



External Auditor Control Deficiency/Management Letter  
***Follow Up Memo from the Internal Auditors***

October 11, 2019

Adams County, Colorado



## Memo

**To: Adams County Management and Board of County Commissioners**

**From: Eide Bailly LLP, Internal Auditors**

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**Re: CliftonLarsonAllen LLP May 17, 2019 Internal Control Deficiency/Management Letter Report and Corrective Action Plans (See Attached)**

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**Summary Request of Internal Auditors:** During discussions of the internal audit work plan between the County's liaison and Eide Bailly (EB), the County Manager's office requested that the internal audit (IA) team review the management letter document issued by CliftonLarsonAllen LLP (CLA), external auditors of Adams County. The IA review to be performed would evaluate the offices named in the report and perform follow up testing to ensure findings were cleared or further recommendations were made, to help the departments strengthen internal controls and improve upon or eliminate further, similar management letter comments for the 2019 external audit process.

**Meetings Held:** EB staff met with management and staff of the Human Services Department and District Attorney's Office to document and understand the policies/procedures/organizational controls surrounding the issues identified in the CLA management letter. Specific follow up procedures within each department/office are detailed in this memo below. Management letter comments were either cleared or further recommendations made to help ensure the specific issues addressed would be corrected through improved policies and procedures or mitigated to the extent possible due to better understanding and improved internal controls.

**Conclusions:** EB suggests that the County Manager's Office request responses to these further recommendations or suggest that EB follow up with each office to obtain documentation recommended to ensure completion of the recommendations and proper follow up. A timeline of follow up should be pursued with each department/office to perform timely follow up. We would suggest November 30, 2019 would provide adequate time for implementation of the suggestions provided within this document and allow timely reporting by EB to the County Manager's Office to complete this project.

**Management Letter Summary – Foster Care Title IV-E Case File Reviews:** During CLA’s testing over the Foster Care Title IV-E program (CFDA #93.658) as part of the ‘2018’ external audit, CLA examined 40 foster care cases for internal controls over eligibility requirements. County guidelines for foster care cases establish that case workers and case supervisors must review the Family Services Plan every 90 calendar days. Of the 40 cases examined, four cases were not reviewed within the 90-day timeframe.

**CLA Recommendation:** The County should review and update procedures pertaining to the review of foster care case files.

**EB Procedures Performed:** We met with Foster Care Title IV-E management to discuss the management letter comment above and perform follow-up procedures to address this comment. Management provided a response (Corrective Action Plan (CAP)) to the management letter comment dated July 31, 2019, in which they agreed with the four exceptions and the proper actions were not taken to ensure timely review of the cases. Based on the timing of management’s response (dated July 31, 2019), we performed follow-up testing over IV-E eligible cases that had a required review due in August or September 2019. We observed management run a report which identified IV-E eligible cases with a 90-day review due in August or September 2019, which yielded eleven cases subject to follow-up testing. Given the small sample, we elected to test all eleven cases for timely review.

**Results of EB Testing:** Of the eleven cases selected for testing, one case was not reviewed timely; the review occurred 95 days subsequent to the previous review, which is not in compliance with County policies. Additionally, for four of the eleven cases, at the time follow-up testing was performed (October 2, 2019), while a review occurred, it was not yet entered into the State TRAILS system. Evidence of these reviews was input into TRAILS on October 4, 2019 and no exception was taken.

**Cause:** Recent changes within County policies to review Title IV-E eligible cases caused the tasking of case reviews by supervisors to change. Prior reviews by supervisors met compliance standards if the reviews occurred within a standard calendar quarter or quarterly. Currently, the policy change requires a ‘90-day’ review requirement, which causes the review date of the case file to shift from a standard ‘quarterly’ review to a moving target, based upon the last review date of the file. This supervisor review change, while appearing to be subtle, doesn’t allow for all IV-E eligible files to fall within a standard timeframe and thus is more difficult to monitor by supervisors. As such, training over program requirements is essential in order for management, supervisors, and case workers to be relaying and receiving a consistent message department-wide.

**Eide Bailly Recommendation:** 1) We recommend regular, supervisor and manager trainings occur to stay current on program guidelines and ensure consistency of applying procedures across all teams. A log-in/log-out sheet should be kept and filed as documentation of these trainings to verify and document that supervisor/manager attendance, has occurred in accordance with policy, as required.

2) Additionally, improved and documented policies and procedures should be kept surrounding case reviews and included in training manuals, so program staff have consistent policies they can follow and look to for support, particularly given the process over review of foster care files. 3) Lastly, as we only performed follow-up testing over IV-E eligible cases that had a required review due in August or September 2019, we recommend foster care management utilize the quality control tool that was created for our internal audit to review cases dating back to January 1, 2019, to determine the extent to which cases were not reviewed within the 90-day timeframe for all of 2019, including the remaining months (October – December 2019) to insure the quality control (QC) process developed is being utilized to document and correct 90 day reviews on a go-forward basis. The reporting from the QC process should be provided to the Deputy Director of Children and Family Services on a monthly or quarterly basis to document the monitoring and follow up process to ensure quality control of the 90-day review process is implemented and working as planned.

**Management Letter Summary – Crime Victim Compensation Cash Management Review:** During CLA’s (the Adams County external auditors) testing over the Crime Victim Compensation (CVC) program (CFDA #16.576), as part of the ‘2018’ external audit, CLA examined five cash draws to test internal controls over cash management. Of these five draws, CLA did not identify evidence of a secondary review other than by corroborative inquiry.

**CLA Recommendation:** The County should implement a secondary review control prior to submission of draws for best practice.

**EB Procedures Performed:** In discussing with CVC grant management, five draws occurred in 2019 (through September 2019). We obtained detail of all five draws to determine if a secondary review occurred on the draws and was documented.

**Results of EB Testing:** A secondary review occurred and was documented for all five draws tested in 2019. Additionally, it was noted that turnover in management occurred during 2019. As a result, the secondary reviewer changed mid-year as the Assistant DA now performs this review.

**EB Recommendation:** While no exceptions were noted in our testing, we recommend the County add documented steps relating to the secondary review to its policies and procedures office manual/documentation, for those employees of the office that handle federal award/grant dollars. This allows management to enforce compliance with County procedures, which in turn also strengthens controls over the program. In discussing the County’s responses to the CLA management letter, the DA’s office will prepare a Corrective Action Plan (CAP)/response to CLA’s 2018 management letter by October 31, 2019, which will identify that the office intends to incorporate this change into its policies and procedures manual. The update of the policies and procedures document will be provided to EB for documentation to support the completion of this recommendation, along with the CAP to complete our internal audit work for the office.

**Management Letter Summary – Crime Victim Compensation Check List Review:** During CLA’s testing over the CVC program (CFDA #16.576) as part of the ‘2018’ external audit, CLA examined forty benefit payments to test internal controls over eligibility. Payments made to program participants are reviewed and approved monthly by the Crime Victim Compensation Board (CVC Board) and the program manager retains a signed listing for documentation purposes. From the sample of forty payments tested, three were paid in the month of June 2018. The County was not able to provide the June 2018 signed listing of checks by the CVC Board since it was misplaced.

**CLA Recommendation:** The County should implement procedures pertaining to documentation of program controls.

**EB Procedures Performed:** As the management letter was issued in May 2019, we selected the June, July, and August 2019 monthly approved check listings by the CVC Board (September 2019 check listing was not yet available at time of testing in early October 2019). For our follow-up testing over the three months, we noted management provided us with a complete check listing, and the check listing was approved by all CVC Board members. Additionally, for each of the three months, we selected three individual checks for further testing. In addition to the CVC Board approving the monthly check registers on the back end, CVC Board members must also approve treatment plans for program participants on the front end to ensure future payments are allowable and approved. Of the three checks tested for each of the months of June, July, and August 2019, we noted that all checks had an approved treatment plan by the CVC Board, as evidenced by tracing the claim number associated with the check to the appropriate CVC "Board Claim Summary" report.

**Results of EB Testing:** As noted above, no exceptions were identified in our testing. Complete and approved check listings were present for all three months, in addition to proper CVC Board approvals over treatment plans for all individual checks selected for testing.

**EB Recommendation:** While no exceptions were noted in our testing, we recommend the District Attorney’s office (the office) and County maintain CVC Board-approved check listings in an electronic format in order to prevent loss of hard copies going forward. This safekeeping control should also be documented in the office policies and procedures manual. In discussing the County’s responses to the CLA management letter, the DA’s office will prepare a Corrective Action Plan (CAP)/response to CLA’s 2018 management letter by October 31, 2019, which will identify that the office intends to incorporate this change into its policies and procedures manual. The update of the policies and procedures document will be provided to EB for documentation to support the completion of this recommendation, along with the CAP to complete our internal audit work for the office.



CliftonLarsonAllen LLP  
CLAconnect.com

Management  
Adams County, Colorado

In planning and performing our audit of the financial statements of Adams County, Colorado as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. This letter does not affect our report on the financial statements dated May 17, 2019.

#### **Foster Care Title IV-E Case File Reviews**

During our testing over the Foster Care Title IV-E program (CFDA #93.658) for our report on compliance, we examined 40 foster care cases for internal controls over eligibility requirements. County guidelines for foster care cases establish that case workers and case supervisors must review the Family Services Plan every 90 calendar days. Out of the 40 cases examined, we noted three cases where the final 90 day review prior to closing the case was not completed due to caseworkers being aware of the upcoming close of the case. We also noted one case where the review did not occur timely, after 127 days. While this is a compensating control established by the County complementary to the review of each individual payment made, the County was not following their established guidelines for compensating internal control.

**Recommendation:** We recommend that the County review and update the procedures pertaining to reviews for foster care cases.

#### **Crime Victim Compensation Cash Management Review**

During our testing over the Crime Victim Compensation program (CFDA #16.576) for our report on compliance, we examined five cash draws for internal controls over cash management. For these five draws, we were unable to obtain evidence of a secondary review other than by corroborative inquiry. While we understand that a review process was in place during the fiscal year, we recommend that evidence of the review process be maintained. Evidence of a control occurring could be maintained by the preparer and reviewer physically signing and dating a copy of a reconciliation.

**Recommendation:** We recommend that the County implements a secondary review control prior to submission for best practice.

**Crime Victim Compensation Check List Review**

During our testing over the Crime Victim Compensation program (CFDA #16.576) for our report on compliance, we examined forty benefit payments for internal controls over eligibility. Payments made to program participants are reviewed and approved monthly by the board and the program manager keeps a signed listing for documentation purposes. From the sample of forty, we selected three payments paid in the month of June 2018. The county was not able to provide the signed listing of checks by the board since it was misplaced.

**Recommendation:** We recommend that the County implements procedures pertaining documentation of program controls.

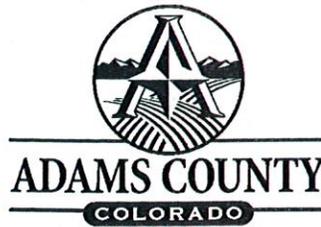
We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of County Commissioners, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
May 17, 2019



July 31, 2019

To Whom it May Concerns:

A letter comment was appended to the recent Foster Care Title IV-E audit that was conducted for our County by Clifton, Larson, Allen, LLP for calendar year ending on December 31, 2018. This letter serves as a formal response and corrective plan related to audit findings that determined that four (4) 90-day reviews had been identified as late or missing. The comment clarifies that three (3) cases did not have a 90-day review documented in the system for the final time span before the adoption was completed, and that one (1) additional case had a late review, which occurred at 127 days after the previous one. Both are in violation of Title IV-E regulations.

In the situation of the 3 cases that did not have 90-day reviews, these cases were moving from foster care into adoption finalization and the 90-day review was not completed due to the pending adoption. It was believed that such reviews were not necessary. However, the 90-day review rule does apply to all open cases regardless of the foster care or adoption status, and all cases will be reviewed in the future.

One case that was reviewed as 37-days late (it was reviewed at 127 days, rather than within 90 days as required) was due to a coding error in the ancillary system MANGO. The ancillary system provides alerts and due dates for staff. The coding for MANGO has been updated to ensure review within 90 days and will provide timely updates and notifications to staff moving forward.

We appreciate the opportunity to respond to these concerns and will be diligent as we move forward to assure that our work is correct and complete.

With Sincere Regards,

Janis L. James, M.Div., LCSW  
Adams County Department of Human Services  
Deputy Director of Children and Family Services



October 31, 2019

Re: Response to 2018 external audit letter/Corrective Action Plan

To Whom It May Concern:

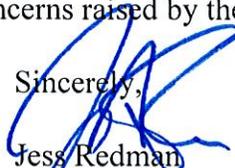
I respectfully write in response to the concerns raised following the 2018 external audit of the Crime Victim Compensation Program (CVC) performed by Clifton, Larson, Allen, LLP. In a letter dated May 17, 2019, the auditors made the following recommendations: (1) implement secondary review controls over cash management prior to submission; and (2) document procedures pertaining to program controls including the receipt of signed checks. Since this letter was issued, the 17<sup>th</sup> Judicial District Attorney's Office has made considerable efforts to implement written protocols that address these concerns. This documentation is intended to serve as a formal response to the letter, as well as a corrective action plan for future performance.

The CVC program is a statutorily created funding mechanism that generates funds to assist crime victims and their immediate families with expenses incurred as a result of criminal acts. Funding is made available through assessments on all criminal convictions required by state and federal legislation. The CVC Board is comprised of three volunteer members who review claims for financial assistance and support. The 17th Judicial District court administrator controls CVC program funds with the assistance of employees within the 17th Judicial District Attorney's Office. The CVC Board reviews all claims for financial assistance as well as administrative expense requests. The 17<sup>th</sup> JD DA employees document and submit all CVC Board approved claims and administrative expenses to the 17<sup>th</sup> JD court administrator in a "drawdown request." The 17<sup>th</sup> JD DA employees receive and distribute the checks.

The 17<sup>th</sup> JD DA's Office recently implemented written protocols to enhance the documentation and control of the CVC program. I include those protocols with this letter for reference. In particular, and as it pertains to the recommendations made from the 2018 audit, section 2.1(A) of the payment policy requires the Assistant DA to independently review and approve each drawdown request prior to submission to the court administrator. Additionally, section 2.1(B) and 2.1(C) require that prior to the distribution of checks to recipients, 17<sup>th</sup> JD DA employees maintain copies of Board-approved check listings and other necessary documentation in an electronic format, along with an audio recording of all Board action pertaining to drawdown requests.

We appreciate the opportunity to respond to the concerns raised by the 2018 audit.

Sincerely,

  
Jess Redman  
Assistant District Attorney

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## **SECTION 2.0**

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### **DISBURSEMENTS**

#### **2.1 FUND DISBURSEMENT POLICIES**

- A. The CVC Program Coordinator or designee shall monitor the CVC fund balance and when necessary, prepare a monthly disbursement request (DCJ form 6) for review and secondary approval by the Assistant District Attorney prior to submittal.
- B. The CVC Program Coordinator will prepare a monthly claim summary report including claim number and nature of the request, for each CVC Board meeting. This report will serve as written authorization for claim approval and/or denials and will be signed by the CVC Board at the conclusion of each monthly meeting.
- C. The CVC Program Coordinator will prepare written check register authorization report(s) for all payments which will be reviewed and signed by the CVC Board. The written request with original signatures will be submitted to the District Court Administrator's Office. A copy of the signed report will be maintained with the monthly CVC Board minutes.
- D. The CVC Board Chair may, in writing, delegate-signing authority to the Vice Chair. A copy of the written authorization delegation must be in the custody of Judicial Administrator and the District Attorney's office.

#### **2.2 WRITTEN DOCUMENTATION OF FUND DISBURSEMENTS**

- A. The CVC Program Coordinator or designee shall receive, verify and maintain written documentation pertaining to all approved CVC disbursements by claim number and application.
- B. The CVC Board requires treatment plans that have been submitted and approved by the CVC Board at a regular or special meeting as part of the written documentation for payment of mental health treatment.