB	93.853	560,860	27,233
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853	8,084,721	694,418
Extramural Research Programs in the Neurosciences and Neurological Disorders		GGB	93.853	1,584,671	156,919
Biological Basis Research in the Neurosciences		GFE	93.854	169,547	0
Allergy, Immunology and Transplantation Research		GFB	93.855	1,015,842	222,999
Allergy, Immunology and Transplantation Research		GFE	93.855	13,678,432	4,021,468
Allergy, Immunology and Transplantation Research		GGB	93.855	774,296	264,518
Allergy, Immunology and Transplantation Research		GKA	93.855	55,364	0
Microbiology and Infectious Diseases Research		GFB	93.856	1,393,174	0
Microbiology and Infectious Diseases Research		GFE	93.856	783,007	409,156
Microbiology and Infectious Diseases Research		GGB	93.856	27,178,853	7,756,181
Pharmacology, Physiology, and Biological Chemistry Research		GFB	93.859	9,013,570	9,706
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859	4,481,656	380,400
Pharmacology, Physiology, and Biological Chemistry Research		GGB	93.859	2,464,658	60,000
Genetics and Developmental Biology Research and Research Training		GFB	93.862	265,035	0
Genetics and Developmental Biology Research and Research Training		GFE	93.862	(720)	0
Genetics and Developmental Biology Research and Research Training		GGB	93.862	43,913	0
Population Research		GFE	93.864	117,048	0
Child Health and Human Development Extramural Research		GFB	93.865	3,317,577	726,499
Child Health and Human Development Extramural Research		GFE	93.865	8,045,024	873,609
Child Health and Human Development Extramural Research		GGB	93.865	805,825	0
Aging Research		GFB	93.866	3,183,737	148,054
Aging Research		GFC	93.866	143,248	70,939
Aging Research		GFE	93.866	3,475,337	446,161
Aging Research		GGB	93.866	429,041	44,360
Vision Research		GFB	93.867	352,997	102,311
Vision Research		GFE	93.867	718,206	223,895
Vision Research		GGB	93.867	371,119	0
Medical Library Assistance		GFE	93.879	827,609	0
Fogarty International Research Collaboration Award		GFE	93.934	1,018,099	81,264
International Research and Research Training		GFB	93.989	59,324	110,761
International Research and Research Training		GFE	93.989	37,114	83,095
International Research and Research Training		GGB	93.989	412	10,383
R&D		GGB	93.N01 AI-40091 MOD 4	1,060,314	0
R&D		GGB	93.N01-AI-25469 AMD #9	719,917	3,066
R&D		GGB	93.N01-AI-25491 MOD 7	811,200	471,487
R&D		GGB	93.N01-AI-95385 AMD 12	355,472	0
R&D		GGB	93.N01AA01013 AMD 8	4,805	5,000
R&D		GGB	93.N01 AI-40091 MOD 4	1,929,371	314,186
SUBTOTAL DIRECT FROM:				225,081,595	34,435,006

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
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PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
ACRIN					
Cancer Detection and Diagnosis Research		GFE	93.394 / 93.ACRIN-6654	81,258	0
ALBERT EINSTEIN COLLEGE OF MEDICINE OF YERSHIVA U					
Drug Abuse and Addiction Research Programs		GFE	93.279 / 93.9-526-1189	180	0
Drug Abuse and Addiction Research Programs		GFE	93.279 / 93.9-526-1218	31,432	0
AMERICAN COLLEGE OF RADIOLOGY					
Cancer Treatment Research		GFE	93.395 / 93.ACOR CA21661	53,988	0
BAYLOR COLLEGE OF MEDICINE					
Cancer Biology Research		GFE	93.396 / 93.PO# 100108810	70,720	0
BENAROYA RESEARCH INSTITUTE AT VIRGINIA MASON					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.BRI3215.04 UDK62418	9,288	0
BETA CELL BIOLOGY CONSORTIUM					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.VUMC32680-4	43,656	0
BOOZ ALLEN HAMILTON INC.MD					
Cancer Centers Support		GFE	93.397 / 93.SUB# 79556CBS10	66,476	0
BRIGHAM AND WOMENS HOSPITAL					
Oral Diseases and Disorders Research		GFE	93.121 / 93.5 P5ODE016191-BWH	182,193	0
Arthritis, Musculoskeletal and Skin Diseases Research		GFE	93.846 / 93.P01 AR044750	185,481	0
Arthritis, Musculoskeletal and Skin Diseases Research		GFE	93.846 / 93.P50 AR044750	163,500	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.BWH #129795	1,155	0
CALIFORNIA INSTITUTE OF TECHNOLOGY					
Lung Diseases Research		GFB	93.838 / 93.19-1079538	307,462	0
CALIFORNIA PACIFIC MEDICAL CENTER					
Aging Research		GFE	93.866 / 93.2803204-S043	28,288	0
CHILDREN'S HOSPITAL RESEARCH CENTER					
Mental Health Research Grants		GFE	93.242 / 93.662-91193183-AMG	(727)	0
CHILDRENS HOSPITAL					
National Center for Research Resources		GFE	93.389 / 93.GO6834-1	72,736	0
National Center for Research Resources		GFE	93.389 / 93.GO6834-2	72,356	0
National Center for Research Resources		GFE	93.389 / 93.GO6834-3	6,836	0
CHILDRENS HOSPITAL MEDICAL CENTER OF NORTHERN CAL					
Blood Diseases and Resources Research		GFE	93.839 / 93.12.8099-2005-6.A	2,000	0
CHILDRENS HOSPITAL OF CINCINNATI					
National Center for Research Resources		GFE	93.389 / 93.CHMC# 470	13,118	0
CINCINNATI CHILDREN'S HOSPITAL MEDICAL CENTER					
Heart and Vascular Diseases Research		GFE	93.837 / 93.CHMC #510	21,260	0
Heart and Vascular Diseases Research		GFE	93.837 / 93.CHMC# 103634	42,184	0
CLARKSON UNIVERSITY					
Heart and Vascular Diseases Research		GFE	93.837 / 93.SUB# 375-32780-1	1	0
CLEVELAND CLINIC FOUNDATION					
Population Research		GFE	93.864 / 93.1R01HD041162 MOD#6	47,603	0
COLORADO SEMINARY					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.SC36028-01-02	60,191	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.SC#36070-02-03	56,744	0
COLUMBIA UNIVERSITY					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.COLUMBU-NS048125	19,340	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.R01 NS045294-03	7,082	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.U19AI056362	30,800	0
COLUMBUS CHILDRENS RESEARCH INSTITUTE					
Cancer Control		GFE	93.399 / 93.RCA098217	47,811	0
DARTMOUTH COLLEGE					
Cancer Control		GFE	93.399 / 93.5 R01 CA098286-04	74,388	0
Cancer Control		GFE	93.399 / 93.5-30190.5710	30,348	0
DENVER HEALTH AND HOSPITAL					
Cancer Cause and Prevention Research		GFE	93.393 / 93.E1815A	115,358	38,886
Cancer Cause and Prevention Research		GFE	93.393 / 93.E1815B	141,876	0
Lung Diseases Research		GFE	93.838 / 93.DHH - E1392B2	61,287	0
Lung Diseases Research		GFE	93.838 / 93.DHH - E1392B3	43,470	0
Lung Diseases Research		GFE	93.838 / 93.DHH - E1392B4	74,060	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.DHH E1942-A	54,814	0
DUKE UNIVERSITY					
Discovery and Applied Research for Technological Innovations to Improve Human Health		GFE	93.286 / 93.07-SC-NIH-1007	17,440	0
Cancer Treatment Research		GFE	93.395 / 93.5U10CA76001-4/APEX	2,000	0
Cancer Treatment Research		GFE	93.395 / 93.7U10CA76001	19,752	0
Heart and Vascular Diseases Research		GFE	93.837 / 93.R01 HL075752	266,122	0
Aging Research		GFB	93.866 / 93.04-SC-NIH-1072	227,839	0
EMMES CORPORATION					
Drug Abuse and Addiction Research Programs		GFE	93.279 / 93.EMMES CTN-0017	39,082	85,817
EMORY UNIVERSITY, ATLANTA					
Kidney Diseases, Urology and Hematology Research		GFE	93.849 / 93.5-23315-G3	145,760	0
FISHER BIOSERVICES CORP					
Cancer Treatment Research		GFE	93.395 / 93.FBS-43312-19	1,819	0
FLORIDA A&M UNIVERSITY					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.C-1786	1,084	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
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ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) / PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
GEORGE WASHINGTON UNIVERSITY					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.23301-6-CCLS20349F	644,680	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.GWU 05-B09	(4,707)	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.GWU 05-E05	38,788	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.GWU 06-A08	317,881	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.GWUNIV #06-A06	890,456	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.GWUNIV 06-M13	466,141	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.PTA#23301-2-CCLS201	90,637	0
GEORGIA INSTITUTE OF TECHNOLOGY					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.R7247-G1	113,631	0
H T D BIOSYSTEMS,INC, CALIFORNIA					
Lung Diseases Research		GFE	93.838 / 93.PN200508-161	159,204	0
HARVARD UNIVERSITY-SCHOOL OF PUBLIC HEALTH					
Child Health and Human Development Extramural Research		GFE	93.865 / 93.U01 HD052102-FFP	99,687	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.U01 HD052102-FUP	8,751	0
HENRY M. JACKSON FOUNDATION					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.142140	176,934	0
HOPE FOUNDATION					
Cancer Treatment Research		GFE	93.395 / 93.PN:200701-294	24,614	0
HOSPITAL FOR SPECIAL SURGERY					
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93. AI055007-04 R01	80,370	0
HTD BIOSYSTEMS					
Allergy, Immunology and Transplantation Research		GFB	93.855 / 93.OCG4573B	87,873	0
JAEB CENTER FOR HEALTH RESEARCH					
Vision Research		GFE	93.867 / 93.U10EY14231	57	0
JOHNS HOPKINS UNIVERSITY					
Mental Health Research Grants		GFE	93.242 / 93.R01MH075828	19,999	0
Lung Diseases Research		GFE	93.838 / 93.JHU 8410-66553-6	32,719	0
Lung Diseases Research		GFE	93.838 / 93.JHU 8609-03431-X	75,226	0
KAISER FOUNDATION					
Research and Training in Complementary and Alternative Medicine		GFE	93.213 / 93.R21AT002617	19,189	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.PN200607-114	97,689	2,078
Cancer Cause and Prevention Research		GFE	93.393 / 93.PN:0706-067	16,857	0
KEYSTONE BIOMEDICAL INC					
Heart and Vascular Diseases Research		GFE	93.837 / 93.PN200411-152	8,880	0
KLEIN BRUNDEL, INC.					
Cancer Cause and Prevention Research		GFE	93.393 / 93.238-UCD	59,459	0
KLEIN BUENDEL					
Cancer Cause and Prevention Research		GFB	93.393 / 93.249-UCD	8,204	0
M.D.ANDERSON CANCER CENTER AT UNIV OF TEXAS					
Cancer Research Manpower		GFE	93.398 / 93.PO# 19407-2000	40,969	0
Cancer Control		GFE	93.399 / 93.14580-0-2000	(88,091)	0
Cancer Control		GFE	93.399 / 93.17102/98017942	671,095	0
MARSHFIELD CLINIC FOUNDATION					
Cancer Detection and Diagnosis Research		GFE	93.394 / 93.PN200610-235	2,212	0
MASSACHUSETTS GENERAL HOSPITAL					
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859 / 93.2 U54 GM062119-06	67,598	0
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859 / 93.5 U54 GM62119-05	9,523	0
MAYO CLINIC ROCHESTER					
Cancer Cause and Prevention Research		GFE	93.393 / 93.5 U01 CA89389-02	36	0
Cancer Control		GFE	93.399 / 93.2 U01 CA89389-04	4,062	0
Digestive Diseases and Nutrition Research		GFE	93.848 / 93.MAYO DK66270-03	89,040	0
MEDICAL COLLEGE OF GEORGIA					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.MEDCG 05-10478A1	25,083	0
MEDICAL UNIERSITY OF SOUTH CAROLINA					
Mental Health Research Grants		GFE	93.242 / 93.R01 MH068813	168,051	0
METAFLUIDICS,INC.					
Lung Diseases Research		GFE	93.838 / 93.R43 HL79741	21,090	0
MT.SINAI SCHOOL OF MEDICINE,NY					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.NS045719	42,829	0
NATIONAL JEWISH MEDICAL AND RESEARCH CENTER					
Biological Response to Environmental Health Hazards		GFE	93.113 / 93.U54 ES015678	43,778	0
Lung Diseases Research		GFE	93.838 / 93.NJH 22083601	(4,902)	0
Lung Diseases Research		GFE	93.838 / 93.NJH 22083602	22,490	0
Lung Diseases Research		GFE	93.838 / 93.NJMRC-P01 ES11810-5	260,623	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.HHSN266200400029C	62,396	0
NATL JEWISH HOSPITAL					
Biological Response to Environmental Health Hazards		GFE	93.113 / 93.NJH # 22072604	208,466	0
Biological Response to Environmental Health Hazards		GFE	93.113 / 93.NJH 23089601	319,150	0
Biological Response to Environmental Health Hazards		GFE	93.113 / 93.NJH 23089901	130,358	0
National Center on Sleep Disorders Research (B) -		GFE	93.233 / 93.22089601/HL07536604	2,194	0
Discovery and Applied Research for Technological Innovations to Improve Human Health		GFE	93.286 / 93.NJH 22203003	97,603	0
Lung Diseases Research		GFE	93.838 / 93.ACCT#22078701	(1,663)	0
Lung Diseases Research		GFE	93.838 / 93.ACCT#22078703	41,706	0
Lung Diseases Research		GFE	93.838 / 93.NJH #24012417	418,208	0
Lung Diseases Research		GFE	93.838 / 93.NJH #24012517	220,197	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
	GFE	93.838 / 93.NJH 24008310	6,701	0
	GFE	93.838 / 93.NJH 24012416	104,407	0
	GFE	93.838 / 93.NJH 24012516	141,234	0
	GFE	93.838 / 93.P01 HL36577-20	63,205	0
	GFE	93.838 / 93.P50 HL067671-05	1,761	0
	GFE	93.849 / 93.22072505	13,849	0
	GFE	93.855 / 93.NJH 20027023	(333)	0
	GFE	93.855 / 93.NJH 22083001	(2)	0
	GFE	93.855 / 93.NJH 22083002	24,644	0
		NORTHERN CALIF. INSTITUTE FOR RESEARCH & EDUC		
	GFE	93.847 / 93.NCIRE-2 FRAM 770-02	84,438	0
		NORTHWESTERN UNIVERSITY		
	GFE	93.394 / 93.0600 370 A552 1275	27,923	0
		NSABP FOUNDATION, INC		
	GFE	93.395 / 93.NSABP TFED32A-340	6,299	0
	GFE	93.399 / 93.UCDHSC-21	26,693	0
	GFE	93.399 / 93.UCDHSC-21EXT	41,409	0
		OHIO STATE UNIVERSITY RESEARCH FOUNDATION		
	GFB	93.859 / 93.600070771	13,860	0
		OREGON HEALTH SCIENCES UNIVERSITY		
	GFE	93.847 / 93.GPRC00605A5	51,919	0
		QCMETRIX, INC.		
	GFE	93.389 / 93.PN:200701-167	9,264	0
		RESEARCH TRIANGLE INSTITUTE		
	GFE	93.395 / 93.1-340-0209139	145,188	0
		RUSH PRESBYTERIAN, CHICAGO		
	GFE	93.837 / 93.HL 067128-04	(1,346)	0
	GFE	93.837 / 93.HL 067128-05	20,517	0
		SAINT LOUIS UNIVERSITY,MO		
	GFE	93.856 / 93.N01-AI-45250	584,079	0
		SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION		
	GFE	93.837 / 93.E0003612	34,300	0
		SCRIPPS RESEARCH INSTITUTE		
	GFE	93.855 / 93.SRI-U19AI063603	208	0
		SERENDIPITY PHARMACEUTICALS, INC.		
	GFE	93.395 / 93.PN200607-199	2,336	0
		SOCIAL AND SCIENTIFIC SYSTEMS		
	GFE	93.856 / 93.202PPCL02 #5	49,820	0
	GFE	93.856 / 93.203IC003-MOD3	(243)	0
	GFE	93.856 / 93.AACTG.00044.UICTU	31,852	0
	GFE	93.856 / 93.AACTG.49.5208.04	66,928	0
	GFE	93.856 / 93.BRS-Q-06-00116-T003	329,806	0
	GFE	93.856 / 93.BRS-Q-06-00139-T001	302,853	0
	GFE	93.856 / 93.PN 9710-135	975	0
	GFE	93.856 / 93.SSS-AACTG.33.49	243	0
		SOUTHWEST ONCOLOGY CANCER THERAPY RESEARCH		
	GFE	93.395 / 93.FIS 003	13,064	0
	GFE	93.395 / 93.SWOG-CA32102/37429	150,437	0
	GFE	93.399 / 93.CCOP-06000	304,694	0
	GFE	93.399 / 93.CCOP-06001	151,468	0
	GFE	93.399 / 93.SWOG CCOP-03010	(2,946)	0
	GFE	93.399 / 93.SWOG-CCOP-05008	(23,191)	0
	GFE	93.399 / 93.SWOG-SELECT-05004	(2,148)	0
		TEMPLE UNIVERSITY		
	GFE	93.213 / 93.36-0611-101	189,405	0
	GFB	93.279 / 93.CC0148990	15,587	0
		THE JACKSON LABORATORY		
	GFE	93.393 / 93.PO# 592414	25,000	0
		THE WILLIAM AND FLORA HEWLETT FOUNDATION		
	GFB	93.865 / 93.2005-6516	162,267	0
		THOMAS JEFFERSON UNIVERSITY		
	GFE	93.837 / 93.080-18009-R67302	(17,386)	0
		TUFTS UNIVERSITY		
	GFE	93.853 / 93.TUFTS-R01 NS036524	113,189	0
		TULANE UNIVERSITY		
	GFE	93.393 / 93.5 R01 CA096717-04	22,606	0
		UNIV OF KENTUCKY RESEARCH FOUNDATION		
	GFE	93.853 / 93.UKRF 4-68214-05-062	20,914	0
		UNIVERSITY OF ALABAMA		
	GFE	93.849 / 93.N01-AI-30025	15,233	0
	GFE	93.865 / 93.036 ATN 056	79,218	0
		UNIVERSITY OF ALABAMA AT BIRMINHAM		
	GFE	93.848 / 93.DK065958-02	832	0
	GFE	93.856 / 93.N01-AI30025	101	0
	GFE	93.856 / 93.UALAB-N01 AI15440	(29,465)	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
UNIVERSITY OF ARIZONA					
Cancer Cause and Prevention Research		GFE	93.393 / 93.Y431674	161,159	0
UNIVERSITY OF CALIFORNIA AT DAVIS					
Cancer Treatment Research		GFE	93.395 / 93.010342-UCHSC	38,936	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.K-006198 AMEND#4	(3,547)	0
UNIVERSITY OF CALIFORNIA AT IRVINE					
Cancer Treatment Research		GFE	93.395 / 93.UCIR NO1-CN-75019	(1,327)	0
Cancer Control		GFE	93.399 / 93.UCHSC-2003-1185 #3	42,977	0
UNIVERSITY OF CALIFORNIA AT SAN DIEGO					
Cell Biology and Biophysics Research		GFE	93.821 / 93.PO#10228622-002	32,028	0
Cell Biology and Biophysics Research		GFE	93.821 / 93.PO#10228622-003	392,483	0
Cell Biology and Biophysics Research		GFE	93.821 / 93.UCSD 10228623-002	60,776	0
Cell Biology and Biophysics Research		GFE	93.821 / 93.UCSD 10228623-003	191,117	0
UNIVERSITY OF CALIFORNIA AT SAN FRANCISCO					
Clinical Research		GFE	93.333 / 93.UCSF-#3068SC	50,988	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.UCSF 2831SC	13,852	0
Arthritis, Musculoskeletal and Skin Diseases Research		GFE	93.846 / 93.SUB#3661SC AMD01	59,773	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.3117SC/NO1-AI-15416	16,795	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.SUB# 0132SC	167,718	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.SUB# 3698SC	157,705	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.UCSF-#3109SC	207,377	0
UNIVERSITY OF CALIFORNIA BERKLEY					
Mental Health Research Grants		GFE	93.242 / 93.SA4519-10269PG	9,616	0
Cancer Biology Research		GFB	93.396 / 93.SA4901-10810	124,587	0
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859 / 93.SA5302-10612	10,788	0
UNIVERSITY OF CHICAGO					
Cancer Treatment Research		GFE	93.395 / 93.NO1-CM17102	6,703	0
UNIVERSITY OF CINCINNATI					
Drug Abuse and Addiction Research Programs		GFE	93.279 / 93.3 U10 DA013732-07	440,741	0
Drug Abuse and Addiction Research Programs		GFE	93.279 / 93.5 U10 DA013732-07	310,293	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.SPOTS# 15343	48,163	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.SRS# 19633	118,189	0
Aging Research		GFB	93.866 / 93.PC03A-00994	21,419	0
UNIVERSITY OF DENVER					
Mental Health Research Grants		GFE	93.242 / 93.SC36215-01-00	38,739	0
UNIVERSITY OF ILLINOIS					
Heart and Vascular Diseases Research		GFE	93.837 / 93.5 P01 HL062426-07	133,304	0
Heart and Vascular Diseases Research		GFE	93.837 / 93.5 R37 HL049244-13	16,726	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.2005-02129-01	33,245	0
UNIVERSITY OF MARYLAND COLLEGE PARK					
Child Health and Human Development Extramural Research		GFE	93.865 / 93.UMD-Z194601	1,167	0
UNIVERSITY OF MICHIGAN					
Cancer Treatment Research		GFE	93.395 / 93.CA32102-F015004	45,743	0
Cancer Treatment Research		GFE	93.395 / 93.CA32102-F015011	44,018	0
Cancer Treatment Research		GFE	93.395 / 93.F015711	598,185	0
Cancer Treatment Research		GFE	93.395 / 93.F015915	44,899	0
Lung Diseases Research		GFE	93.838 / 93.3000584648	219,389	0
UNIVERSITY OF MINNESOTA					
Lung Diseases Research		GFE	93.838 / 93.PN:0503-097	10,638	0
Digestive Diseases and Nutrition Research		GFE	93.848 / 93.UMINN-Q4637401101	7,455	0
UNIVERSITY OF NEW MEXICO					
Child Health and Human Development Extramural Research		GFE	93.865 / 93.HD38540-05	(336)	0
UNIVERSITY OF NORTH CAROLINA					
Child Health and Human Development Extramural Research		GFB	93.865 / 93.5-33901	374,347	0
Child Health and Human Development Extramural Research		GFB	93.865 / 93.5-33983	146,778	22,334
UNIVERSITY OF PENNSYLVANIA					
Research and Training in Complementary and Alternative Medicine		GFE	93.213 / 93.UPA 5-38977-A	(7,823)	0
UNIVERSITY OF PITTSBURG					
Mental Health Research Grants		GFE	93.242 / 93.UPITTS 110184	44,948	0
Lung Diseases Research		GFE	93.838 / 93.UPITTS 106908-2	30,937	0
UNIVERSITY OF ROCHESTER					
Mental Health Research Grants		GFE	93.242 / 93.413141-G	38,240	0
Mental Health Research Grants		GFE	93.242 / 93.413641-G	151,743	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.UROCH PO# 412464-G	30,318	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.NS37167-PO#413445-G	2,826	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.UROCH 5-29913	2,549	0
UNIVERSITY OF SOUTH CAROLINA					
Mental Health Research Grants		GFE	93.242 / 93.USCRF 03-0774	29,012	0
UNIVERSITY OF SOUTH FLORIDA					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.6119-1060-00-B	40,503	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.6119-1094-00-B	69,179	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.USF 6119-1094-00-L	1,152,978	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.USF# 6119-1060-00-I	36,053	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.USF# 6119-1094-00-I	131,512	0
Aging Research		GFE	93.866 / 93.6155-0032-00-A	(15,023)	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
UNIVERSITY OF SOUTHERN CALIFORNIA					
Cancer Cause and Prevention Research		GFE	93.393 / 93.H30632	(841)	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.H35330	227,820	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.USC 105801	7,552	0
UNIVERSITY OF TENNESSEE					
Alcohol Research Programs		GFB	93.273 / 93.U01 AA014425	60,163	0
UNIVERSITY OF TEXAS AT AUSTIN					
Child Health and Human Development Extramural Research		GFB	93.865 / 93.UTA06-597	28,246	0
UNIVERSITY OF TEXAS AT SAN ANTONIO					
Oral Diseases and Disorders Research		GFE	93.121 / 93.121874/121472	47,017	0
Oral Diseases and Disorders Research		GFE	93.121 / 93.122040/121476	110,232	0
UNIVERSITY OF TEXAS SW MEDICAL CENTER					
Cancer Centers Support		GFE	93.397 / 93.UTEX # GMO-400816	163,198	0
UNIVERSITY OF TEXAS, HOUSTON					
Cancer Centers Support		GFE	93.397 / 93.N01-AR-0-2249-06	7	0
Cancer Centers Support		GFE	93.397 / 93.UTEXH N01-CM-17003	(1,367)	0
UNIVERSITY OF UTAH					
Mental Health Research Grants		GFE	93.242 / 93.2406136-01	20,241	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.UUTAH 9709055-01	25,197	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.UUTAH 9709055-1	65,878	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.SUB# 2505058	1,374	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.SUB2112036-03	282	0
UNIVERSITY OF WASHINGTON					
Biometry and Risk Estimation: Health Risks from Environmental Exposures		GFB	93.115 / 93.972343	204,009	0
Drug Abuse and Addiction Research Programs		GFB	93.279 / 93.SUBCONTRACT #209498	135,997	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.SUB # 226495	86,647	0
UNIVERSITY OF WISCONSIN					
Cancer Cause and Prevention Research		GFB	93.393 / 93.836F356	1,640	0
Blood Diseases and Resources Research		GFE	93.839 / 93.L510871 MOD #4	462	0
US CIVILIAN RESEARCH/DEVELOPMENT FDN					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.RUX0-2716-MO-06	7,309	0
VANDERBILT UNIVERSITY					
Cancer Control		GFE	93.399 / 93.VUMC31458-R	18,671	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.VUMC 32611-R	156,855	0
VANDERBILT UNIVERSITY MEDICAL CENTER					
Lung Diseases Research		GFE	93.838 / 93.VUMC 32274-R	20,644	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.VUMC 32633-R	146,058	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.VUMC 33065-R	41,632	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.VUMC 33060-R	20,031	0
Allergy, Immunology and Transplantation Research		GFB	93.855 / 93.VUMC 33080-R	58,367	0
W.G.MAGUSON CLINICAL CENTER					
Clinical Research		GFE	93.333 / 93.PO# 259MM508681	15,049	0
WAKE FOREST UNIVERSITY SCHOOL OF MEDICINE					
Heart and Vascular Diseases Research		GFE	93.837 / 93.WFUHS 19118	63,152	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.U01 DK62418-3	60,893	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.WFUHS18796	(2,370)	0
WASHINGTON STATE UNIVERSITY					
National Center for Research Resources		GFE	93.389 / 93.WSTU-G001905	65,086	0
WASHINGTON UNIVERSITY IN ST LOUIST					
Lung Diseases Research		GFE	93.838 / 93.WU-05-03	17,259	0
WESTAT, INC					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.N01-HD-3-3345	291,496	0
WRIGHT STATE UNIVERSITY					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.PSM06540	13,112	0
YALE UNIVERSITY					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.YALE-A06512	110,446	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.YALE-P01NS044281-03	10,386	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				21,251,285	149,115
SUBTOTAL NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				246,332,880	34,584,121
OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Project Grants for Facilities to Improve the Health Status of Minority Populations		GFE	93.005	2,317	0
SUBTOTAL DIRECT FROM:				2,317	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
National Institute for Safety & Health					
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		GLA	93.006 / 93.1 R01 OH008709-01	187,561	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				187,561	0
SUBTOTAL OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				189,878	0
OFFICE OF POLICY AND EVALUATION, ADMINISTRATION FOR CHILDREN AND FAMILIES DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF POLICY AND EVALUATION, ADMINISTRATION FOR CHILDREN AND FAMILIES DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Social Services Research and Demonstration		GFE	93.647	25,589	0
SUBTOTAL DIRECT FROM:				25,589	0
PASS-THROUGH PROGRAMS FROM:					
INSTITUTE FOR SOCIAL & ECONOMIC DEVELOPMENT					
Social Services Research and Demonstration		GFE	93.647 / 93.2005-9090-6	6,787	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				6,787	0
SUBTOTAL OFFICE OF POLICY AND EVALUATION, ADMINISTRATION FOR CHILDREN AND FAMILIES DEPARTMENT OF HEALTH AND HUMAN SERVICES				32,376	0
OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Adolescent Family Life Research Grants		GFB	93.111	27,613	0
Adolescent Family Life: Demonstration Projects		GGB	93.995	306,041	0
SUBTOTAL DIRECT FROM:				333,654	0
SUBTOTAL OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES				333,654	0
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		GFE	93.243	64,823	74,730
SUBTOTAL DIRECT FROM:				64,823	74,730
PASS-THROUGH PROGRAMS FROM:					
ALAMOSE COUNTY NURSING SERVICES					
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement		GFE	93.238 / 93.PN200601-300	13,044	0
ORC MACRO INTERNATIONAL, INC.					
Substance Abuse and Mental Health Services: Projects of Regional and National Significance		GFE	93.243 / 93.35126-6S-836	40,922	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				53,966	0
SUBTOTAL SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				118,789	74,730
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				271,871,609	39,221,692
SOCIAL SECURITY ADMINISTRATION					
SOCIAL SECURITY ADMINISTRATION					
DIRECT FROM:					
SOCIAL SECURITY ADMINISTRATION					
Social Security: Research and Demonstration		GFE	96.007	429,568	873,153
SUBTOTAL DIRECT FROM:				429,568	873,153
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				429,568	873,153
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				429,568	873,153

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF HOMELAND SECURITY					
DEPARTMENT OF HOMELAND SECURITY					
DIRECT FROM:					
DEPARTMENT OF HOMELAND SECURITY					
National Dam Safety Program		GGB	97.041	8,820	0
SUBTOTAL DIRECT FROM:				8,820	0
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF MARYLAND COLLEGE PARK					
Centers for Homeland Security		GFB	97.061 / 97.Z988503	266,468	463,246
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				266,468	463,246
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				275,288	463,246
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				275,288	463,246
FOREIGN FOOD DONATION					
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT					
PASS-THROUGH PROGRAMS FROM:					
INDIANA UNIVERSITY					
UNSAID Foreign Assistance for Programs Overseas		GFB	98.001 / 98.19525A-425632 PO# 1	19,588	0
WASHINGTON STATE UNIVERSITY					
UNSAID Foreign Assistance for Programs Overseas		GFB	98.001 / 98.GO02141/105825	47,597	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				67,185	0
SUBTOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT				67,185	0
SUBTOTAL FOREIGN FOOD DONATION				67,185	0
FEDERAL AGENCIES NOT USING CFDA NUMBERS					
CENTRAL INTELLIGENCE AGENCY					
DIRECT FROM:					
CENTRAL INTELLIGENCE AGENCY					
R&D		GGB	99.NMA501-03--1-2009	484	0
SUBTOTAL DIRECT FROM:				484	0
SUBTOTAL CENTRAL INTELLIGENCE AGENCY				484	0
OTHER FEDERAL AGENCIES					
PASS-THROUGH PROGRAMS FROM:					
STARSYS RESEARCH					
R&D		GFB	99.PO# 25840	4,475	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				4,475	0
SUBTOTAL OTHER FEDERAL AGENCIES				4,475	0
SUBTOTAL FEDERAL AGENCIES NOT USING CFDA NUMBERS				4,959	0
SUBTOTAL RESEARCH AND DEVELOPMENT-CLUSTER				544,983,114	77,385,929

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
SCHOOLS AND ROADS-CLUSTER					
DEPARTMENT OF AGRICULTURE					
FOREST SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM: FOREST SERVICE, DEPARTMENT OF AGRICULTURE Schools and Roads: Grants to States		WBA	10.665	0	6,431,505
SUBTOTAL DIRECT FROM:				0	6,431,505
SUBTOTAL FOREST SERVICE, DEPARTMENT OF AGRICULTURE				0	6,431,505
SUBTOTAL DEPARTMENT OF AGRICULTURE				0	6,431,505
SUBTOTAL SCHOOLS AND ROADS-CLUSTER				0	6,431,505

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
SECTION 8-CLUSTER					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Lower Income Housing Assistance Program: Section 8 Moderate Rehabilitation		IHA	14.856	61,199	0
Lower Income Housing Assistance Program: Section 8 Moderate Rehabilitation		NAA	14.856	293,514	22,305
SUBTOTAL DIRECT FROM:				354,713	22,305
SUBTOTAL PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				354,713	22,305
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				354,713	22,305
SUBTOTAL SECTION 8-CLUSTER				354,713	22,305

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
SPECIAL EDUCATION (IDEA)-CLUSTER					
**********					
DEPARTMENT OF EDUCATION					
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
Special Education: Grants to States		DAA	84.027	8,572,325	139,784,327
Special Education: Preschool Grants		DAA	84.173	975,869	4,639,224
SUBTOTAL DIRECT FROM:				9,548,194	144,423,551
PASS-THROUGH PROGRAMS FROM:					
ADAMS COUNTY SCHOOL DISTRICT 50					
Special Education: Grants to States		GFE	84.027 / 84.MOU- SILVER GRANT	24,767	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				24,767	0
SUBTOTAL OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION				9,572,961	144,423,551
SUBTOTAL DEPARTMENT OF EDUCATION				9,572,961	144,423,551
SUBTOTAL SPECIAL EDUCATION (IDEA)-CLUSTER				9,572,961	144,423,551

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
STUDENT FINANCIAL AID-CLUSTER					
**********					
DEPARTMENT OF EDUCATION					
FEDERAL STUDENT AID, DEPARTMENT					
DIRECT FROM:					
FEDERAL STUDENT AID, DEPARTMENT					
Academic Competitive Grants		GFB	84.375	530,489	0
Academic Competitive Grants		GFC	84.375	158,749	0
Academic Competitive Grants		GFE	84.375	83,900	0
Academic Competitive Grants		GGB	84.375	474,144	0
Academic Competitive Grants		GGJ	84.375	92,240	0
Academic Competitive Grants		GJC	84.375	3,000	0
Academic Competitive Grants		GJE	84.375	375	0
Academic Competitive Grants		GJJ	84.375	6,375	0
Academic Competitive Grants		GJK	84.375	2,250	0
Academic Competitive Grants		GJL	84.375	3,750	0
Academic Competitive Grants		GJM	84.375	2,250	0
Academic Competitive Grants		GJR	84.375	8,500	0
Academic Competitive Grants		GJT	84.375	7,950	0
Academic Competitive Grants		GKA	84.375	50,000	0
Academic Competitive Grants		GTA	84.375	150,725	0
Academic Competitive Grants		GWA	84.375	47,975	0
Academic Competitive Grants		GYA	84.375	91,742	0
Academic Competitive Grants		GLA	84.375 / 84.P375A061201	439,867	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GFB	84.376	953,576	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GFC	84.376	266,000	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GFE	84.376	197,404	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GGB	84.376	613,330	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GGJ	84.376	139,992	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GKA	84.376	183,550	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GTA	84.376	325,058	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GWA	84.376	36,000	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GYA	84.376	70,000	0
National Science and Mathematics Access to Retain Talent (SMART) Grants		GLA	84.376 / 84.P376S061201	78,725	0
SUBTOTAL DIRECT FROM:				5,017,916	0
SUBTOTAL FEDERAL STUDENT AID, DEPARTMENT				5,017,916	0
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Federal Supplemental Educational Opportunity Grants		GFB	84.007	970,717	0
Federal Supplemental Educational Opportunity Grants		GFC	84.007	206,959	0
Federal Supplemental Educational Opportunity Grants		GFE	84.007	453,340	0
Federal Supplemental Educational Opportunity Grants		GGJ	84.007	561,868	0
Federal Supplemental Educational Opportunity Grants		GJB	84.007	68,783	0
Federal Supplemental Educational Opportunity Grants		GJC	84.007	63,466	0
Federal Supplemental Educational Opportunity Grants		GJD	84.007	162,279	0
Federal Supplemental Educational Opportunity Grants		GJE	84.007	182,434	0
Federal Supplemental Educational Opportunity Grants		GJF	84.007	16,757	0
Federal Supplemental Educational Opportunity Grants		GJG	84.007	18,124	0
Federal Supplemental Educational Opportunity Grants		GJH	84.007	29,140	0
Federal Supplemental Educational Opportunity Grants		GJJ	84.007	223,931	0
Federal Supplemental Educational Opportunity Grants		GJK	84.007	199,931	0
Federal Supplemental Educational Opportunity Grants		GJL	84.007	81,966	0
Federal Supplemental Educational Opportunity Grants		GJM	84.007	88,806	0
Federal Supplemental Educational Opportunity Grants		GJR	84.007	12,579	0
Federal Supplemental Educational Opportunity Grants		GJT	84.007	19,026	0
Federal Supplemental Educational Opportunity Grants		GKA	84.007	223,455	0
Federal Supplemental Educational Opportunity Grants		GSA	84.007	161,128	0
Federal Supplemental Educational Opportunity Grants		GTA	84.007	544,938	0
Federal Supplemental Educational Opportunity Grants		GWA	84.007	85,760	0
Federal Supplemental Educational Opportunity Grants		GYA	84.007	145,580	0
Federal Supplemental Educational Opportunity Grants		GZA	84.007	136,807	0
Federal Supplemental Educational Opportunity Grants		GLA	84.007 / 84.P063P010245	141,456	0
Federal Family Education Loans		GDA	84.032	209,191,200	0
Federal Family Education Loans		GFC	84.032	27,406,188	0

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Federal Family Education Loans		GFE	84.032	106,261,916	0
Federal Family Education Loans		GGJ	84.032	16,467,189	0
Federal Family Education Loans		GJB	84.032	8,704,365	0
Federal Family Education Loans		GJC	84.032	4,026,641	0
Federal Family Education Loans		GJD	84.032	7,971,397	0
Federal Family Education Loans		GJE	84.032	12,620,205	0
Federal Family Education Loans		GJF	84.032	1,403,397	0
Federal Family Education Loans		GJG	84.032	1,076,090	0
Federal Family Education Loans		GJH	84.032	2,770,503	0
Federal Family Education Loans		GJJ	84.032	10,234,050	0
Federal Family Education Loans		GJK	84.032	9,259,000	0
Federal Family Education Loans		GJM	84.032	1,471,429	0
Federal Family Education Loans		GKA	84.032	44,184,401	0
Federal Family Education Loans		GLA	84.032	12,626,580	0
Federal Family Education Loans		GRA	84.032	35,455,545	0
Federal Family Education Loans		GSA	84.032	279,805	0
Federal Family Education Loans		GTA	84.032	54,148,507	0
Federal Family Education Loans		GYA	84.032	12,581,533	0
Federal Family Education Loans		GZA	84.032	17,950,691	0
Federal Family Education Loans		GWA	84.032 / 84.CO College Access Net	6,366,683	0
Federal Family Education Loans		GSA	84.032 / 84.College Assist	9,118,447	0
Federal Family Education Loans		GWA	84.032 / 84.various state/private	114,081	0
Federal Work-Study Program		GFB	84.033	1,702,293	0
Federal Work-Study Program		GFC	84.033	445,603	0
Federal Work-Study Program		GFE	84.033	688,606	0
Federal Work-Study Program		GGB	84.033	1,503,059	0
Federal Work-Study Program		GGJ	84.033	447,659	0
Federal Work-Study Program		GJB	84.033	132,925	0
Federal Work-Study Program		GJD	84.033	198,295	0
Federal Work-Study Program		GJE	84.033	247,744	0
Federal Work-Study Program		GJF	84.033	25,243	0
Federal Work-Study Program		GJG	84.033	34,580	0
Federal Work-Study Program		GJH	84.033	60,820	0
Federal Work-Study Program		GJJ	84.033	187,710	0
Federal Work-Study Program		GJK	84.033	115,104	0
Federal Work-Study Program		GJL	84.033	111,913	0
Federal Work-Study Program		GJM	84.033	74,722	0
Federal Work-Study Program		GJR	84.033	89,271	0
Federal Work-Study Program		GJT	84.033	24,164	0
Federal Work-Study Program		GKA	84.033	364,452	0
Federal Work-Study Program		GSA	84.033	137,935	0
Federal Work-Study Program		GTA	84.033	491,378	0
Federal Work-Study Program		GWA	84.033	133,000	0
Federal Work-Study Program		GYA	84.033	272,325	0
Federal Work-Study Program		GZA	84.033	222,223	0
Federal Work-Study Program		GLA	84.033 / 84.P033A010707	165,001	0
Federal Perkins Loan Program: Federal Capital Contributions	*	GTA	84.038	139,503	0
Federal Direct Student Loans		GFB	84.268	112,540,774	0
Federal Direct Student Loans		GGB	84.268	88,591,939	0
SUBTOTAL DIRECT FROM:				825,637,314	0
PASS-THROUGH PROGRAMS FROM:					
CAN					
Federal Family Education Loans		GJT	84.032	824,125	0
Guaranteed by CAN					
Federal Family Education Loans		GJL	84.032	5,149,694	0
OFFICE OF CONTRACTS & GRANTS CLEARING ACCOUNT					
Federal Work-Study Program		GFB	84.033 / 84.OCGA CLEARING ACCT	170,488	0
Various lenders					
Federal Family Education Loans		GJT	84.032	3,313	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				6,147,620	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				831,784,934	0
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Federal Pell Grant Program		GFB	84.063	9,722,557	0
Federal Pell Grant Program		GFC	84.063	4,140,740	0
Federal Pell Grant Program		GFE	84.063	5,931,195	0
Federal Pell Grant Program		GGB	84.063	9,004,260	0
Federal Pell Grant Program		GGJ	84.063	4,763,438	0
Federal Pell Grant Program		GJB	84.063	2,824,240	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Federal Pell Grant Program		GJC	84.063	2,850,353	0
Federal Pell Grant Program		GJD	84.063	6,075,359	0
Federal Pell Grant Program		GJE	84.063	6,321,626	0
Federal Pell Grant Program		GJF	84.063	1,027,737	0
Federal Pell Grant Program		GJG	84.063	1,056,598	0
Federal Pell Grant Program		GJH	84.063	2,081,408	0
Federal Pell Grant Program		GJJ	84.063	6,877,862	0
Federal Pell Grant Program		GJK	84.063	6,578,752	0
Federal Pell Grant Program		GJL	84.063	2,536,181	0
Federal Pell Grant Program		GJM	84.063	1,918,464	0
Federal Pell Grant Program		GJR	84.063	1,002,343	0
Federal Pell Grant Program		GJT	84.063	407,623	0
Federal Pell Grant Program		GKA	84.063	5,162,608	0
Federal Pell Grant Program		GSA	84.063	2,695,654	0
Federal Pell Grant Program		GTA	84.063	13,991,464	0
Federal Pell Grant Program		GWA	84.063	1,279,476	0
Federal Pell Grant Program		GYA	84.063	3,559,881	0
Federal Pell Grant Program		GZA	84.063	4,859,361	0
Federal Pell Grant Program		GLA	84.063 / 84.P033A020707	1,328,741	0
SUBTOTAL DIRECT FROM:				107,997,921	0
SUBTOTAL OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				107,997,921	0
SUBTOTAL DEPARTMENT OF EDUCATION				944,800,771	0
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Nursing Student Loans		GFE	93.364	(50)	0
Scholarships for Health Professions Students from Disadvantaged Backgrounds		GFE	93.925	118,059	0
Scholarships for Health Professions Students from Disadvantaged Backgrounds		GGB	93.925	116,195	0
SUBTOTAL DIRECT FROM:				234,204	0
SUBTOTAL HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				234,204	0
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				234,204	0
SUBTOTAL STUDENT FINANCIAL AID-CLUSTER				945,034,975	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)
FEDERAL AGENCY
MAJOR SUBDIVISION OF FEDERAL AGENCY
SOURCE TYPE (DIRECT OR PASS-THROUGH)
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)
PROGRAM NAME

	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
TRIO-CLUSTER					
**********					
DEPARTMENT OF EDUCATION					
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
TRIO: Student Support Services		GFB	84.042	254,884	0
TRIO: Student Support Services		GFE	84.042	135,298	0
TRIO: Student Support Services		GGB	84.042	358,127	0
TRIO: Student Support Services		GGJ	84.042	292,490	0
TRIO: Student Support Services		GJD	84.042	251,398	0
TRIO: Student Support Services		GJF	84.042	215,077	0
TRIO: Student Support Services		GJJ	84.042	213,085	0
TRIO: Student Support Services		GJK	84.042	205,784	0
TRIO: Student Support Services		GJM	84.042	337,858	0
TRIO: Student Support Services		GJR	84.042	181,215	0
TRIO: Student Support Services		GKA	84.042	278,945	0
TRIO: Student Support Services		GTA	84.042	279,192	0
TRIO: Student Support Services		GYA	84.042	227,672	0
TRIO: Student Support Services		GSA	84.042 / 84.P042A020971	278,369	0
TRIO: Talent Search		GGB	84.044	342,975	0
TRIO: Talent Search		GJB	84.044	203,320	0
TRIO: Talent Search		GJM	84.044	67,271	0
TRIO: Talent Search		GSA	84.044	288,875	0
TRIO: Talent Search		GYA	84.044	87,602	0
TRIO: Upward Bound		GFB	84.047	533,700	0
TRIO: Upward Bound		GGB	84.047	452,047	0
TRIO: Upward Bound		GGJ	84.047	606,196	0
TRIO: Upward Bound		GJK	84.047	192,965	0
TRIO: Upward Bound		GJM	84.047	688,625	0
TRIO: Upward Bound		GKA	84.047	275,211	0
TRIO: Upward Bound		GSA	84.047	236,345	0
TRIO: Upward Bound		GTA	84.047	636,250	0
TRIO: Upward Bound		GYA	84.047	483,993	0
TRIO: Educational Opportunity Centers		GGB	84.066	535,505	0
TRIO: Educational Opportunity Centers		GGJ	84.066	421,330	0
TRIO: Educational Opportunity Centers		GJD	84.066	724,870	0
TRIO: McNair Post-Baccalaureate Achievement		GFB	84.217	207,331	0
TRIO: McNair Post-Baccalaureate Achievement		GFE	84.217	104,024	0
TRIO: McNair Post-Baccalaureate Achievement		GGB	84.217	281,116	0
TRIO: McNair Post-Baccalaureate Achievement		GKA	84.217	234,741	0
SUBTOTAL DIRECT FROM:				11,113,686	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				11,113,686	0
SUBTOTAL DEPARTMENT OF EDUCATION				11,113,686	0
SUBTOTAL TRIO-CLUSTER				11,113,686	0

STATE OF COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED) FEDERAL AGENCY MAJOR SUBDIVISION OF FEDERAL AGENCY SOURCE TYPE (DIRECT OR PASS-THROUGH) ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY) PROGRAM NAME	NONCASH INDICATOR	STATE[1] AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
WIA-CLUSTER					
**********					
DEPARTMENT OF LABOR					
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR					
DIRECT FROM:					
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR					
WIA Adult Program		KAA	17.258	2,461,982	10,151,314
WIA Youth Activities		KAA	17.259	1,275,300	7,884,013
WIA Dislocated Workers		KAA	17.260	4,514,796	13,013,362
SUBTOTAL DIRECT FROM:				8,252,078	31,048,689
PASS-THROUGH PROGRAMS FROM:					
Tri County Workforce Center					
WIA Dislocated Workers		GJL	17.260	154,735	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				154,735	0
SUBTOTAL EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR				8,406,813	31,048,689
SUBTOTAL DEPARTMENT OF LABOR				8,406,813	31,048,689
SUBTOTAL WIA-CLUSTER				8,406,813	31,048,689
TOTAL				4,509,390,168	1,595,331,535

STATE OF COLORADO
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the State of Colorado agencies and institutions of higher education. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Under A-133, an award is considered expended when certain events related to the award occur. These include:

- Expenditure/expense transactions associated with grants, cost reimbursement contracts, cooperative agreements, and direct appropriations. The State of Colorado recognizes expenditures/expenses on the modified accrual or full accrual basis depending on the fund used. See note 5 of the Basic Financial Statements for additional information.
- Disbursement of amounts entitling the state to an interest subsidy
- Use of loan proceeds under loan and loan guarantee programs
- Distribution or consumption of food commodities
- Receipt of property or surplus property
- Disbursement of funds to subrecipients
- The period when insurance is in force
- Receipt or use of program income

As a result of these criteria, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Organization of the Schedule

Assistance reported in the Schedule of Expenditures of Federal Awards is grouped first by program clusters as defined in the Compliance Supplement then by federal agency and then by major subdivision of federal agency. Programs not included in clusters are reported under Catalog of Federal Domestic Assistance (CFDA) numbers or other identifying numbers at the front of the Schedule in a section titled Unclustered Programs. In order to determine the total assistance provided to the State of Colorado by an individual federal agency, amounts provided by the federal agency must be identified in individual clusters as well as in the Unclustered Programs section.

Note 3. Other Assistance

Most noncash assistance is reported in the Schedule of Expenditures of Federal Awards and indicated by an asterisk in the column titled Noncash Indicator. The following provides additional information related to items that federal agencies consider to be assistance.

A. The State Department of Labor and Employment expended $351,654,152 for grant 17.225 - Unemployment Insurance and 17.Unknown for Federal Employee Compensation Act (FECA) Reimbursable, Federal Extended Benefits and Temporary Extended Unemployment Compensation (TEUC) Benefit Payments. The total expenditure amount includes the federal portion of the grants and the required state match in the amounts of $50,500,733 and $301,153,419, respectively.

B. The State Department of Higher Education expended $617,666,975 for grant 84.032 - Federal Family Education Loans. Of this amount, $209,191,200 has been or will be received from the federal government related to incentive fees and reinsurance costs of student loan defaults paid to lenders. The remaining amount is made up of new loan issuances of which $399,212,031 was guaranteed by College Assist, and $9,263,744 was guaranteed by other entities. The outstanding balance of the Federal Family Education Loan program since its inception was $12,652,534,697 as of June 30, 2007.

Note 4. Subrecipients

All amounts passed-through to subrecipients are identified in the Schedule of Expenditures of Federal Awards under the column titled Passed to Subrecipients.

Note 5. State Agency Codes and Names

Agency Code	Agency Name	Agency Code	Agency Name	Agency Code	Agency Name
BAA	DEPARTMENT OF AGRICULTURE	GJF	LAMAR COMMUNITY COLLEGE	OAA	DIVISION OF NATIONAL GUARD
CAA	CORRECTIONS ADMINISTRATION	GJG	MORGAN COMMUNITY COLLEGE	PAA	DNR - EXECUTIVE DIRECTOR
DAA	DEPARTMENT OF EDUCATION	GJH	OTERO JUNIOR COLLEGE	PBA	DIVISION OF WILDLIFE
DAC	STATE CHARTER SCHOOL INSTITUTE	GJJ	PIKES PEAK COMMUNITY COLLEGE	PDA	WATER CONSERVATION BOARD
EAA	OFFICE OF THE GOVERNOR	GJK	PUEBLO COMMUNITY COLLEGE	PEA	DIVISION OF WATER RESOURCES
EBB	COMMISSION ON COMMMUNITY SRVC	GJL	RED ROCKS COMMUNITY COLLEGE	PHA	OIL AND GAS CONSERVATION COMM
EDA	OFFICE OF ECONOMIC DEVELOPMENT	GJM	TRINIDAD STATE JUNIOR COLLEGE	PIA	COLORADO GEOLOGICAL SURVEY
EDB	COUNCIL ON THE ARTS	GJR	NORTHEASTERN JUNIOR COLLEGE	PJA	PARKS AND OUTDOOR RECREATION
EFA	GOV OFF OF ENERGY MGMT/CONSER	GJT	NORTHWESTERN COMMUNITY COLLEGE	PKA	DIV RECLAMATION,MINING,SAFETY
FAA	DEPT OF PUB HLTH & ENVIRONMENT	GKA	UNIVERSITY OF NORTHERN COLO	RAA	DEPARTMENT OF PUBLIC SAFETY
GAA	COLO COMMISSION ON HIGHER ED	GLA	COLORADO SCHOOL OF MINES	SDA	CIVIL RIGHTS DIVISION
GCA	STATE HISTORICAL SOCIETY	GMA	AURARIA HIGHER EDUCATION CTR	SFA	DIVISION OF INSURANCE
GDA	COLLEGE ASSIST	GRA	COLLEGE INVEST	SGA	PUBLIC UTILITIES COMMISSION
GFA	CU - SYSTEM OFFICES	GSA	FORT LEWIS COLLEGE	SJS	PHARMACY BOARD
GFB	CU - BOULDER	GTA	METROPOLITAN STATE COLLEGE	TAA	REVENUE - ADMINISTRATION
GFC	CU - COLORADO SPRINGS	GWA	WESTERN STATE COLLEGE	UHA	DEPT OF HLTH CARE POLICY & FIN
GFE	CU DENVER HEALTH SCIENCE CENTR	GYA	ADAMS STATE COLLEGE	VAA	DEPARTMENT OF STATE
GGB	COLORADO STATE UNIVERSITY	GZA	MESA STATE COLLEGE	WBA	TREASURY - OPERATING
GGJ	CO STATE UNIVERSITY - PUEBLO	HAA	COLO DEPT OF TRANSPORTATION		
GJA	COLO COMMUNITY COLLEGE SYSTEM	IHA	DEPARTMENT OF HUMAN SERVICES		
GJB	ARAPAHOE COMMUNITY COLLEGE	JAA	JUDICIAL		
GJC	COMMUNITY COLLEGE OF AURORA	KAA	DEPT OF LABOR AND EMPLOYMENT		
GJD	COMMUNITY COLLEGE OF DENVER	LAA	DEPARTMENT OF LAW		
GJE	FRONT RANGE COMMUNITY COLLEGE	NAA	DEPARTMENT OF LOCAL AFFAIRS		

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STATE OF COLORADO

Sally Symanski, CPA
State Auditor

OFFICE OF THE STATE AUDITOR
303.869.2800
FAX 303.869.3060

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

December 21, 2007

Required Communications Letter

Members of the Legislative Audit Committee:

We have audited the financial statements of the State of Colorado for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. Under auditing standards generally accepted in the United States of America, we are providing you with the following information related to the conduct of our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. In carrying out this responsibility we planned and performed our audit to obtain reasonable assurance about whether the State's financial statements are free from material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements, due to error or fraud, may exist and not be detected by us. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, we obtained an understanding of the State's internal controls sufficient to plan the audit and determine the nature, timing, and extent of audit procedures to be performed for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

Significant Accounting Policies

The significant accounting policies used by the State are described in the notes to the financial statements contained in the Fiscal Year 2007 Comprehensive Annual Financial Report issued under separate cover. As explained in the introduction to the Summary of Significant Accounting Policies, in Fiscal Year 2007 the State implemented Governmental Accounting Standards Board Statements No. 43, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans* and No. 50, *Pension Disclosure*.

Management Judgements and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the State's Fiscal Year 2007 financial statements include taxes receivable, allowance for doubtful accounts, depreciation of capital assets, deferred revenue, compensated absence liabilities, self-insurance liabilities, medical assistance liabilities, unclaimed property liabilities, scholarship allowances, and unemployment benefits payable. We evaluated the key factors and assumptions used by management to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

Professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. Uncorrected misstatements identified during the Fiscal Year 2007 audit were determined by management and the Office of the State Auditor to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The net effect of the uncorrected misstatements would have been to decrease the net assets by nearly $2 million, increase assets by over $300,000, increase liabilities by nearly $6.2 million, decrease revenue by over $708,000, and decrease expenditures by over $1.4 million. See Appendix B, which shows the net and gross passed audit adjustments by agency and the net and gross posted audit adjustments by agency.

Disagreements with Management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to confer with us to determine that the consultant has all relevant facts. To the best of our knowledge, there were no such consultations, written or oral, from other independent accountants during the past year.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

* * * * * *

This report is intended solely for the information and use of the Legislative Audit Committee, and the State's management and is not intended to be and should not be used by anyone other than these specified parties.

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APPENDIX A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
		Department of Corrections				
1	43	Expand testing for compliance with established controls over procurement card (P-card) transactions by (a) setting a minimum percentage of P-card transactions to be tested and incorporating the testing plan in the internal auditors' annual audit plan and (b) establishing and implementing a policy for uniform disciplinary actions for the various types of violations of P-card transaction policies and procedures.	N/A	Agree	a. 4/2008 b. 5/2008	N/A
2	46	Continue to improve its monitoring of inmate banking by (a) ensuring compliance with Administrative Regulations over inmate banking, particularly with respect to the maintenance of complete and accurate documentation to support all activity in inmate accounts and (b) expanding testing of inmate banking transactions by the internal auditors.	N/A	Agree	2/2008	N/A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
		Department of Education				
3	51	Continue to improve and strengthen controls over compensation adjustments by (a) keeping personnel files complete to ensure that important documentation regarding employee salaries and job descriptions is maintained; (b) ensuring that the Request for Personnel and/or Position Action (CDE-43) forms are reviewed before the salary change is implemented to ensure that all signatures are appropriate and, on the rare occasion that someone is authorized to sign on behalf of the authorized signor, the reason for that situation should be documented; (c) reviewing the CDE-43 forms to ensure that all of the signatures required on the CDE-43 form have been obtained; and (d) requiring that Human Resources, as the gate keeper for salary adjustments, perform desk reviews of employees being reallocated to ensure that the documentation provided in the Position Description Questionnaire is accurate and sufficient.	N/A	Agree	6/2008	N/A
48	184	Assign someone the responsibility to review transactions near or subsequent to the end of an award period to ensure all transactions are properly recorded within the period of available funding.	84.010 (H) ED	Agree	Implemented	David Grier (303)866-6638
		Department of Health Care Policy and Financing				
4	55	Improve controls over payroll by performing reconciliations between actual and expected gross pay on a monthly basis, prior to the distribution of monthly payroll, and incorporating a timely supervisory review of payroll reconciliations and related adjustments.	N/A	Agree	Implemented	N/A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
5	57	Find an alternative method for recording unallocated amounts received for drug rebates and family planning and ensure that these amounts are recorded and reversed consistently.	N/A	Agree	Implemented	N/A
49	188	Set a deadline for the case cleansing of all remaining backlogs of Medicaid and State Children's Health Insurance Program cases on the Colorado Benefits Management System, requiring that all remaining cases be cleansed as soon as possible.	93.767, 93.777, 93.778 (E) HHS	Agree	7/2008	Adel Soliman (303)866-2764
50	192	Continue to improve the reporting from the Colorado Benenfit Management System and work with county departments of human/social services and Medical Assistance sites to ensure that new Medicaid cases and redeterminations, as well as State Children's Health Insurance Program applications, are processed within federal guidelines.	93.767, 93.777, 93.778 (E) HHS	Agree	4/2008	Adel Soliman (303)866-2764

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
51	196	Ensure that Medicaid eligibility is terminated in a timely manner when individuals are no longer eligible for the program by (a) correcting the Transitional Benefits Report problem within the Colorado Benefits Management System (CBMS) related to the Transitional Medicaid program to ensure that eligibility is terminated if no Transitional Benefits Report is submitted; (b) establishing programmed alerts within CBMS for all Medicaid programs that have specified limitations for Medicaid eligibility, such as the Transitional Medicaid program and the Four-Month Extended program, to ensure that eligibility is redetermined for all cases when a period of eligibility expires; (c) ensuring that county departments of human/social services address all CBMS alerts in a timely manner; and (d) using existing eligibility determination monitoring procedures to identify additional inappropriate Medicaid payments related to the problems noted related to timeliness of eligibility determination and following up on problems identified, as appropriate.	93.777, 93.778 (E) HHS	Agree	9/2008	Adel Soliman (303)866-2764
52	201	Ensure that case file documentation for the Medicaid program is adequate to support all eligibility determinations by utilizing established monitoring procedures to ensure required eligibility information is contained in county case files.	93.777, 93.778 (E)(M) HHS	Agree	1/2009	Adel Soliman (303)866-2764
53	203	Improve controls over Medicaid eligibility determinations and data entry into the Colorado Benefits Management System (CBMS) by (a) requiring county departments of human/social services and Medical Assistance sites to institute effective supervisory review processes over data entry into CBMS and eligibility determinations and (b) using eligibility-determination monitoring procedures currently in place to perform reviews of data input into CBMS at counties and Medical Assistance sites.	93.777, 93.778 (E)(M) HHS	Agree	1/2009	Adel Soliman (303)866-2764

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
54	206	Ensure that county departments of human/social services are addressing Income, Eligibility, and Verification System data discrepancies within 45 days of receiving notification as required by federal regulations and in accordance with the State Plan it filed with the federal government.	93.777, 93.778 (E)(M) HHS	Partially Agree	6/2008	Adel Soliman (303)866-2764
55	209	Improve the Medicaid Eligibility Quality Control (MEQC) system by ensuring that county departments of human/social services and Medical Assistance sites respond to findings that identify eligibility errors and that corrective action plans are adequate to address deficiencies identified. In addition, the Department should continue to follow-up on recovering any improper payments identified as a result of the MEQC process.	93.777, 93.778 (A)(B)(E)(M) HHS	Agree	Implemented	Adel Soliman (303)866-2764
56	211	Improve controls over payments to laboratory providers for the Medicaid program by (a) ensuring edits to identify laboratory certification numbers are implemented and operating as intended in the Medicaid Management Information System and (b) establishing a method to verify federally-issued certification numbers for laboratories.	93.777, 93.778 (A)(B)(E) HHS	Agree	6/2009	Adel Soliman (303)866-2764
57	214	Improve controls over Single Entry Points and for the Medicaid program to ensure that subrecipient monitoring responsibilities related to OMB *Circular A-133* audits are met and that appropriate follow-up is conducted.	93.777, 93.778 (A)(B)(E)(M) HHS	Agree	6/2008	Adel Soliman (303)866-2764

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
58	215	Improve controls over the administration of the State Children's Health Insurance Program in order to ensure that the State is in compliance with federal requirements for the grant such as allowable activities, eligibility determination, program income, subrecipient monitoring and federal reporting.	93.767 (A)(B)(E)(G)(L)(M) HHS	Agree	Ongoing	Adel Soliman (303)866-2764
59	217	Annually review and comply with the State Treasury Cash Management Improvement Act Agreement for all affected federal programs in the Department and communicate any changes needed to the State Treasury Department.	93.767 (C) HHS	Agree	Implemented	Adel Soliman (303)866-2764
60	219	Ensure an adequate review process is in place and that all information reported in the Quarterly PSC-272, *Federal Cash Transaction Report*, is accurate and complete prior to submission to the federal government.	93.767 (L) HHS	Agree	Implemented	Adel Soliman (303)866-2764
61	221	Improve internal controls over the indirect cost process by (a) developing and implementing a review process of the allocation of statewide indirect costs and Departmental indirect costs across programs and other areas, (b) ensuring that all spreadsheets used for tracking indirect costs are protected from unauthorized user modifications and formulas are calculating correctly, and (c) evaluating the need to amend the Departmental indirect cost allocation plan and complying with federal regulations annually by either submitting an amended indirect cost plan for approval or certifying to the federal government that the approved cost-allocation plan is not outdated.	93.767, 93.777, 93.778 (B) HHS	Agree	a. Implemented b. 12/2007 c. 6/2008	Adel Soliman (303)866-2764

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
62	224	Establish and implement a procedure to ensure compliance with federal debarment and suspension requirements for all contracts and subawards by reviewing the federal Excluded Parties List System, including a clause regarding suspension or debarment in all Department contracts or obtaining a certification regarding suspension and debarment from the contractor.	93.767 (I) HHS	Agree	4/2008	Adel Soliman (303)866-2764
63	235	Improve the oversight of nursing facility resident assessments and Minimum Data Set (MDS) data by (a) working with the Department of Public Health and Environment to conduct more systematic review and analysis of standard reports available in the electronic MDS system and data maintained by its contract auditor on resource utilization group classifications to identify those facilities that are at higher risk of submitting invalid assessments and, therefore, warrant further attention during rate-setting; (b) working with the Department of Public Health and Environment to require that MDS coordinators at all Medicaid-certified nursing facilities complete the State's MDS training or a comparable MDS training on a routine basis, as appropriate; and (c) working with the Department of Public Health and Environment to evaluate options for the development and implementation of a state validation team to perform routine on-site reviews of nursing facilities' MDS assessments for Medicaid residents.	93.777, 93.778 (P) HHS	Agree	12/2007	Adel Soliman (303)866-2764

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
64	241	Improve its oversight of nursing facilities to ensure compliance with federal and state requirements for managing resident fund accounts. Specifically, the Department should (a) develop and implement an audit program consistent with its existing authority to conduct more routine audits of resident fund accounts managed by nursing facilities participating in Medicaid; (b) take steps to identify Medicaid residents with account balances exceeding applicable resource limits; and (c) work with the Department of Public Health and Environment to improve communication and coordination and, to the extent possible, minimize the potential for duplication of resident fund account monitoring efforts.	93.777, 93.778 (E)(P) HHS	Agree	a. Implemented b. 3/2007 c. 3/2007	Adel Soliman (303)866-2764
		Department of Higher Education				
		Colorado Historical Society				
6	62	Strengthen controls over travel expenditures by (a) ensuring that travel expenditures are appropriately approved; appropriate per diem rates are used; travel reimbursements are recorded in the proper period; and that all other State policies regarding travel are followed and (b) training staff and supervisors on State travel rules and policies.	N/A	Agree	7/2007	N/A
7	64	Improve its monitoring controls over the Georgetown Loop Railroad by strengthening the process for reviewing monthly cash and credit card reconciliations prepared by the Contractor and following up on discrepancies in a timely manner.	N/A	Agree	5/2008	N/A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
		University of Colorado				
65	245	Implement procedures to ensure that federal grant reimbursement requests are reviewed by someone other than the preparer prior to submission, and the University should maintain documentation that the reviews were performed.	10, 10.001, 10.025, 10.028, 10.200, 10.202, 10.203, 10.206, 10.207, 10.210, 10.217, 10.219, 10.302, 10.303, 10.304,10.455, 10.457, 10.459, 10.500, 10.652, 10.902, 10.912, 10.960, 10.962, 11.000, 11.302, 11.431, 11.432, 11.440, 11.462, 11.469, 11.606, 11.609, 11.612, 12.000, 12.104, 12.114, 12.14329, 12.14442, 12.300, 12.30940, 12.420, 12.431, 12.630, 12.700146469, 12.800, 12.901, 12.902, 12.910, 14.400, 15.000, 15.07584102, 15.225, 15.252, 15.504, 15.608, 15.630, 15.634, 15.805, 15.807, 15.808, 15.809, 15.812, 15.915, 15.916, 15.921, 15.922, 15.923, 15.926, 15.929, 16.000, 16.540, 16.541, 16.542,	Partially Agree	12/2007	Roger Cusworth (303)492-9714

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
			19.000, 19.406, 20.000, 27.011, 39.009, 42.002, 42.003, 43.000, 43.001, 43.002, 45.149, 45.160, 45.310, 45.313, 47.000, 47.041, 47.049, 47.050, 47.0534608, 47.0637406, 47.06439402, 47.070, 47.07204102, 47.074, 47.075, 47.076, 47.078, 47.079, 47.080, 59.00, 62.001, 64.018, 66.001, 66.463, 66.500, 66.509, 66.516, 66.606, 66.714, 66.716, 66.814, 66.951, 81.000, 81.041, 81.049, 81.064, 81.087, 81.113, 81.114940, 81.116, 81.117, 81.2406098, 81.36101, 81.403684, 81.53084, 84.015, 84.016, 84.019, 84.022, 84.116, 84.128, 84.133, 84.149, 84.184, 84.195, 84.200, 84.215, 84.305, 84.324, 84.325, 93.005, 93.046, 93.048, 93.051, 93.063, 93.110, 93.111,			

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
			93.172, 93.173, 93.180, 93.185, 93.213, 93.226, 93.233, 93.242, 93.243, 93.251, 93.262, 93.271, 93.272, 93.273, 93.277, 93.278, 93.279, 93.281, 93.282, 93.283, 93.286, 93.307, 93.310, 93.333, 93.361, 93.375, 93.389, 93.393, 93.394, 93.395, 93.396, 93.397, 93.398, 93.399, 93.551, 93.592, 93.600, 93.631, 93.647, 93.670, 93.774, 93.779, 93.821, 93.837, 93.838, 93.839, 93.846, 93.847, 93.848, 93.849, 93.853, 93.854, 93.855, 93.856, 93.859, 93.862, 93.864, 93.865, 93.866, 93.867, 93.879, 93.887, 93.888, 93.934, 93.943, 93.945, 93.989, 93.995, 96.007, 97.041, 10.01-CS-11021300-051 MOD., 10.01-JV-11221615-186, 10.01-PA-11130149-235 MOD., 10.028 / 10.OCG4679B,			

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
			10.02-CA-112721165-041, 10.02-CR-11221611-248, 10.02-JV-1122602-145 AMEND, 10.02-JV-11221610-112 MOD, 10.02-JV-11221616-275, 10.02-JV-11222007-004, 10.02-JV-11272165-038, 10.03-CA-11120101-009 MOD 5, 10.03-CR-11052007-079, 10.03-CS-11020000-052, 10.03-CS-11020000-094 MOD., 10.03-CS-11021006-035 MOD., 10.03-CS-11221611-257, 10.03-CS-11221611-278 AMD., 10.03-CS-11221617-270, 10.03-CS-11222033-315 AMEND, 10.03-DG-11132762-164 MOD., 10.03-JV-11221607-116, 10.03-JV-11221609-272, 10.03-JV-11221610-065,			

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
			10.03-JV-11221616-093, 10.03-JV-11221616-232, 10.03-JV-11222065-292, 10.03-JV-11231300-043, 10.04-CA-11120101-047, 10.04-CR-11221625-219 MOD, 10.04-CS-11221625-100 MOD., 10.04-JV-11221610-029 AMEND, 10.04-JV-11221610-039, 10.04-JV-11221610-214 MOD., 10.04-JV-11221611-221 MOD., 10.04-JV-11221611-264, 10.04-JV-11221616-215, 10.04-JV-11221616-272, 10.04-JV-11221616-308, 10.04-JV-11221617-189 #2, 10.04-JV-11222014-175, 10.04-JV-11222073-302, 10.04-JV-11272164-428, 10.05-7483-0489(CA), 10.05-9208-0039-CA REV 05-1,			

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
			10.05-9208-0148-CA REVSN #0, 10.05-CA-11242343-029 MOD., 10.05-CR-11031600-083, 10.05-CR-11221611-166 MOD #, 10.05-CR-11221611-173, 10.05-CR-11221611-174 AMD #, 10.05-CR-11221611-175 AMEND, 10.05-CR-11221611-180, 10.05-CR-11221611-181, 10.05-CR-11221611-189 AMD#, 10.05-CR-11221611-190, 10.05-CR-11221611-196, 10.05-CR-11221611-230, 10.05-CR-11221611-231, 10.05-CR-11221611-233, 10.05-CR-11221611-244, 10.05-CR-11221611-247, 10.05-CR-11221611-268 AMD #, 10.05-CR-11221611-269, 10.05-CR-11221611-270,			

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
			10.05-CR-11221611-278, 10.05-CR-11221611-279 MOD #, 10.05-CS-11020000-075, 10.05-CS-11020000-086, 10.05-CS-11020000-088, 10.05-CS-1102000-076, 10.05-CS-11021211-076 MOD., 10.05-CS-11021400-008 MOD 2, 10.05-CS-11031600-078, 10.05-CS-11221611-213, 10.05-CS-11221616-164, 10.05-CS-11221625-187 MOD., 10.05-JV-11221607-106, 10.05-JV-11221609-121 MOD., 10.05-JV-11221616-108 (C) HHS, DOC, DOD, DOE, DOI, DOJ, DOT, ED, HHS, HUD, NEH, SSA, USDA			

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
		Colorado School of Mines				
66	247	Ensure proper policies and procedures are in place to report all student status changes to the National Student Loan Data System within the proper timeframe.	84.032 (N) ED	Agree	6/2008	Jinous Lari (303)273-3262
		Community College System				
67	252	Develop an action plan based on our current and prior findings related to the Community College of Denver, work performed by Colorado Community College System Internal Audit, and on the Internal Controls Report issued by the external forensic accountants.	84.032, 84.063 (E)(N) ED	Agree	1/2009	Lisa Grefrath (303)595-1575

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
68	255	Improve its subrecipient monitoring by implementing policies, procedures, and controls to ensure compliance with OMB *Circular A-133*. Specifically, the Department should (a) develop a risk-based approach for monitoring subrecipients, including written policies and procedures, in compliance with OMB *Circular A-133*; (b) perform periodic site visits to ensure that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (c) require all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to OMB *Circular A-133* audit requirements; (d) develop written policies, procedures, and documentation requirements for subrecipients to support allowability and appropriateness of grants expenditures and other compliance requirements; (e) provide training to improve the technical skill of staff responsible for subrecipient monitoring; and (f) provide adequate oversight and supervisory review of the Perkins monitoring process.	84.048 (M) ED	Agree	6/2009	Lisa Grefrath (303)595-1575
69	257	For those employees who charge less than 100 percent of time to the Perkins program, ensure that time being charged is properly supported by time and effort reporting, including new employees charging time to the program. Ensure compliance with these requirements by (a) training employees who work on the Perkins programs regarding the importance of time and effort reporting and certifications and (b) performing periodic reviews of time and effort reporting or certifications for a sample of those employees who charge time to the Perkins programs.	84.048 (A)(B) ED	Partially Agree	11/2007	Lisa Grefrath (303)595-1575

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
70	258	Work with Lamar Community College (LCC) to enhance procedures to make certain that the institution's portion of a student's unearned Title IV funds is returned to the federal government within 45 days after the school has determined the student has withdrawn.	84.032, 84.063 (N) ED	Agree	12/2007	Lisa Grefrath (303)595-1575
71	259	Work with LCC to enhance procedures to ensure that verification procedures over student information described above are properly performed and documented.	84.032, 84.063 (N) ED	Agree	12/2007	Lisa Grefrath (303)595-1575
72	261	Work with LCC to enhance procedures to comply with required exit counseling procedures.	84.032, 84.063 (N) ED	Agree	12/2007	Lisa Grefrath (303)595-1575
73	262	Work with Pueblo Community College to enhance procedures to comply with required satisfactory academic progress procedures.	84.032, 84.063 (E) ED	Agree	11/2007	Lisa Grefrath (303)595-1575
74	263	Work with Community College of Denver to enhance procedures to comply with eligibility requirements.	84.032, 84.063 (E) ED	Agree	11/2007	Lisa Grefrath (303)595-1575
		Adams State College				
75	265	Improve the timeliness of the return of unearned Title IV funds and ensure federal timeframes are met.	84.007, 84.033 84.038, 84.063 (N) ED	Agree	7/2007	Bill Mansheim (719)587-7728

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
		Metropolitan State College				
76	267	Improve internal controls over the Teacher Quality Enhancement Grant by (a) ensuring the Project Steering Committee's oversight actions are documented in minutes of all meetings and (b) implementing procedures to ensure time and effort reports are reviewed and approved at a supervisory level on a timely basis.	84.336 (B) ED	Agree	12/2007	Liza Larsen (303)556-4843
		Western State College				
77	269	Ensure that employees with oversight of Perkins loans understand all requirements of the program and are monitoring the third party contractor for administrative compliance.	84.038 (L) ED	Agree	10/2007	Rod Russell (970)943-2037
78	270	Formalize its policies and procedures in a manual for Student Financial Aid staff to follow.	84.007, 84.032, 84.033, 84.038, 84.063 (A)(C)(E)(G)(H)(I)(J)(L)(N) ED	Partially Agree	6/2008	Rod Russell (970)943-2037

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
		Colorado Student Loan Program dba College Assist				
79	273	Implement and strengthen controls over the U.S. Department of Education Form 2000 reconciliation process by (a) ensuring complete and timely review of the monthly reconciliation; (b) establishing a process to compare the monthly Form 2000 to the amounts reported on the weekly invoice, and to the amounts recorded in the general ledger; (c) recording the activity related to these payments and reimbursements through separate accounts (gross amounts) so that any discrepancies between amounts paid and amounts received can be identified; and (d) ensuring that staff reviewing the Form 2000 are familiar with the reconciliation process in order to minimize the chance that errors would not be caught.	84.032 (N) ED	Agree	a. Implemented b. Implemented c. 10/2007 d. 5/2007	Patricia Bergin (720)264-8516
		Department of Human Services				
8	69	Ensure that amounts reported on the State's accounting system, COFRS related to counties' administration of public assistance programs is accurate and complete by (a) instituting a monthly reconciliation process to identify and resolve discrepancies between the County Financial Management System (CFMS) and COFRS, for amount payable to and receivable from the counties and (b) determinig the cause of the discrepancies between the balances reported on CFMS and those reported on COFRS for amounts due to or from the counties at June 30, 2007, and making necessary adjustments.	N/A	Agree	6/2008	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
9	72	Establish adequate controls over benefit authorization and issuance data for the cash programs by (a) performing routine and comprehensive reconciliations between the Colorado Benefits Management System, County Financial Management System, the State's EBT service provider, and the State's accounting system to ensure that financial information is accurately and completely recorded; (b) ensuring that all reconciliations are reviewed by knowledgeable personnel not involved in preparing the reconciliations; and (c) making any necessary adjustments to the appropriate systems in a timely manner.	N/A	Agree	12/2008	N/A
10	75	Improve controls over the year-end confirmation of funds held by commercial financial institutions by (a) ensuring that staff sending the confirmations are adequately trained on the Public Deposit Protection Act (PDPA) and that they include all information that must be confirmed by the institution, including the PDPA number; (b) adequately reviewing the returned confirmations and following up with the institution(s) on any information that was incorrect, incomplete, or not confirmed; and (c) working with the Office of the State Controller to revise and clarify the completion of the confirmation form to ensure agencies understand their responsibility to provide the required information to commercial financial institutions, and requiring explicit verification of PDPA numbers by commercial financial institutions.	N/A	Agree	a. 5/2008 b. 8/2008 c. 5/2008	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
11	78	Improve controls over the revenue and receipt process for Medicare Part D at the Fort Logan and Pueblo Mental Health Institutes by (a) continuing to work with the vendor for the AVATAR system and the drug insurance companies to develop a method for reconciling the detail on all claims submitted for Medicare Part D reimbursement and tracking the related receivable from the drug insurance companies and (b) recording revenue and related accounts receivable on COFRS in accordance with generally accepted accounting principles.	N/A	Agree	a. 12/2007 b. 6/2008	N/A
12	80	Improve the process over signing bonuses at the Fitzsimons Nursing Home by (a) ensuring that standard language regarding the payment of bonuses and the terms under which repayment will be required is included in contracts for bonuses, and that the language is consistent with the Department's policies; (b) paying signing bonuses in accordance with contract terms; (c) recouping payments made to employees who have not fulfilled the terms stated in the contract; and (d) seeking repayment of the $1,500 bonus that should have been reimbursed to the State.	N/A	Agree	1/2008	N/A
13	83	Improve controls over the payroll and human resource process by (a) ensuring that time sheets are certified and maintained within the timeframes in the Department's stated policy and (b) ensuring that employee information is entered into the Colorado Payroll Personnel System in a timely manner.	N/A	Agree	a. 3/2008 b. 1/2008	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
14	85	Improve controls over the preparation of fiscal year-end exhibits submitted to the Office of the State Controller by (a) continuing to ensure that staff preparing exhibits are adequately trained, yearly, on exhibit-preparation requirements and (b) enhancing the secondary review process over exhibits to include an in-depth, detailed review of all supporting documentation used to prepare the exhibits.	N/A	Agree	8/2008	N/A
15	87	Improve its internal controls over purchasing cards by (a) completing testing and implementation of the automated system to track the results of the Department's internal purchasing card audits and the responses of actions taken by approving authorities and (b) continuing to communicate to approving officials and cardholders of their responsibilities to ensure compliance with Department policy and consequences for policy violations through ongoing training.	N/A	Agree	a. 6/2008 b. Implemented and ongoing	N/A
80	278	Ensure that applications for Food Stamps and Temporary Assistance for Needy Families/Colorado Works benefits are processed within federal and state guidelines.	10.551, 10.561, 93.558 (E) HHS, USDA	Agree	Implemented and ongoing	Richard Taylor (303)866-2732
81	284	Continue to improve controls over Temporary Assistance for Needy Families (TANF)/Colorado Works eligibility determinations and data entry into the Colorado Benefits Management System (CBMS) by (a) directing county departments of human/social services to institute effective supervisory review processes over data entry into CBMS and eligibility determinations, (b) directing county department of human/social services to research all overpayments and determining if collections or further investigation should be pursued, and (c) continuing to use eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS.	93.558 (A)(B)(E)(M) HHS	Agree	Implemented	Richard Taylor (303)866-2732

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
82	286	Take immediate steps to correct the Monthly Status Report problem identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.	93.558 (E) HHS	Agree	1/2008	Richard Taylor (303)866-2732
83	288	Continue to work with the county departments of human/social services to ensure that they address Income, Eligibility, and Verification System data discrepancies within 45 days as required by federal and state regulations.	93.558 (E)(M) HHS	Partially Agree	4/2008	Richard Taylor (303)866-2732
84	291	Ensure that case file documentation for the Temporary Assistance for Needy Families/Colorado Works program is adequate to support all benefit payments to recipients by (a) continuing to use existing monitoring procedures to ensure that required eligibility information is contained in county case files; (b) continuing to provide training to ensure that county departments of human/social services are aware of the types of eligibility information that should be maintained in case files; and (c) continuing to communicate timely to Department staff, as appropriate, changes in policies and procedures affecting required case documentation.	93.558 (E)(M) HHS	Partially Agree	Implemented	Richard Taylor (303)866-2732
85	294	The Department of Human Services should ensure it has adequate management tools to monitor for compliance with federal requirements for the Temporary Assistance for Needy Families program by (a) developing a reporting function for extracting and compiling information contained within CBMS for Income, Eligibility and Verification System; sanctions; and accounting-related data and (b) reviewing reports monthly to identify discrepancies, monitor for federal compliance, and take appropriate action.	93.558 (L) HHS	Disagree	Not Applicable	Richard Taylor (303)866-2732

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
86	300	Ensure that Food Stamps eligibility is terminated in a timely manner when individuals are no longer eligible for the program and improve controls over data entry into the Colorado Benefits Management System (CBMS) by (a) requiring county departments of social services to institute effective supervisory review processes over data entry into CBMS and eligibility terminations and (b) using eligibility determination monitoring procedures currently in place to perform reviews of data input into CBMS.	10.551, 10.561 (A)(B)(E)(M) USDA	Agree	12/2007	Richard Taylor (303)866-2732
87	302	Ensure that Food Stamps redeterminations are processed within federal and state guidelines.	10.551, 10.561 (A)(B)(E)(M) USDA	Agree	3/2008	Richard Taylor (303)866-2732
88	304	Take immediate steps to correct the Food Stamps sanctions, change reporting, and restoration payments problems identified in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.	10.551, 10.561 (E) USDA	Agree	6/2008	Richard Taylor (303)866-2732
89	307	Work with the county departments of human/social services to ensure that they address Income, Eligibility, and Verification System data discrepancies within 45 days as required by federal and state regulations.	10.551, 10.561 (E)(M) USDA	Agree	Implemented	Richard Taylor (303)866-2732
90	310	Ensure that case file documentation for the Food Stamps program is adequate to support all benefit payments to recipients by (a) continuing to use existing monitoring procedures to ensure that required eligibility information is contained in county case files and (b) continuing to communicate timely with Department staff, as appropriate, regarding changes in policies and procedures affecting required case documentation.	10.551, 10.561 (E)(M) USDA	Agree	Implemented	Richard Taylor (303)866-2732

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
91	313	The Departments of Human Services and Health Care Policy and Financing should coordinate efforts to ensure that adequate SAS 70 Type 2 examinations of the Colorado Benefits Management System are conducted on a regular basis. At a minimum, the examinations should include areas reviewed during the 2005 SAS70 Type 2 examination. In addition, future SAS 70 examinations should include control activities at Electronic Data Systems that are related to CBMS.	10.551, 10.561, 93.558, 93.777, 93.778 (P) HHS, USDA	*DHS* Agree *HCPF* Agee	*DHS* 6/2008 *HCPF* Ongoing	*DHS* Richard Taylor (303)866-2732 *HCPF* Adel Soliman (303)866-2764
92	315	The Department of Human Services and the Department of Health Care Policy and Financing should strengthen disaster recovery procedures over the Colorado Benefits Management System (CBMS) by ensuring that the CBMS Hot Site at the State's Disaster Recovery Site is operating and functional and that a full disaster recovery test is performed.	10.551, 10.561, 93.558, 93.777, 93.778 (P) HHS, USDA	*DHS* Agree *HCPF* Agee	*DHS* 12/2008 *HCPF* 12/2008	*DHS* Richard Taylor (303)866-2732 *HCPF* Adel Soliman (303)866-2764
93	317	Strengthen controls over the Foster Care program by (a) ensuring that county personnel are properly trained on the requirements of Title IV-E and the claiming of IV-E funds in the Trails system, (b) training Trails Help Desk staff on the proper procedures for handling county requests to override system edits related to Title IV-E, (c) requiring that the counties implement procedures to ensure timely redetermination of Title IV-E eligibility, and (d) returning improperly claimed Title IV-E reimbursements identified during the audit to the federal government.	93.658 (A)(B)(E)(M) HHS	Agree	a. 3/2008 b. 3/2008 c. 1/2009 d. 12/2007	Richard Taylor (303)866-2732

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
94	320	Improve the county technical assistance review process for Title IV-E Foster Care by developing a formal written policy for county technical assistance reviews that specifies how often reviews will take place by county size and sets time frames for timely submission of the findings letter to the county once the review is complete.	93.658 (M) HHS	Agree	3/2008	Richard Taylor (303)866-2732
95	336	Improve its oversight of the foster parent certification process by (a) requiring county departments of human/social services and child placement agencies to conduct periodic desk audits of their certified foster parents to ensure that the parents meet all applicable requirements and that their qualifications are documented in their files, (b) developing and applying sanctions when the Department finds discrepancies between county and child placement agency attestations and actual foster parent qualifications, (c) requiring that county departments of human/social services provide Family Service Plan information to child placement agencies with which they have placed children and ensuring that county-certified foster parents also receive Family Service Plan information, and (d) working with county departments of human/social services to develop a solution for providing relevant child information to foster parents without violating confidentiality requirements.	93.658 (E) HHS	Agree	a. 7/2008 b. 7/2008 c. 7/2008 d. 10/2008	Sharen Ford (303)866-3197

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
96	343	Improve its oversight of institutional abuse or neglect investigations of children in foster care by (a) implementing a formalized and documented process to follow up with counties on disagreements between the conclusions of the Institutional Abuse Review Team and the county departments of human/social services regarding abuse or neglect investigations, (b) ensuring that the Institutional Abuse Review Team provides detailed recommendations to county departments of human/social services for corrective actions related to specific Stage I investigations and that Department staff follow up on the Review Team's recommendations to ensure that counties comply with them, and (c) requiring the Institutional Abuse Review Team to provide specific recommendations in its annual Child Abuse Prevention and Treatment Act report for correcting deficiencies identified during its review of county abuse or neglect investigations and ensuring that the recommendations are implemented.	93.658 (L) HHS	Agree	a. 7/2008 b. 7/2007 c. 9/2009	Sharen Ford (303)866-3197

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
97	350	Strengthen its oversight of county foster care programs to ensure a high-quality foster care delivery system by (a) including specific strategies in its corrective action plans to address county noncompliance with federal foster care standards and state and federal requirements; (b) developing and implementing a system of ongoing or recurring corrective action and progressive sanctions, up to and including withholding reimbursement of county child welfare expenditures, to use when county departments of human/social services are noncompliant with statutory or regulatory requirements or federal standards; (c) improving the monitoring of counties' implementation of corrective action plans to ensure problems are corrected in a timely manner; and (d) modifying the procedures followed in periodic reviews of county foster care programs to focus more resources on case file reviews rather than on interviews and policy reviews.	93.658, 93.667 (M) HHS	Agree	a. 12/2008 b. 7/2008 c. Ongoing d. 10/2007	Sharen Ford (303)866-3197
98	355	Improve oversight of child placement agencies for the foster care program by (a) establishing risk-based schedules for licensing and monitoring child placement agencies, (b) revising procedures for renewing child placement agency licenses to ensure that the agencies receive renewal materials in time to submit them at least 90 days before their licenses expire, (c) establishing and implementing policies to fully document all key areas reviewed during licensing and monitoring visits and retaining the supporting documentation, and (d) evaluating current licensing and monitoring procedures to identify and eliminate duplication.	93.658 (M) HHS	Agree	a. 10/2007 b. mplemented c. 1/2008 d. 1/2008	Sharen Ford (303)866-3197

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
99	359	Track the timeliness of all federally mandated foster care case reviews by monitoring how long reviews are delayed once they have gone beyond the federal deadline.	93.658 (M) HHS	Agree	7/2008	Sharen Ford (303)866-3197
100	364	Increase monitoring and oversight of Core Services programs provided by county departments of human/social services to ensure counties provide these services only to families with children at risk of out-of-home placement. Specifically, the Department should (a) implement procedures to review samples of county files during on-site visits to verify that counties are only providing Core Services to children and families that meet the imminent risk criteria; (b) develop written policies to impose fiscal sanctions and/or require repayment of funds from county departments of human/social services for cases in which Core Services eligibility has not been adequately documented; and (c) provide training and technical assistance to the counties to ensure that counties understand how to document eligibility for Core Services and that counties are aware of available Department sanctions if documentation is not sufficient.	93.645, 93.658, 93.667 (E) HHS	Agree	a. 11/2007 b. 7/2008 c. 7/2008	Sharen Ford (303)866-3197

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
101	380	Improve accountability for child welfare expenditures and foster care rates to ensure funds are used cost-effectively by (a) analyzing the foster care rates being paid to providers, including county-certified providers, against provider costs and benchmark information on a periodic (e.g., annual) basis to determine if the rates being paid by county departments of human/social services are reasonable; (b) revising the formula for setting base administrative maintenance, administrative services, and child maintenance rates for child placement agencies and group homes and ensuring costs allocated to each component are accurate; (c) improving supervision and oversight of the counties' rate-setting and negotiating process by ensuring that counties submit documentation on their rate-setting practices, setting and implementing standards for reviewing county rate negotiation methodologies and rate levels, and following up to make sure that counties do not use their new rate negotiation methodologies until the Department determines that the new methodologies are acceptable; and (d) identifying and considering implementing alternative rate-setting methodologies that rely on objective cost data, such as benchmarks on child care and administrative costs, to pay for foster care services.	93.658 (B) HHS	a. Partially Agree b. Agree c. Agree d. Partially Agree	a. 7/2008 b. 7/2009 c. 12/2008 d. 12/2008	Cheryl Duncan (303)866-6480

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
102	385	Ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by (a) working with counties to develop and implement a validated, statewide level-of-care assessment tool; (b) updating the Trails system to include fields for recording the child's level of care and requiring counties to include this information in Trails whenever they enter new provider rates; and (c) conducting periodic file reviews at counties and analysis of actual rates paid by counties to ensure they are using level-of-care tools to assist with setting and negotiating appropriate foster care rates.	93.658 (B) HHS	a. Partially Agree b. Agree c. Agree	a. 1/2009 b. 3/2009 c. 6/2009	Cheryl Duncan (303)866-6480
103	392	Improve information for evaluating county administrative and case management costs in the child welfare allocation model by (a) working with counties to identify and evaluate options for using or modifying existing systems to improve cost information and (b) using the improved cost information to analyze administrative and case management costs in the program services cost driver and considering allocating funds for administrative and case management costs in the child welfare allocation model separately.	93.658 (B) HHS	a. Partially Agree b. Disagree	a. 10/2009 b. Not Applicable	Cheryl Duncan (303)866-6480

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
104	397	Ensure it is claiming Title IV-E–eligible reimbursements for foster care appropriately by (a) contacting the U.S. Department of Health and Human Services (DHHS) to determine whether all case management costs qualify for federal reimbursement and should be included as part of administrative maintenance costs; (b) ensuring Department staff and county departments of human/social services record and classify case management services in accordance with the direction provided by DHHS in Part "a"; (c) implementing procedures for verifying that counties are entering rate information into Trails accurately, including bed reservation rates, and for ensuring that payments to counties reflect adjustments for any federal funds claimed incorrectly for reimbursement under Title IV-E; and (d) reviewing the incorrect payment allocations identified during our audit, requiring the affected counties to pay back any federal funds that did not qualify for Title IV-E reimbursement and making appropriate adjustments on reports to the federal government.	93.658 (A)(B) HHS	Agree	a. 12/2008 b. 12/2008 c. 12/2008 d. 12/2007	Cheryl Duncan (303)866-6480

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
105	403	Improve controls over administrative foster care funds expended by child placement agencies (CPAs) by (a) evaluating the substance of the relationship between counties and CPAs based on OMB *Circular A-133* criteria and concluding on whether CPAs should be considered vendors or subrecipients; (b) implementing requirements for audits of CPAs in accordance with the determination suggested in part "a" of the recommendation; (c) establishing procedures to review the CPA audits and follow up on any findings identified; (d) evaluating options for reviewing the allowability and appropriateness of CPA expenditures made with child welfare funds, which could include incorporating procedures into the periodic CPA monitoring visits conducted by the 24-Hour Monitoring Unit or having Field Audit staff participate on and provide support to the monitoring team; and (e) including examples of unallowable costs in regulations.	93.658 (A)(B) HHS	a. Agree b. Agree c. Partially Agree d. Partially Agree e. Agree	a. 7/2008 b. 12/2008 c. 12/2009 d. 12/2009 e. 1/2008	Cheryl Duncan (303)866-6480
106	407	Ensure that child placement agencies (CPAs) pass along the correct child maintenance payments received from county departments of human/social services to foster parents by (a) implementing routine, periodic reviews of the payments made from CPAs to foster parents to ensure that they match the payments received from counties and (b) following up on identified over- or underpayments to foster parents to determine why the incorrect payments were made and to require that counties and CPAs rectify all incorrect payments.	93.658 (A)(B) HHS	Agree	a. 10/2008 b. 7/2008	Cheryl Duncan (303)866-6480

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
107	410	Improve internal controls over federal Chafee funds by (a) establishing procedures to review samples of Chafee expenditures made by county departments of human/social services for allowability and appropriateness; (b) ensuring that the county identified during this audit adheres to proper internal controls, including segregation of duties, as set forth in Department regulations; (c) requiring that counties track inventories of goods (e.g., gift cards and household items) purchased with Chafee funds; and (d) providing training and technical assistance to counties to strengthen the controls over Chafee expenditures, including the proper coding of rental assistance costs and having counties document that youths receive goods purchased with Chafee funds.	93.674 (A)(B) HHS	Agree	12/2008	Cheryl Duncan (303)866-6480

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
108	425	Increase its oversight of Business Enterprise Program operators to ensure accurate financial reporting and compliance with applicable laws, rules and regulations, and the operators agreement by (a) ensuring only operators with fully executed contracts or operators agreements are managing business enterprise locations; (b) revising the Program's rules and regulations to define allowable and unallowable business expenses and, where necessary, cap the amount of certain business expenses that can be deducted from operator sales; (c) reviewing the operators' monthly financial reports to identify operators who appear to be reporting questionable or excessive expenses for follow-up by Program staff; (d) conducting annual onsite reviews at each business enterprise location to ensure that operators are maintaining documentation sufficient to support reported sales and expenses, reporting only allowable business expenses, reporting all revenue earned, paying applicable business and employee withholding taxes, and complying with the terms and conditions of the operators agreement; (e) improving the controls over vending machines to ensure that sales are reported completely and accurately; and (f) taking enforcement action against operators with recurring deficiencies, including license suspension and termination as appropriate.	84.126 (A)(J)(L) ED	Agree	a. 12/2007 b. 11/2007 c. 10/2007 d. Implemented e. 6/2008 f. 11/2007	Richard Taylor (303)866-2732
		Department of Labor and Employment				
16	92	Strengthen overall accounting controls by (a) developing written procedures to ensure that all year-end accounting functions are performed, such as a timely review of significant year-end account balances, including year-end accruals, account balance reconciliations, and significant adjustments; (b) ensuring that adequate supervisory reviews are in place and documented for all accounting functions; and (c) providing additional cross-training to staff.	N/A	Agree	a. 6/2008 b. 12/2007 c. 9/2008	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
17	94	Implement a process to evaluate the accuracy and completeness of the liability to employers for overpayment of Unemployment Insurance claims.	N/A	Agree	9/2008	N/A
109	431	Establish procedures to ensure compliance with Cash Management Improvement Act and federal grant cash management requirements.	17.207, 17.225, 17.801, 17.804 (C) DOL	Agree	3/2008	Shawn Milne (303)318-8101
110	433	Ensure time sheets for the Workforce Investment Act and Employment Services federal grants are certified in accordance with federal regulations, State Personnel Rules, and Department policy by enforcing time sheet certifications by both the employee and supervisor.	17.207, 17.258, 17.259, 17.260, 17.801, 17.804 (A)(B) DOL	Agree	3/2008	Shawn Milne (303)318-8101
111	434	Improve controls over federal reporting by instituting a secondary review process to ensure amounts recorded on reports to the federal government are accurate and complete prior to submission.	17.225 (L) DOL	Agree	4/2008	Shawn Milne (303)318-8101
112	436	Complete annual on-site monitoring of all workforce centers in accordance with federal requirements.	17.207, 17.258, 17.259, 17.260, 17.801, 17.804 (M) DOL	Agree	11/2007	Shawn Milne (303)318-8101
		Department of Local Affairs				
18	96	Re-evaluate its policies and procedures in place to capture all expenditures in the correct accounting period.	N/A	Agree	6/2008	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
19	98	Continue the development of the current Business Continuity Plan by (a) identifying specific threats and the probability of those threats occurring and tailoring the Plan to address these threats; (b) obtaining appropriate management approval and finalizing the status of the Plan, removing confidential information if necessary; and (c) testing the Plan at least annually.	N/A	Agree	a. 6/2008 b. 6/2008 c. 8/2008	N/A
113	445	Improve the quality of statewide interoperable communications planning and ensure accountability for targeting funds by working with the Department of Personnel & Administration, as necessary, to implement mechanisms to collect reliable and sufficient data on the State's current communications capabilities and needs, as well as the resources required, to achieve statewide interoperability.	97.004, 97.008, 97.067 (P) DHS	Agree	6/2008	Rose Marie Auten (303)866-2252
114	448	Improve its practices for evaluating communications capabilities, needs, and risks and ensure these evaluations consider risks and priorities from the statewide perspective, working with the Department of Public Safety as necessary.	97.004, 97.008, 97.067 (P) DHS	Agree	6/2008	Rose Marie Auten (303)866-2252
		Department of Military and Veterans Affairs				
20	103	Improve controls over the preparation of the Exhibit K to ensure that information reported on the Exhibit K is accurate and that supporting documentation is maintained and readily available for review.	N/A	Partially Agree	2/2008	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
		Department of Natural Resources				
21	107	Enforce its payroll policies and strengthen its controls over personnel and payroll activities by (a) requiring supervisors to review timesheets to ensure they are signed off by the employee at the end of each pay period and (b) reassigning incompatible duties within the Payroll Accountant and Payroll Technicians positions to other individuals.	N/A	a. Agree b. Disagree	a. 3/2008 b. Not Applicable	N/A
22	110	Improve its controls over capital expenditures by (a) reviewing the expenditures related to capital projects and construction in progress in a timely manner to ensure that all completed capital projects are properly capitalized and depreciation taken in the appropriate fiscal year and (b) ensuring that expenditures for capital asset projects are reviewed and recorded appropriately on COFRS in accordance with the State Fiscal Procedures Manual.	N/A	Agree	4/2008	N/A
		Department of Personnel & Administration				
23	113	Strengthen controls over payroll by ensuring that an adequate review process is in place to identify and correct payroll adjustment errors.	N/A	Agree	4/2008	N/A
24	114	Improve controls over expenditures by (a) ensuring that workers' compensation claims are reviewed and approved by Risk Management staff prior to payment, (b) processing expenditures within the 45-day timeframe required by State Fiscal Rules, and (c) coding expenditures appropriately on the State's accounting system.	N/A	Agree	a. Implemented b. 2/2008 c. 2/2008	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
25	118	Ensure that the Office of the State Controller strengthens its controls over COFRS to ensure COFRS access is monitored for appropriateness and access is removed upon employee termination or job changes.	N/A	Agree	12/2008	N/A
26	120	Ensure the security of employee benefit information contained in Benefitsolver by establishing user administration procedural controls including (a) disabling or deleting user accounts in a timely manner, (b) performing periodic reviews of existing user access, and (c) ensuring that agencies have access only to the information related to the employees within their respective agencies.	N/A	Agree	a. 12/2008 b. 4/2008 c. 3/2008	N/A
		Department of Public Health and Environment				
27	125	Segregate cash receipt responsibilities from the ability to credit customer accounts.	N/A	Partially Agree	Implemented	N/A
115	451	Comply with draw patterns in the Cash Management Improvement Act Agreement.	10.557 (C) USDA	Agree	Implemented	Scott Toland (303)692-2105

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
116	464	Improve controls over the certification survey process to ensure that surveyors identify all deficient practices and cite deficiencies at a level that accurately and sufficiently identifies the scope and severity of the deficiency, in accordance with federal requirements. Specifically, the Department should (a) ensure that survey staff follow established quality review procedures, including use of a standard review form to document and track all changes made to deficiency citations prior to their release to the nursing facility or the public; (b) explore ways to expand quality review processes to ensure the completion of required survey forms, the sufficiency of documentation in support of deficiency citations, and the overall survey file organization; (c) work with survey supervisors to ensure timely communication with survey teams throughout the survey process and increase the frequency with which supervisors are required to be on-site with survey teams; (d) implement a standard format for organizing certification survey files and relevant supporting documentation; (e) improve documentation standards and work with surveyors and supervisors to ensure that required forms are properly labeled and completed and that results from inquiries, team meetings, and the resolution of potential issues are clearly and sufficiently documented; and (f) provide surveyors with more training on general investigative skills and protocols, as well as on the regulatory and legal aspects of the survey process.	93.777, 93.778 (P) HHS	a. Partially Agree b. Agree c. Agree d. Partially Agree e. Agree f. Partially Agree	a. Implemented b. 10/2007 c. 7/2007 d. 10/2007 e. 10/2007 f. 10/2007	Don Rieck (303)692-2125

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
117	473	Work to improve the prioritization and timeliness of nursing facility complaint investigations by: (a) reviewing and updating the point schedules programmed in the Complaint Priority Assessment System to ensure the proper prioritization of nursing home complaints in accordance with current standards, practices, and relevant decision criteria; (b) establishing clear and consistent time frames within which each complaint investigation at a given priority level should begin; and (c) reviewing reports of complaints data on a routine basis to determine if nursing home complaint investigation time frames are being met, and take action as appropriate.	93.777, 93.778 (P) HHS	Agree	4/2007	Don Rieck (303)692-2125

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
118	484	Improve the oversight of nursing facility resident assessments and Minimum Data Set (MDS) data by (a) continuing to increase awareness among surveyors of the risk of problems with MDS assessments and ensure that surveyors investigate any problems noted with the MDS assessments, including problems with validity and reliability, during certification surveys; (b) working with the Department of Health Care Policy and Financing (HCPF) to conduct more systematic review and analysis of standard reports available in the electronic MDS system and data maintained by HCPF's contract auditor on resource utilization group classifications to identify those facilities that are at higher risk of submitting invalid assessments and, therefore, warrant further attention during certification surveys or require additional training; (c) working with the Department of Health Care Policy and Financing to require that MDS coordinators at all Medicaid-certified nursing facilities complete the State's MDS training or a comparable MDS training on a routine basis, as appropriate. Facility MDS coordinators attending the State's training should be tracked and proof of comparable external training should be obtained to identify those facilities whose MDS coordinator has not completed the required training; (d) encouraging nursing facilities to identify and use best practices, such as standardized flow charts and checklists, to help collect data, improve communication, and better substantiate MDS assessments; and (e) working with the Department of Health Care Policy and Financing to evaluate options for the development and implementation of a state validation team to perform routine on-site reviews of nursing facilities' MDS assessments for Medicaid residents.	93.777, 93.778 (P) HHS	a. Agree b. Partially Agree c. Partially Agree d. Partially Agree e. Disagree	a. Implemented b. 7/2007 c. 7/2007 d. 7/2007 e. Not Applicable	Don Rieck (303)692-2125

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
119	493	Improve its oversight of nursing facilities to ensure compliance with federal and state requirements for managing resident fund accounts. Specifically, the Department should (a) ensure that surveyors are trained on the requirements and proper internal controls over resident fund accounts, as well as on common problems and risks associated with resident fund accounts; (b) include specific questions about resident fund accounts in interviews with residents, family members, and facility staff; and (c) work with the Department of Health Care Policy and Financing to improve communication and coordination and, to the extent possible, minimize the potential for duplication of resident fund account monitoring efforts.	93.777, 93.778 (P) HHS	Agree	a. 7/2007 b. 7/2007 c. 4/2007	Don Rieck (303)692-2125
		Department of Public Safety				
28	129	Strengthen controls over travel expenditures by (a) ensuring that travel reimbursements are recorded in the proper period using the correct coding and that all other state policies regarding travel are followed and (b) training staff and supervisors on state travel rules and policies.	NA	Agree	3/2008	N/A
		Department of Revenue				
29	134	Improve controls over the issuance of income tax refunds by (a) strengthening its review process by instituting a secondary review over potential duplicate refunds and (b) updating the criteria for the potential duplicate report to include duplicate payments made to the same taxpayer under different account and/or social security numbers.	N/A	Agree	1/2008	N/A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
30	135	Strengthen controls over the security of tax warrants by ensuring that its new tax information system is designed to allow the internal transfer of funds for the collection of costs associated with county and special district taxes.	N/A	Agree	11/2010	N/A
31	137	Improve controls over taxpayer accounts by instituting a secondary review and approval process over modifications of taxpayer information within the individual income and business tax systems.	N/A	Partially Agree	11/2010	N/A
32	138	Improve internal controls over warrants by restricting access to the outgoing mailroom.	N/A	Agree	9/2009	N/A
33	140	Develop procedures to enforce its policy requiring employees to sign and submit annual Statements of Understanding to the Office of Human Resources.	N/A	Agree	3/2007	N/A
34	142	Improve controls over taxpayer payments by (a) implementing proper segregation of duties over the creation of new business accounts and the processing of loose checks from business taxpayers, (b) restricting physical access to the Registration Control area to authorized personnel and locking up loose checks in a vault, and (c) implementing adequate record-keeping procedures over loose checks.	N/A	a. Disagree b. Partially Agree c. Partially Agree	a. Not Applicable b. 9/2009 c. No implementation date provided	N/A
35	145	Review its current estimation process for Tax Conferee collections and bad debts for accuracy and appropriateness.	N/A	Agree	6/2008	N/A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
36	147	Improve controls over information system security and access by (a) enforcing the policy that requires all employees to read the Department's Information Technology Security Standards and Policies document and sign a Statement of Compliance and ensuring that current Statements of Compliance are maintained in employee files and (b) ensuring that system access for terminated employees is revoked timely by improving communication between the Human Resources Section and the IT Security Administrator.	N/A	Agree	a. 6/2008 b. 2/2008	N/A
37	149	Improve controls to adequately secure sensitive data sent via e-mail by (a) revising its existing e-mail policy to address the appropriateness of sharing sensitive taxpayer data via e-mail, (b) considering the implementation of an e-mail encryption program and training employees on its proper use, and (c) training employees on the risks of and appropriate related procedures for using e-mail for data sharing.	N/A	Agree	a. 3/2008 b. 6/2008 c. 6/2008	N/A
38	151	Improve controls over financial reporting related to income tax refunds by (a) resolving reporting issues on the "Summary of Income Tax Refunds Issued" report in a timely manner and (b) ensuring that the Income Tax System is able to correctly process information during interruptions in business.	N/A	Agree	Implemented	N/A
39	153	Improve its internal controls over financial reporting by (a) ensuring that exhibits are adequately reviewed by a supervisor prior to submission to the Office of the State Controller or other parties and (b) implementing procedures to ensure that all necessary and historical information is available to estimate year-end accruals.	N/A	Agree	a. 9/2007 b. 6/2008	N/A

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
40	155	Improve its internal controls over the issuance of purchasing cards by ensuring that required forms are obtained and signed prior to card issuance.	N/A	Agree	11/2007	N/A
		Department of State				
120	507	Ensure compliance with the 5 percent state match requirement and provide greater accountability for the sources and uses of the Help America Vote Act (HAVA) state match by (a) working with the federal Election Assistance Commission or other appropriate federal agency to resolve the issue related to whether matching funds must be deposited into the State's Federal Election Assistance Fund, (b) correcting the calculation of the match amount, and (c) revising reports to the federal government to reflect any corrections in the amount of matching funds expended by the State.	39.011, 90.401, 93.617 (G) EAC	Agree	3/2008	Heather Lizotte (303)860-6910
121	510	Improve its documentation of staff time associated with the Help America Vote Act. This should include (a) adopting a method for tracking staff time spent on HAVA activities that is consistent with OMB *Circular A-87* for employees whose positions are not fully dedicated to this program and (b) ensuring that certifications are prepared and properly signed at least semi-annually by those employees whose positions are fully dedicated to HAVA.	39.011, 90.401, 93.617 (B) EAC	Agree	1/2008	Heather Lizotte (303)860-6910

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
122	514	Strengthen its controls over Help America Vote Act (HAVA) fund management and reporting by (a) ensuring expenditures reported to the Election Assistance Commission (EAC) can be reconciled to COFRS and that all adjustments are supported by adequate documentation; (b) implementing a supervisory review process designed to ensure federal HAVA expenditures are reported accurately and completely and EAC requirements are correctly applied and reported; and (c) adopting formal written procedures documenting the processes related to HAVA funds management, including reporting to the EAC and submitting required certifications.	39.011, 90.401, 93.617 (L) EAC	Agree	3/2008	Heather Lizotte (303)860-6910
		Office of the State Treasurer				
41	160	Ensure distributions from the Highway Users Tax Fund are made within the statutorily required five days after receiving revenue estimates from the Department of Revenue.	N/A	Agree	11/2007	N/A
42	161	Improve internal controls over Unclaimed Property by (a) documenting policies and procedures that apply to the computer system operations; (b) cross-training staff, including management, on the functionality of the computer system and the documented policies and procedures above to allow efficient operations in the event of turnover or employee absences; and (c) ensuring that proper monitoring is performed by requiring that review of change reports be documented and performed timely by an individual not involved in making changes to the Unclaimed Property system.	N/A	Agree	11/2007	N/A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
123	518	Continue to use the most current and accurate information available from both the Office of the State Controller and state agencies in order to ensure that the correct programs are included in the Agreement. In addition, programs should be combined based on the Catalog of Federal Domestic Assistance (CFDA) number and evaluated in total against the threshold for inclusion in the Agreement. The Agreement should also be reviewed by someone other than the preparer to ensure the appropriate draw patterns are identified in the Agreement.	93.283, 93.575 (C) HHS	Agree	1/2008	Charles Scheibe (303)866-5826
		Department of Transportation				
43	172	Ensure the accounting system is calculating depreciation expense correctly by manually calculating depreciation expense, on a monthly basis, on a sample of capital assets in classes 400 and 850 and comparing the manual calculation results to the system's calculation of depreciation expense for those same line items until the Department has reached a high level of confidence that the system is calculating depreciation correctly.	NA	Agree	6/2008	N/A
44	173	Continue to monitor all aspects of the processing and payment of payroll, including overtime earned.	N/A	Agree	Implemented	N/A
45	174	Improve year-end procedures to ensure all expenses and costs incurred prior to year-end are recorded.	N/A	Agree	6/2008	N/A

FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
46	178	Ensure that its information systems are safeguarded by (a) updating its existing disaster recovery plan to address the Systems, Applications and Products in Data Processing system and (b) addressing current environmental hazards to the Department's information systems.	N/A	a. Agree b. Partially Agree	a. 7/2008 b. 6/2008	N/A
47	181	Perform a comprehensive security risk assessment and a detailed review of current transaction access rights as implemented in the Department's Systems, Applications and Products in Data Processing system to identify all conflicting transaction access rights and modify existing access rights as appropriate.	N/A	Partially Agree	6/2009	N/A
124	520	Update its training manual to include specific language that directs its engineers on how to properly review contractor and subcontractor payroll information on a weekly basis for compliance with Davis-Bacon Act pay rate requirements and how to adequately document evidence of their review.	20.205 (D) DOT	Agree	Implemented	Cheryl L Traff (303)757-9557

Compliance Requirements

(A) Activities Allowed or Unallowed
(B) Allowable Costs/Cost Principles
(C) Cash Management
(D) Davis-Bacon Act
(E) Eligibility
(F) Equipment and Real Property Management
(G) Matching, Level of Effort, Earmarking
(H) Period of Availability of Federal Funds
(I) Procurement, Suspension, and Debarment
(J) Program Income
(K) Real Properly Acquisition and Relocation Assistance
(L) Reporting
(M) Subrecipient Monitoring
(N) Special Tests and Provisions
(P) Other

Federal Entities

BIA - Bureau of Indian Affairs
CSREES - Cooperative State Research, Education, and Extension Service
DARPA - Defense Advanced Research Agency
DHS - Department of Homeland Security
DOC - Department of Commerce
DOD - Department of Defense
DOE - Department of Energy
DOJ - Department of Justice
DOI - Department of the Interior
DOL - Department of Labor
DOT - Department of Transportation
DVA - Department of Veterans Affairs
EAC - Election Assistance Commision
ED - Department of Education
EPA - Environmental Protection Agency
FEMA - Federal Emergency Management Agency
HHS - Department of Health and Human Services
HUD - Department of Housing and Urban Development
IMLS - Institute of Museum & Library Services
NASA - National Aeronautics and Space Administration
NEH - National Endowment for the Humanities
NIST - National Institute of Standards and Technology
NOAA - National Oceanic & Atmospheric Administration
NSF - National Science Foundation
SSA - Social Security Administration
USDA - United States Department of Agriculture

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APPENDIX B

Net Passed Audit Adjustments by Agency
For the Fiscal Year Ended June 30, 2007
Increase (Decrease)

Agency Name	Asset	Liability	Net Assets	Revenue	Expenditure
Agriculture	$ -	$ -	$ -	$ -	$ -
Corrections	-	-	-	-	-
Education	-	-	-	-	-
Governor	-	103,900	-	(103,900)	-
Health Care Policy and Financing	-	-	-	-	-
Higher Education	(1,290,631)	3,795,807	(1,988,645)	(951,482)	650,525
Human Services	(135,762)	(132,664)	-	4,050	7,148
Judicial	-	-	-	-	-
Labor and Employment	-	-	-	-	-
Law	-	-	-	-	-
Legislative	-	-	-	-	-
Local Affairs	-	2,012,859	-	-	(2,012,859)
Military Affairs	-	-	-	-	-
Natural Resources	-	-	-	-	-
Personnel & Administration	1,696,125	-	961,037	302,332	(432,755)
Public Health and Environment	-	-	-	-	-
Public Safety	-	-	-	-	-
Regulatory Agencies	-	-	-	-	-
Revenue	35,248	(12,791)	(961,037)	40,864	(7,175)
State	-	-	-	-	-
Transportation	-	426,675	-	-	426,675
Treasury	-	-	-	-	-
Net Increase (Decrease)	$ 304,980	$ 6,193,786	$ (1,988,645)	$ (708,136)	$ (1,368,441)

Gross Passed Audit Adjustments by Agency
For Fiscal Year Ended June 30, 2007

Agency Name	Asset	Liability	Net Assets	Revenue	Expenditure
Agriculture	$ -	$ -	$ -	$ -	$ -
Corrections	-	-	-	-	-
Education	-	-	-	-	-
Governor	-	103,900	-	103,900	-
Health Care Policy and Financing	164,509	-	-	-	-
Higher Education	12,964,981	4,208,919	1,988,645	4,256,618	650,525
Human Services	143,862	132,664	-	4,223	801,082
Judicial	-	-	-	-	-
Labor and Employment	-	-	-	-	-
Law	-	-	-	-	-
Legislative	-	-	-	-	-
Local Affairs	-	2,012,859	-	-	2,012,859
Military Affairs	-	-	-	-	-
Natural Resources	-	-	-	-	-
Personnel & Administration	1,706,251	-	-	312,458	432,755
Public Health and Environment	-	-	-	-	-
Public Safety	4,000	-	4,000	-	-
Regulatory Agencies	-	-	-	-	-
Revenue	46,480	29,450	961,037	265,378	18,407
State	-	-	-	-	-
Transportation	-	426,675	-	-	426,675
Treasury	-	-	-	-	-
	$ 15,030,083	$ 6,914,467	$ 2,953,682	$ 4,942,577	$ 4,342,303

Net Posted Audit Adjustments by Agency
For Fiscal Year Ended June 30, 2007
Increase (Decrease)

Agency Name	Asset	Liability	Net Assets	Revenue	Expenditure
Agriculture	$ (96,899)	$ (30,932)	$ (72,286)	$ (2,730,369)	$ (2,396,268)
Corrections	(68,296)	(4,453)	(115,833)	28,791	1,654,858
Education	(1,391,272)	110,069	(1,315,568)	(9,242,249)	(8,307,714)
Governor	(315,253)	-	(534,261)	1,333,188	1,348,359
Health Care Policy and Financing	91,419,938	174,279,034	67,747,273	(25,556,024)	125,845,897
Higher Education	395,033,988	(8,179,374)	209,144,459	1,675,969,880	1,483,916,253
Human Services	4,851,978	38,020	6,083,656	(6,027,379)	(2,471,338)
Judicial	(36,645)	41,753	(183,666)	149,847	749,344
Labor and Employment	18,529,850	(8,912)	(3,235,941)	18,886,716	(2,296,888)
Law	(48,143)	(5,433)	(95,030)	52,320	693,843
Legislative	(2,868)	-	(17,044)	14,176	487,800
Local Affairs	(1,378,184)	-	(3,052,723)	(1,689,615)	(2,994,924)
Military Affairs	(25,141)	-	(46,068)	108,075	272,353
Natural Resources	(8,799,703)	(89,456)	(3,196,264)	(3,479,737)	3,875,971
Personnel & Administration	7,055,277	(159,954)	(788,578)	9,964,125	(15,617,251)
Public Health and Environment	(462,015)	283,461	(1,212,191)	(1,611,938)	(1,407,583)
Public Safety	(31,683)	-	(69,511)	(5,040,563)	(4,123,573)
Regulatory Agencies	(16,100)	(930,468)	(30,361)	933,479	479,837
Revenue	(1,088,752)	20,452,805	(1,717,018)	(19,824,539)	1,113,834
State	(121,197)	-	(519,368)	398,171	149,499
Transportation	62,085,892	2,721,851	(9,425,400)	77,836,974	10,273,537
Treasury	42,230,595	116,864,765	(24,245,187)	66,087,343	116,475,327
Net Increase (Decrease)	$ 607,325,367	$ 305,382,776	$ 233,103,090	$ 1,776,560,672	$ 1,707,721,173

Gross Posted Audit Adjustments By Agency
For Fiscal Year Ended June 30, 2007

Agency Name	Asset	Liability	Net Assets	Revenue	Expenditure
Agriculture	$ 2,122,929	$ 34,732	$ 3,034,444	$ 8,072,452	$ 5,699,754
Corrections	305,956	235,430,029	240,321,110	6,744,205	33,186,778
Education	7,870,132	118,499	1,315,568	13,839,103	15,454,572
Governor	8,578,309	-	3,961,808	22,769,019	12,719,279
Health Care Policy and Financing	104,284,962	174,279,034	70,793,955	204,882,546	359,682,668
Higher Education	980,855,418	54,775,787	275,484,702	2,435,721,965	1,787,229,146
Human Services	5,988,801	579,629	7,171,946	92,444,906	37,697,159
Judicial	496,463	41,753	183,666	3,491,292	4,716,726
Labor and Employment	42,332,710	16,056,712	3,235,941	61,716,561	29,173,433
Law	259,845	27,075	95,030	20,983,813	1,031,878
Legislative	36,956	-	17,044	19,912	577,495
Local Affairs	7,483,630	-	3,052,723	8,491,711	5,230,942
Military Affairs	374,397	-	46,068	199,769	747,187
Natural Resources	59,350,513	340,254	5,475,512	15,928,404	14,307,123
Personnel & Administration	20,858,047	254,326	776,926,240	71,926,712	33,168,432
Public Health and Environment	3,970,801	348,613	1,742,069	9,609,117	7,586,283
Public Safety	174,705	-	92,705	12,072,479	11,312,320
Regulatory Agencies	78,798	932,444	30,361	1,442,763	1,465,030
Revenue	5,856,958	22,357,909	5,342,740	23,258,575	28,125,790
State	1,159,933	-	519,368	640,565	149,499
Transportation	186,067,959	3,121,058	1,266,379,488	124,488,586	30,216,549
Treasury	129,650,685	128,303,770	24,245,187	122,110,907	133,116,836
	$ 1,568,158,907	$ 637,001,624	$ 2,689,467,675	$ 3,260,855,362	$ 2,552,594,879

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