



ELBERT COUNTY GOVERNMENT  
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**07-07-2016**

**RE: County's CAP (Corrective Action Plan)**

## **FINANCIAL STATEMENT FINDINGS**

**2015-A**

- 1. The Sheriff's Office had various checking accounts that were not recognized by the Treasure or maintained in the financial report system**

**Responsible Party:** Shayne Heap, Sheriff

**Implementation Date:** The County believes that the controls surrounding the Sherriff's cash accounts are adequate.

***RESPONSE:** The County believes that the controls surrounding the Sherriff's cash accounts are adequate. The County believes these checking accounts do not need to be included in the Treasurer's accounting records. The Sheriff's Office maintains these accounts on Quick Books, so there is a complete set of accounting records. In addition, these accounts are reconciled monthly by a non-signer of the accounts.*

- 2. There is no policy for tracking inventory (supplies and parts) purchased or used by the county nor is there any actual count at year end to determine if adjustments need to be made to reflect what is on hand.**

**Responsible Party:** Ed Ehmann, County Manager

**Implementation Date:** Implemented November 2015

***RESPONSE:** In November/December of 2015 the Finance office requested each department perform a physical inventory (capital assets and other) as well as tag that departments inventory in order to compile an updated physically inventory count. The master list will be maintained in the Finance Office. It has been written in the purchasing policy manual that a physical inventory will take place on an annual basis in the month of January. Additionally, the Finance Office will work with the Public Works Department to identify how to better use the Pub Works Parts Database to accurately report their inventory of parts as well as to develop and*

*document procedures to follow throughout the year and year end. This will be completed no later than October 31<sup>st</sup>, 2016.*

- 3. The County's financial reporting system does not reflect the 100% reporting of EBT expenditures by the Social Services fund on a monthly basis. The consultant prepared the correct balance sheet and income statement balances in the Social Services Fund.**

**Responsible Party:** Jerri Spear, Director Health Human Services

**Implementation Date:** The County's books/records system (Sage) is not set up to report 100% of the EBT expenditures by Social Services. The County believes the monthly report provided to the County Manager reflects that information and no other action is required.

**RESPONSE:** *Health and Human Services provides a monthly expense and budget report to the County Manager. EBT expenditures reflect on this report. The County Finance System is not connected to the State CMFS system and will not reflect these numbers.*

- 4. The County does not have specific policies related to the journal entry process. These policies would include who can propose and approve journal entries. This has been correct in January 2016.**

**Responsible Party:** Ed Ehmann, County Manager

**Implementation Date:** Implemented January 2016

**RESPONSE:** *In January of 2016 the Finance Office implemented a system to have the County Manager sign off on any journal entries processed by the Finance Office. The County manager verifies that the journal entry has been processed and has been verified by two different processors within the Office. Currently, the Finance staff is the only individuals with access to process journal entries within the Sage system.*

- 5. HR and Finance staff both have the same access to the Wells Fargo payroll system and can set up and delete employees and change salary amounts. This is a lack of a key segregation of duties issue.**

**Responsible Party:** Ed Ehmann, County Manager

**Implementation Date:** Implemented January 2016

**RESPONSE:** *The County contacted Wells Fargo to find out if they could set up each individual employee (Position) with specific permissions. Wells Fargo came back and informed us they were unable to assist us with such request. As a result*

*the County has implemented the following compensating control, effective immediately. The county receives an input worksheet with payroll each month and the County Manager periodically, on a random basis, verifies this report to ensure that the account maintenance is being handled by the correct department.*

**6. The Treasurer does not physically document his review of the monthly bank reconciliation**

**Responsible Party:** Rick Pettitt, Treasurer

**Implementation Date:** Implemented January 2015

**RESPONSE:** *In 2015 the Treasurer began verifying the monthly bank reconciliations. The Treasurer receives the statements via mail, or prints a statement online. He will sign off when the statements were received and reviewed. Then the statements are provided to an Associate in the Treasurer's office to reconcile. After the reconciliation process is completed, the Treasurer then reviews the process to ensure that everything is in balance and reconciled. He then signs off that the reconciliation process has been reviewed and approved.*

**7. The Clerk and Recorder does not physically document the monthly reconciliation that is prepared by the Deputy Clerk**

**Responsible Party:** Dallas Schroeder, Clerk and Recorder

**Implementation Date:** Implemented January 2015

**RESPONSE:** *Following the recommendations from last year, the Clerk and Recorder stated to sign off on the final disbursement page at the end of each month. The deputy clerk compiles the reports and then they are reviewed together and signed off by the Clerk and Recorder.*

**8. The Director of Human Services approves her own time sheet**

**Responsible Party:** Ed Ehmann, County Manager

**Implementation Date:** Will be implemented prior to August, 30 2016

**RESPONSE:** *The Payroll office is working with Human Services to have the County Manager added to their YTIME system be the "approver" for Jerri Spear's timesheets. The County plans to have this process in place prior to August 2016 payroll.*

**FEDERAL AWARD FINDINGS**

**2015-001**

**Passed-through Colorado Department of Human Services  
CFDA # 93.658  
Foster Care – Title IV-E  
Eligibility  
Significant Deficiency in Internal Control over Compliance**

**Responsible Party:** Jerri Spear, Director Health Human Services

**Implementation Date:** Implemented August 1, 2016

Condition - The County does not have internal controls over IV-E eligibility determination.

Management Corrective Action Plan:

- Effective August 1, 2016 we will utilize an eligibility determination checklist for review of IV-E eligibility for out of home placements

. 2015-002

**Passed-through Colorado Department of Human Services  
CFDA # 93.568  
Low-Income Home Energy Assistance  
Eligibility  
Significant Deficiency in Internal Control over Compliance+**

**Responsible Party:** Jerri Spear, Director Health Human Services

**Implementation Date:** Elbert County Department of Human Services will no longer be responsible for LEAP eligibility determination and will no longer have the responsibility of maintaining those records.

Condition – The County had improper monitoring of case file information needed in order to determine timely and accurate eligibility information and calculation of allowable costs. We tested 60 case files noting the following exceptions which did not affect the benefit amount; however was determined to be a deficiency in internal controls:

- 1 file in which an incorrect income was used to calculate eligibility
- 2 files in which the County could not locate for testing

Management Corrective Action Plan :

- The Department will begin fully utilizing an electronics document storage system by January 1, 2017 for all departmental records contingent upon availability of financial, physical and IT resources.

**2015-003**

**Passed-through Colorado Department of Human Services  
CFDA # 93.568  
Low-income Home Energy Assistance  
Procurement  
Significant Deficiency in Internal Control over Compliance**

**Responsible Party:** Jerri Spear, Director Health Human Services

**Implementation Date:** July 1, 2016

Condition/Context – We tested compliance and internal controls over procurement for 1/1 contractor. For this specific contractor we noted the following:

- There was no documentation to support that a SAM's check (aka EPLS) was performed to determine if the contractor was debarred or suspended.

Management Corrective Action Plan :

The Department will do SAM checks on all sub-recipient contracts per federal requirements effective July 1, 2016.

**2015-004**

**Passed-through Colorado Department of Human Services  
CFDA # 93.558  
Temporary Assistance for Needy Families (TANF)  
Allowable Costs, Eligibility  
Material Non-Compliance  
Material Weakness in Internal Control over Compliance**

**Responsible Party:** Jerri Spear, Director Health Human Services

**Implementation Date:** November 30, 2016

Condition – The County improperly paid benefits in instances where information was not received from clients as required. We tested 60 payments over 16 eligibility files, noting the following exceptions.

- 2 eligibility files (5 payments) in which appropriate documentation was not obtained in order to support benefit issuance. This includes lack of evidence for school attendance and non-compliance with the Individual Responsibility Contract (IRC) / Roadmap in which the County should have applied a 25% sanction on one month of benefits issued to a participant.
- Only a total of 5 case reviews were performed during 2015. Through September 2015, the County's quality assurance policy is to perform 3 case reviews each month; as such, the County was not in compliance with this policy for these months during 2015. Beginning in October 2015, the County revised its case review policy; however, there is also no evidence of reviews being performed from October – December 2015.

Management Corrective Action Plan:

- The Department will continue to work with and request assistance from the State Department of Human Services for program definition and development. Contingent on the State's follow through with our requests, we will review our internal policies and procedures for compliance with State and federal rules by November, 2016.
- The Department will restructure the supervisory oversight of the assistance programs unit within financial and resource limitations to more effectively review the work of eligibility staff effective September



Ed Ehmann, County Manager

7-7-16

Date



Jerri Spear, Director Health and Human Services

7-7-16

Date