Core Values

Accountability	*Honesty*
Integrity	*Equality*
Professionalism	*Investment In People*
Transparency	*Focus*

Mission Statement

The mission of the Audit Division is to assist CDHS staff of all levels, county departments of human services, and related agencies to efficiently and effectively serve clients, and detect and prevent waste, fraud, and abuse of CDHS resources and taxpayer monies by researching, monitoring, and reviewing compliance with governing Federal, State, and local standards.

Stakeholders

Internal Stakeholders:
Executive Director
Deputy Executive Directors
Program Directors
Controller
Board and Committee members
Employees
Monitoring counterparts

External Stakeholders:
Taxpayers
Human services clients
State legislators
Federal government
County departments of human services
Other State Departments, such as HCPF, Judicial, and OSA
Sub-recipients
Coalitions and advocacy groups
District Attorneys
Press
Auditors that audit the counties

Contact Information

Audit Division
Office of Employment & Regulatory Affairs
Colorado Department of Human Services
4126 South Knox Court
Denver, CO 80236
Fax: (303) 866-7332

Toll Free Fraud Hotline: (877) 934-6361
Website: www.cdhs.state.co.us/audits/

We appreciate your impeccable efforts to serve our mutual customers and the clients they serve.

cdhs Colorado Department of Human Services
people who help people

FY 2010 Annual Report

Audit Division

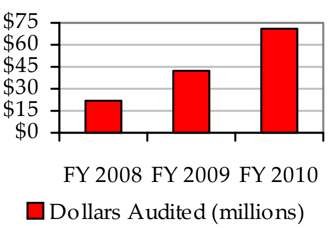
The Audit Division, located within the Office of Employment & Regulatory Affairs, is an independent resource that adds value to CDHS by providing audits, professional management services, analysis, and recommendations. The Division provides the foundation for fiscal and programmatic accountability for all aspects of CDHS, the 64 county departments of social/human services, and a wide range of other government, non-profit, and for-profit entities that receive funds through CDHS. Products and services are designed to aid CDHS management in the efficient and informed execution of its duties, in order to meet the CDHS vision. The Audit Division is currently comprised of seven FTE (one director, three for external monitoring, two for internal auditing, and one fraud specialist) with a $579,899 annual budget.

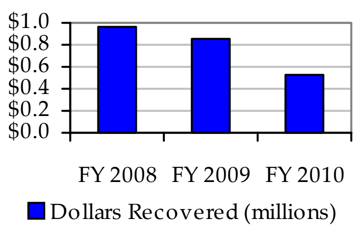
Fraud investigations
Sub-recipient monitoring
Continuous controls monitoring
Compliance audits
Performance audits
Internal control reviews
Risk analyses
Audit tracking and liaisons
Safeguarding of personnel, property, and space
Non-audit or consulting services
Information system data-mining activities and reports
Training and technical assistance

Accomplishments

Audit Division accomplishments resulted in recovery of funds, improvements to processes, compliance with standards, and efficiency and effectiveness in service delivery.

- Performed a review of CBMS security access and related capabilities, which resulted in a workgroup to design requirements and best practices for the county security administrators, in order to improve segregation of duties and help ensure that security access is more appropriate.
- Performed a comprehensive review of county-initiated contracts for various types of goods and services that meet the TANF purposes; due to the extent of the issues identified, an expanded agreed upon procedures review is being conducted by BKD, LLP using limited one-time funds.
- Continued to promote fraud prevention and detection, as well as conduct fraud investigations as needed. Also handled the required reporting to the State Controller of any suspected theft or embezzlement of public monies or resources totaling $5,000 or more per incident.
- Continued to be responsible for federally mandated subrecipient monitoring and followed up on county and non-county single audits for subrecipients that expend $500,000 or more in Federal funds annually.
- Provided technical assistance by answering e-mails and phone calls from stakeholders and staff, as well as researched rules and regulations to guide the expenditure and use of public funds to help ensure compliance with laws, rules and regulations, and policies and procedures.





Mandates and Guidance

The Audit Division is responsible for monitoring Federal and State funds to ensure that the awards are used for authorized purposes in compliance with laws, rules and regulations, and grant provisions. Auditors comply with AICPA, GAO, and IIA professional standards while performing audits.

- Office of Management and Budget (OMB) Circulars, in particular OMB Circular A-133
- Code of Federal Regulations (CFR), Title 45, Volume 1, Part 92, Section 26
- Sections 24-17-101 and 102, and 26-1-109 and 111, C.R.S.
- Finance and Accounting Rules (Volume V)
- CDHS Rules and Regulations, Policies and Procedures, Agency Letters, and other guidance

The Audit Division is to be commended for their fine work, fair approach and their cooperative work and communication with the State Colorado Works Program and our county partners!

FY 2010 Statistics

- **Trained 483** employees, customers, and stakeholders on human services related training (accounting, auditing, federal cost circulars, fraud prevention and awareness)
- **Investigated 3** allegations of internal fraud and **referred 241** client fraud complaints to county departments of social/human services for further investigation
- **Audited $73,565,157** and **collected $534,095** in questioned costs due to improper payments from county-initiated contracts, fraud investigations, continuous controls monitoring, findings from county and non-county single audits, and other projects
- **Performed 6** internal audits, program reviews, or other assessments of how efficiently and effectively entities within CDHS or funded through CDHS are functioning and meeting their overall goals and objectives
- **Performed biennial risk assessment** of potential audits in the Department and county departments of social/human services: financial, performance, and compliance
- **Notified 645** subrecipients about how much money they receive from CDHS, as the pass through agency for Federal funds, and the requirements about how they can expend those funds

Data-Mining Reports

The Audit Division performs frequent data-mining on CBMS and provides outliers to county directors for further review.

- High Balance Report—helpful to identify high balances of food and cash benefits on an Electronic Benefit Transfer (EBT) card
- Top 20/40 Report – helpful to identify unusual payments
- Workers Comp Report – helpful to identify clients with judgments who may be receiving workers compensation
- Death Match Report – helpful to identify cases associated with deceased persons
- Invalid SSNs Report—helpful to identify typographical errors or cases associated with clients with questionable social security numbers

Anytime you are being audited it is stressful but the non threatening and positive manner in which they approached us was very helpful. In addition, the community partners and contractors were impressed with and enjoyed the opportunity to meet with the auditors to discuss their work in detail and to conduct walk throughs. Everyone felt like the auditors took the time to really understand the work that was being done and the impact it is having on the people we serve. We felt like they got to know us, our projects and our community on a professional but yet personal and human level. Their review of our contracts and the supporting financial documentation left no stone unturned and they gave us straight forward feedback on how to improve in several areas as well as recognizing the things we were doing well. This team of auditors represented CDHS supervision of counties at its best.