



Douglas County, Colorado

Single Audit Reports

December 31, 2022



Douglas County, Colorado
Year Ended December 31, 2022

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Douglas County, Colorado

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures as of December 31, 2022	Amounts Passed-through to Subrecipients
U.S. Department of Agriculture				
Passed-through Colorado Department of Human Services				
SNAP Cluster				
Supplemental Nutrition Assistance Program (SNAP)	10.551	*	\$ 49,908	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*	758,056	-
SNAP Cluster Total			<u>807,964</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>807,964</u>	<u>-</u>
U.S. Department of Justice				
Passed-through Colorado Department of Public Safety, Division of Criminal Justice				
Equitable Sharing Program	16.922	*	105,428	-
Passed-through the City of Aurora				
DNA Backlog Reduction Program	16.741	*	3,118	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	*	924	-
Total U.S. Department of Justice			<u>109,470</u>	<u>-</u>
U.S. Department of Transportation				
Passed-through Colorado Department of Transportation				
Occupant Protection Incentive Grants	20.602	*	10,000	-
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	SR17015.002	1,993,109	-
Highway Planning and Construction Cluster Total			<u>1,993,109</u>	<u>-</u>
Passed-through Denver Regional Council of Governments				
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	EX21036	347,406	-
Transit Services Programs Cluster Total			<u>347,406</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,350,515</u>	<u>-</u>
US Department of the Treasury				
Pass-through Colorado Department of Human Services				
COVID-19 - Child Care CARES	21.019	*	(277)	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund (ARPA)	21.027		12,164,800	137,450
Passed-through the State of Colorado, Department of Public Health and Environment				
COVID-19 - Coronavirus State and Local Recovery Funds	21.027	SLFRP0126	295,536	-
Passed-through State of Colorado, Department of Human Services (CDHS)				
COVID-19 - American Rescue Plan Act County Behavioral Health Grant	21.027	*	97,644	-
Passed-through the State of Colorado Office of Behavioral Health				
COVID-19 - American Rescue Plan Act	21.027	*	112,664	-
Federal Assistance Listing Number 21.027 subtotal			<u>12,670,644</u>	<u>-</u>
COVID-19 Emergency Rental Assistance	21.023		4,117,585	4,117,585
Total Department of the Treasury			<u>16,787,952</u>	<u>4,255,035</u>

Douglas County, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures as of December 31, 2022	Amounts Passed-through to Subrecipients
U.S. Department of Health and Human Services				
Pass-through Colorado Department of Human Services				
Temporary Assistance for Needy Families (TANF)	93.558	*	1,544,156	-
Child Support Enforcement	93.563	*	991,667	-
Child Care and Development Block Grant	93.575	*	1,758,977	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	1,199,999	-
Child Care and Development Block Grant Cluster Total			<u>2,958,976</u>	<u>-</u>
Title IV-E Prevention and Family Services and Programs	93.472	*	38	-
Foster Care Title IV-E	93.658	*	1,895,080	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	*	106,415	-
Adoption Assistance	93.659	*	487,881	-
Social Services Block Grant	93.667	*	662,369	-
COVID-19 - Elder Abuse Prevention Intervention Program (CRF)	93.747	*	6,014	-
Guardianship Assistance	93.090	*	17,059	-
Passed-through the State of Colorado, Department of Public Health and Environment				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	202200006612	1,999,893	-
Public Health Emergency Preparedness	93.069	*	121,073	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response; Public Health Crisis Response	93.354	*	94,316	-
Pass-through Colorado Department of Local Affairs				
Community Services Block Grant	93.569	*	140,974	-
Pass-through Colorado Office of Behavioral Health				
Block Grants for Community Mental Health Services	93.958	SM10006-18	105,331	-
Total Department of Health and Human Services			<u>11,131,242</u>	<u>-</u>
Pass-through Colorado Department of Health Care Policy and Financing				
Medicaid Cluster				
Medical Assistance Program	93.778	*	1,474,789	-
Total Department of Health Care Policy and Financing			<u>1,474,789</u>	<u>-</u>
Executive Office of the President				
High Intensity Drug Trafficking Areas Program	95.001		2,657,944	-
Total Executive Office of the President			<u>2,657,944</u>	<u>-</u>
U. S. Department of Homeland Security				
Passed-through Colorado Department of Public Safety				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	*	1,581,232	-
Total Department of Homeland Security			<u>1,581,232</u>	<u>-</u>
Total Expenditures of Federal Awards			<u><u>\$ 36,901,108</u></u>	<u><u>\$ 4,255,035</u></u>

* Number not readily available

Douglas County, Colorado
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Douglas County, Colorado (the County) under programs of the federal government for the year ended December 31, 2022. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position or fund balance of the County.

Note B – Summary of Significant Accounting Policies

The County's summary of significant accounting policies is presented in Note 2 in the County's basic financial statements. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund except for the following programs, which are reported in the schedule of expenditures of federal awards on the cash basis:

Cluster/Program	Federal Assistance Listing Number
SNAP Cluster	10.551 & 10.561
Temporary Assistance for Needy Families (TANF)	93.558
Child Support Enforcement	93.563
Child Care and Development Block Grant Cluster	93.575 & 93.596
Title IV-E Prevention and Family Services Programs	93.472
Foster Care Title IV-E	93.658
Stephanie Tubbs Jones Child Welfare Services Program	93.645
Adoption Assistance	93.659
Social Services Block Grant	93.667
COVID-19 Elder Abuse Prevention Intervention Program (CRF)	93.747
Guardianship Assistance	93.090
Medicaid Cluster	93.778

When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Douglas County, Colorado
Notes to Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2022

Note C – Indirect Costs Rate

The County has not elected to use the 10% de minimis cost rate.

Note D – Human Service Programs

The County's Department of Human Services operates several federally funded human services programs where benefits are provided to qualified citizens. The benefit distribution method consists of participants receiving benefits using a state-maintained electronic banking card (EBT) instead of the County's cash disbursements. The Colorado Department of Human Services provided total EBT authorizations to qualified citizens in the County, in the amount of \$35,834,615 of which \$29,881,675 is the federal share. The revenue and expenditures associated with these federal programs are not recognized in the County's basic financial statements.

Note E – Recognition of Prior Expenditures

The County received reimbursement for COVID-19 Disaster Relief Funds from the Colorado Department of Public Safety in 2022 for expenditures incurred in 2020 and 2021. These expenditures were recorded on the 2022 schedule of expenditures of federal awards.

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*

Independent Auditor's Report

Board of County Commissioners
Douglas County, Colorado
Castle Rock, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Douglas County, Colorado (the County), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 23, 2023, which contained an emphasis of matter paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

Board of County Commissioners
Douglas County, Colorado

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Douglas County, Colorado's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

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

FORVIS, LLP

Denver, Colorado
June 23, 2023



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**Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance, and Report
on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Board of County Commissioners
Douglas County, Colorado
Castle Rock, Colorado

Report on Compliance for Each Major Federal Program

We have audited Douglas County, Colorado's (the County) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of County Commissioners
Douglas County, Colorado

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We have issued our report thereon dated June 23, 2023, which contained unmodified opinions on those financial statements and an emphasis of matter paragraph regarding a change in accounting principle. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

FORVIS, LLP

Denver, Colorado
June 23, 2023

Douglas County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Material weakness(es) identified? ☒ Yes ☐ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor’s report issued on compliance for major federal program(s):

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

☐ Yes ☒ No

Douglas County, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2022

7. Identification of major federal programs:

Cluster/Program	Federal Assistance Listing Number
Highway Planning and Construction Cluster	20.205
COVID-19 Emergency Rental Assistance	21.023
COVID-19 – Coronavirus State and Local Fiscal Recovery Fund (ARPA)	21.027
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases	93.323
Child Support Enforcement	93.563
Foster Care Title IV-E	93.658
Medicaid Cluster	93.778
High Intensity Drug Trafficking Areas Program	95.001
COVID-19 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,107,033.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Douglas County, Colorado

Schedule of Findings and Questioned Costs (continued)

Year Ended December 31, 2022

Section II – Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2022-001	<p>Finding: Revenue Recognition</p> <p>Criteria or Specific Requirement: Governmental Accounting Standards Board (GASB) Statement No. 33 (GASB 33), <i>Accounting and Financial Reporting for Nonexchange Transactions</i>, requires that on the modified accrual basis, revenues should be recognized when all applicable eligibility requirements are met and the resources are available. Eligibility requirements are conditions established by enabling legislation or the provider that are required to be met before a transaction (other than the provision of cash or other assets in advance) can occur. That is, until those requirements are met, the provider does not have a liability, the recipient does not have a receivable, and the recognition of expenses or revenues for resources transmitted in advance should be deferred. Eligibility requirements for government-mandated and voluntary nonexchange transactions comprise one or more of the following:</p> <ul style="list-style-type: none"> a. The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider b. Time requirements specified by enabling legislation or the provider have been met c. The provider offers resources on a reimbursement basis and the recipient has incurred allowable costs under the applicable program d. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred <p>Condition: During our testing of revenues and related unearned revenue, we noted the following:</p> <ul style="list-style-type: none"> - The Human Service fund incorrectly recognized revenue related to advanced managed care funding received from the Colorado Department of Human Services fund. An audit adjustment for \$317,000 was proposed and management elected to record. - The American Rescue Plan Act fund incorrectly recognized revenue related to Coronavirus State and Local Fiscal Recovery Funds. An audit adjustment for \$6,000,000 was proposed and management elected to record. - The Road Sales and Use Tax fund incorrectly recorded accounts receivable and deferred inflow of resources related to the Highway Planning and Construction grant. An audit adjustment for \$410,000 was proposed and management elected to record. <p>Effect: The conditions noted above resulted in an adjustment of \$6.3 million to reduce revenue and \$0.4 million to increase accounts receivable which the County elected to record.</p> <p>Cause: The County does not have adequate internal controls over recording and tracking grant and state cost reimbursement transactions to ensure that revenue is recorded in the period and amount.</p> <p>Identification as a Repeat Finding: Not applicable.</p> <p>Recommendation: We recommend that the County implement a process to review the reasonableness of revenue and expenditures compared to the amount recorded against subsequent receipts and unearned revenue to help ensure the accuracy of the ending balance. In addition, we recommend that year-end entries to be received from other departments related to state cost reimbursements be added to the Finance Department year-end checklist.</p>

Douglas County, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2022

Reference Number	Finding
2022-002	<p>Finding: Schedule of Expenditures of Federal Awards Preparation</p> <p>Criteria or Specific Requirement: In accordance with 2 Part 200.510, auditees receiving federal funds must prepare an annual Schedule of Expenditure of Federal Awards (SEFA) detailing the value and type of federal assistance received each year. The federal Office of Management and Budget issues instructions on how to prepare this schedule. Key information to be reported includes the federal assistance listing number provided in the federal awards/subaward agreements and associated expenditures incurred in the fiscal year. At the County, the SEFA is prepared by the Department of Finance based on information from the accounting system and additional information provided by the various departments receiving federal funds.</p> <p>Condition: The County does not have adequate internal controls to ensure the SEFA accurately reports all federal assistance the County receives.</p> <p>Context: We identified three federal awards which were incorrectly excluded (approximately \$202,000), three federal awards which did not agree back to the supporting expenditure detail (approximately \$828,000) and one federal award which included non-grant expenditures (approximately \$59,000). Total expenditures reported on the SEFA are \$36.9 million.</p> <p>Effect: The federal government and pass-through entities rely on the SEFA information to be reported accurately. In addition, accurate SEFA information is relied upon by the auditors in order to perform the major program determination utilized to select the federal programs subjected to single audit procedures.</p> <p>Cause: Grant management at the County is decentralized and thus departments are responsible for providing the required information to the County's Department of Finance to facilitate the preparation of the SEFA. The Department of Finance was not provided up-to-date grant agreements with accurate funding information, including federal assistance listing numbers and pass-through identifying numbers. In addition, the Department of Finance was not made aware of all business units being used for grant activity or pending journal entries to record grant activity.</p> <p>Identification as a Repeat Finding: Not applicable.</p> <p>Recommendation: We recommend that the County implement eCivis countywide to allow for a more automated system of tracking federal expenditures. Additionally, we recommend that an updated process be developed to set up new organization codes which would require the grant managers to provide the required information needed for SEFA preparation, including but not limited to, funding source, vendor or subrecipient determination, federal assistance listing number, pass-through number, any special terms and conditions and a copy of the agreement.</p>

Douglas County, Colorado
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

Reference Number	Summary of Finding	Status
No prior year findings noted.		

2022-001 Finding: Revenue Recognition

Status: Corrective action in progress

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 33 (GASB 33), Accounting and Financial Reporting for Nonexchange Transactions, required that on the modified accrual basis, revenues should be recognized when all applicable eligibility requirements are met and the resources are available. Eligibility requirements are conditions established by enabling legislation or the provider that are required to be met before a transaction (other than the provision of cash or other assets in advance) can occur. That is, until those requirements are met, the provider does not have a liability, the recipient does not have a receivable, and the recognition of expenses or revenues for resources transmitted in advance should be deferred. Eligibility requirements for government-mandated and voluntary nonexchange transactions comprise one or more of the following:

- a. The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider.
- b. Time requirements specified by enabling legislation or the provider have been met.
- c. The provider offers resources on a reimbursement basis and the recipient has incurred allowable costs under the applicable program.
- d. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Condition: During the testing of revenues and related unearned revenue, the following was noted:

- The Human Service fund incorrectly recognized revenue related to advanced managed care funding received from the Colorado Department of Human Services fund. An audit adjustment for \$317,000 was proposed and management elected to record.
- The American Rescue Plan Act fund incorrectly recognized revenue related to Coronavirus State and Local Fiscal Recovery Funds. An audit adjustment for \$6,000,000 was proposed and management elected to record.
- The Road Sales and Use Tax fund incorrectly recorded accounts receivable and deferred inflow of resources related to the Highway Planning and Construction grant. An audit adjustment for \$410,000 was proposed and management elected to record.

Corrective Action: The year-end processing deadlines checklist will be modified to include more clarity for grant reporting to the Finance Department.

The Grant Accounting Supervisor has had a Grant Accountant added to the grants function. The additional staffing will provide more review and better internal controls to avoid the reoccurrence of erroneous revenue recognition.

Person(s) Responsible for Implementation: Jill Janz – Grant Accountant Supervisor, Christie Guthrie – Assistant Finance Director

Implementation Date: 12/31/22 and ongoing

2022-002 Finding: Schedule of Expenditures of Federal Awards Preparation

Status: Corrective action in progress

Criteria: In accordance with 2 Part 200.510, auditees receiving federal funds must prepare an annual Schedule of Expenditure of Federal Awards (SEFA) detailing the value and type of federal assistance received each year. The federal Office of Management and Budget issues instructions on how to prepare this schedule. Key information to be reported includes the federal assistance listing number provided in the federal awards/subaward agreements and associated expenditures incurred in the fiscal year. At the County, the SEFA is prepared by the Department of Finance based on information from the accounting system and additional information provided by the various departments receiving federal funds.

Condition: The County does not have adequate internal controls to ensure the SEFA accurately reports all federal assistance the County receives

Corrective Action: An enterprise-wide grant management system called eCivis went live in July of 2022. The goal of this system is to help establish and reinforce consistent standards and processes for all grants to ensure audit success and provide transparency.

Onsite grant training will be provided by FORVIS for all Douglas County Employees working with grants to help them navigate the complexities and responsibilities of grants.

The Grant Accounting Supervisor has had a Grant Accountant added to the grants function to ameliorate the tracking and reporting requirements of the current volume of grants.

Person(s) Responsible for Implementation: Jill Janz – Grant Accountant Supervisor, Christie Guthrie – Assistant Finance Director

Implementation Date: 12/31/22 and ongoing