

City and County of Denver
Corrective Action Plan and Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

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Finding and Corrective Action Plan

2019-001 Finding: Capital Assets - Traffic Signals

Status: Corrective action in progress.

Corrective Action: The City agrees with the finding. DOTI will work with the Controller's Office to upload City-owned traffic signal detail into Workday for better tracking inventory. DOTI will start conducting quarterly, three-way reconciliations between Workday, Cartegraph, and the CDOT contract that lists the State-owned, City-maintained signals. The Access database and manual tracking spreadsheet will be eliminated. Cartegraph will include a field to identify ownership of signals. As City-owned signals are added, removed, or rebuilt, the information will first be entered in Cartegraph and then the specific signals impacted will be updated accordingly in Workday. Depreciation will be calculated automatically in Workday rather than in manual spreadsheets.

Person(s) Responsible for Implementing: Peter Spanberger, Department of Transportation and Infrastructure

Implementation Date: December 31, 2020

2019-002 Finding: Capital Assets

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. Several of the adjustments made in 2019 were as a result of increased Controller's staff training and some new Workday reports that were developed in the beginning of the year that allowed us to identify and question certain transactions. We were also able to reconcile Work in Progress on a monthly basis. Now that prior years have been examined and cleaned up, we believe that going forward these processes will serve to oversee and question anomalies or errors in the year that transactions occur so that they can be corrected timely.

While the Controller's Office does perform monitoring functions over capital assets, city agencies are individually responsible for ensuring that assets are accounted for properly, including making sure there is effective communication with project managers and other key personnel. We will continue to work with agencies to ensure that management is aware of the deficiencies identified. We have requested that formal policies and procedures be put in place at the agency level to help ensure that information reported is accurate and consistent. The Controller's Office will also provide training to agency personnel that will specifically address the items noted in the finding.

Person(s) Responsible for Implementing: Shanna Tohill and Jessica Chandler, Controller's Office

Implementation Date: December 31, 2020

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Finding and Corrective Action Plan

2019-003 Finding: Accounting for Grants

Status: Corrective action in progress

Corrective Action Plan: The Controller's Office works closely with agencies throughout the year to help ensure that grant balances are accurate. It is necessary that agencies constantly monitor the grants they are responsible for, including reviewing trial balances for anomalies or other unusual activity. When irregular activity is identified, we work with the agencies to research and correct any errors. Agencies are individually responsible for following up on identified issues and making the related corrections. Agencies are required to certify at least annually that balances have been reviewed and reconciled. We will follow up more rigorously with all agencies that manage grants to ensure a reconciliation is performed at least quarterly between the Workday grant module and the trial balance. A grant training was provided to all grant personnel as part of the Controller's Office year-end training and that training will continue going forward.

Person(s) Responsible for Implementation: Shanna Tohill, Controller's Office

Implementation Date: December 31, 2020

2019-004 Finding: Police Retiree Health Fund Census Data and Participant Population

Status: Corrective action in progress.

Corrective Action Plan: The City agrees with the finding. The Controller's Office will work with the Department of Safety Human Resources to ensure that the population and census data is documented, maintained, and updated as necessary. Additionally, we will identify the responsible individuals within the City that are responsible for this data and ensure that it is readily available when requested.

Person(s) Responsible for Implementation: Shanna Tohill, Controller's Office

Implementation Date: December 31, 2020

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Reference Number	Finding and Corrective Action Plan
2019-005	<p>CFDA No. 93.558 – TANF Cluster</p> <p>Department of Health and Human Services, Award Number - None Provided, Award Year 2019 Passed-through Colorado Department of Human Services</p> <p>Finding: Eligibility, Reporting and Special Tests and Provisions –</p> <p>Sanctions Status: Corrective action in progress.</p> <p>Corrective Action: We agree with the finding. DDHS Eligibility will continue to use and monitor case reviews within WMS to help identify potential areas for additional training. The service delivery model for TANF Workforce case management services will continue to be based on evaluation of client need and will engage a variety of internal and external case management providers. All funded services require quality assurance processes to include case reviews that will be aimed at reducing the findings from this audit. DDHS is finalizing a pilot project that is anticipated to begin in April 2020 to conduct monthly case reviews on all DDHS workforce staff, in addition to the monthly mandatory sample identified and assigned by the Colorado Department of Human Services (CDHS). Finally, the state eligibility system, CBMS automated the initial assessment process in February of 2020. This automation includes the creation of a new Client Profile page that captures the federally required initial assessment data from the initial interview conducted by eligibility. Once the case is authorized, this data is finalized, and an automated case comment is generated for each applicable individual on the case. Steps taken in previous months have helped to improve results in this area and we are confident that planned improvement with these elements will continue to show positive results.</p> <p>Person(s) Responsible for Implementing: Camille Whisler, Denver Human Services</p> <p>Implementation Date: December 31, 2020</p>
2019-006	<p>CFDA No. 93.558 – TANF Cluster</p> <p>Department of Health and Human Services, Award Number - None Provided, Award Year 2019 Passed-through Colorado Department of Human Services</p> <p>Finding: Special Tests and Provisions – Sanctions</p> <p>Status: Corrective action in progress.</p> <p>Corrective Action: We agree with the finding. Denver Human Services (DHS) is finalizing a pilot project that is anticipated to begin in April 2020 to conduct monthly case reviews on all DHS workforce staff, in addition to the monthly mandatory sample identified and assigned by the Colorado Department of Human Services (CDHS). Steps taken in previous months have helped to improve results in this area and we are confident that planned improvement with these elements will continue to show positive results.</p> <p>Person(s) Responsible for Implementing: Camille Whisler, Denver Human Services</p> <p>Implementation Date: December 31, 2020</p>

City and County of Denver
Summary Schedule of Prior Audit Findings
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Summary of Finding

2018-001 **Finding:** *City and County of Denver - Capital Assets* – Several issues were noted around capital assets, including not recording certain donated assets, removing artwork that should not have been recorded, expensing items that should have been capitalized, and not putting assets into service timely. The City should reconcile the capital assets quarterly and follow up on projects with negative additions or no activity. Training should also continue for Controller’s staff with responsibility over capital assets, including cross-training on Workday functions.

Status: Corrective action in progress. See current year finding at 2019-001 and 2019-002. The Controller’s Office is now reconciling CIP monthly and has been using a Workday report to identify anomalies and errors, which is how some of the current year adjustments were identified. In addition, training was provided late in 2019 to those responsible for capital project accounting. The Controller’s Office also worked one-on-one with some agencies on understanding transactions and getting assets into Workday properly. As noted in this year’s finding, the Controller’s Office will continue to work with agencies on training regarding both Workday processes and accounting concepts

2018-002 **Finding:** *City and County of Denver - Grant Accounting* – Due to the way the Department of Transportation and Infrastructure (DOTI) was recording grant transactions, there were several variances between the Grant Rollforward and Trial Balance reports, causing significant challenges in the audit. In addition, 10 or 12 grants examined had errors which results in an audit adjustment of \$4.2 million. Grant reimbursements received were also incorrectly recorded and grant receivables were overstated, resulting in additional audit adjustments.

Status: Corrective action in progress. See current year finding at 2019-003. DOTI now tracks all of its grants within Workday’s grant module. DOTI uses separate spreadsheets for certain grant activity to help ensure the data in Workday is correct. Most incorrect grant worktags were corrected in 2019, but a few were not, which resulted in some variances on the rollforward and adjusting entries to A/R totaling \$574,175.

2018-003 **Finding:** *City and County of Denver - Special Revenue Fund Reporting* -The Affordability Fund was reported within the Denver Human Services special revenue fund , however it was determined that the fund did not meet the GASB 54 status of a special revenue fund. The City should implement a process to review all new funds for purposes of classifying the presentation of the fund.

Status: Corrective action in progress. The City has implemented a review process for new funds being added to review proper classification per GASB 54. There were no new funds in 2019 that were misclassified. However, as noted in the 2019 audit, it was found that existing funds had been misclassified since the implementation of GASB 54 and those were corrected in 2019. The Controller’s Office will review all transfers in to special revenue funds on an annual basis to detect classification issues.

2018-004 **Finding:** *Denver International Airport - Accounts Receivable* - There were multiple instances within the aging, where older customer payments were not applied, or were only partially applied to outstanding invoices, creating difficulty in identifying advances.

Status: Corrective action complete.

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Summary of Finding

2019-005 **Finding:** *TANF Cluster - Eligibility, Reporting, and Special Tests and Provisions* - Denver Department of
2018-005 Human Services (DDHS) is required to investigate and verify information on applications and
2017-005 redeterminations, as part of determining eligibility. DDHS is also required to process applications and
2016-005 redeterminations for benefits timely and ensure that benefits are only issued for periods of eligibility.
2015-004 Information obtained from clients should be input into Colorado Benefit Management System (CBMS) and
2014-007 agree to supporting documentation included in the case file for accurate reporting of information to the state
2014-008 for the processing of benefits. In addition, DDHS is required to comply with Code of Colorado Regulations
2013-004 (CCR) section 3.608.4 regarding assessing noncompliance on cases.
2013-005

Status: Corrective action in progress. See current year finding at 2019-005. DDHS Eligibility will continue to use and monitor case reviews within WMS to help identify potential areas for additional training. The service delivery model for TANF Workforce case management services will continue to be based on evaluation of client need and will engage a variety of internal and external case management providers. All funded services require quality assurance processes to include case reviews that will be aimed at reducing the findings from this audit. DDHS is finalizing a pilot project that is anticipated to begin in April 2020 to conduct monthly case reviews on all DDHS workforce staff, in addition to the monthly mandatory sample identified and assigned by the Colorado Department of Human Services (CDHS). Finally, the state eligibility system, CBMS automated the initial assessment process in February of 2020. This automation includes the creation of a new Client Profile page that captures the federally required initial assessment data from the initial interview conducted by eligibility. Once the case is authorized, this data is finalized, and an automated case comment is generated for each applicable individual on the case. Steps taken in previous months have helped to improve results in this area and we are confident that planned improvement with these elements will continue to show positive results.

2018-006 **CFDA No. 93.914 - HIV Emergency Relief Project Grants**
Department of Health and Human Services, Award Number - 2 H89HA00027-25-00, Award Year 2018
Department of Health and Human Services, Award Number - 2 H89HA00027-24-00, Award Year 2017

Finding: *Level of Effort - Maintenance of Effort* - The City is reliant upon Denver Health and Hospital Authority and other municipalities within the Transitional Grant Area (TGA) for compliance with this requirement. It was not possible to determine if the funding level of expenditures for HIV-related services to individuals with HIV disease were at a level equal to its level of such expenditures for the preceding fiscal year. Formal policies and procedures for determining and monitoring the required level of effort were not in place

Status: Corrective action in progress. CDPHE has drafted a procedure that includes sending out a request letter to the surrounding local health departments asking them about all non-federal funding sources for Ryan White eligible services, specifically for individuals living with HIV in the Denver TGA. This letter went to Jefferson County Public Health, Tri-County Public Health and Broomfield County Public Health. The letter was intended to clarify these funding sources and would be sent out annually so that the information could be included in the annual HRSA application.

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2018-007

CFDA No. 17.259 WIA/WIOA Youth Activities
Department of Labor, Award Number - DE18-101, Award Year 2018
Department of Labor, Award Number - DE17-02, Award Year 2017
Department of Labor, Award Number - DE16-01, Award Year 2016
Passed-through Colorado Department of Labor and Employment (CDLE)

Finding: *Subrecipient Monitoring* - Denver Workforce Development (the Department) has a concern of unallowable labor expenses with one of their subrecipients. The Department is currently working with the CDLE and the U.S. Department of Labor (USDOL) to resolve.

Status: Corrective action complete. Denver Economic Development and Opportunity (DED0) has worked with Denver Public Schools (subrecipient) and Colorado Department of Labor (CDLE) to enact changes to the personnel time and attendance reporting methodologies, including direct time sheet reporting, that are acceptable to the state and federal guidelines going forward.