Colorado Human Services Directors Association

FISCAL MANAGEMENT MANUAL

2016

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Preface

Welcome to the world of financial management of human services programs in Colorado! This can be a challenging part of the important work that we do for the citizens in need in our communities. This manual was conceived and compiled through a collaboration of many contributors from counties throughout the state as a project of the Finance Sub-Committee of the Colorado Human Services Directors' Association.

In an environment where we work within a state-supervised, county-administered service delivery model, we are governed by a myriad of laws, regulations, rules and guidance which both builds and limits the way we do our work. Not all of what is needed to succeed in financial management of human services programs can be easily found through study of the laws, rules and other official and published documents. Some practical experience and lessons contribute to the overall perspective on how we do our work.

We intend that this document serve as an additional, and not duplicative, resource for Directors and Financial Managers in County Departments of Social/Human services. Therefore, we have used the general framework of those many other sources of guidance and compiled information here that will assist in the learning for people new to our "industry" and as a reference for those who still have room to grow.

We also want to acknowledge and encourage that you use another valuable resource that is available – your fellow Directors, Financial Managers and staff working throughout Colorado in human services within your county and in other counties. We have found that those people who take on the responsibility for managing social/human services departments, programs and services can achieve the goals in the best way with the support of their peers and others who may have been on this journey longer. Not only are the contributors to this manual ready and willing to help, but we are confident in offering the assistance of our many, many colleagues.

CHAPTER 1 –SIX MAIN ALLOCATIONS

At the beginning of each state fiscal year (July 1st), the Colorado Department of Human Services issues an agency letter providing county level detail for the preliminary distribution of the six main capped allocations: Colorado Works/TANF; Child Welfare; CORE; Child Care; Adult Protective Services and County Administration. Each month, the state department issues an Excel Workbook that documents each county's spending against its allocations. This tool should be used by directors to monitor its spending throughout the fiscal year.

The methodologies used in setting the allocations are not prescribed in statute or rule, and are subject to change over time.

Colorado Works/TANF: The Works Allocation Committee ("WAC") was created in statute under C.R.S. Section 26-2-714 to provide input to the State Department to "set the amount of the county block grants based on demographic and economic factors within the counties." Historically, the State Department has deferred to the WAC's recommendations. If the State Department and the WAC are not able to reach some agreement by June 15th, the WAC must submit alternatives to the Joint Budget Committee at which time they are given authority to set the county allocations. Through FY 2015-16, this has never occurred. Because the statutes don't dictate the specific methodology to be used in allocating, various factors are considered, typically by ad-hoc sub-committees that make recommendations to the appointed members of the WAC. In the past, factors that have been considered included: spending on TANF Basic Cash Assistance; spending on TANF transfers to Child Welfare and Child Care; spending on other TANF Assistance and administration; and a variety of demographic factors (e.g. children in poverty; children on Food Assistance in households with incomes under 50% of the federal poverty level, etc.). Other provisions to prevent the allocations from ungoverned levels of year-to-year increases or decreases have also been considered at different times.

The allocation itself is comprised of two components: State/Federal share and Local/County share, the latter commonly referred to as Maintenance of Effort, or MOE. The state's financial position has all but eliminated its participation in the funding. The Local/County MOE is a required level of funding that the County must contribute as a condition of receiving its federal TANF funds. Irrespective of the level of TANF expenditures the county incurs in the fiscal year, it must meet its MOE spending level.

Child Welfare: The Child Welfare Allocations Committee ("CWAC") was created in statute under C.R.S. 26-5-103.5, and, as with the Works Allocation Committee, provides input to the State Department for capped and target child welfare allocations. Services funded through the allocation are found in C.R.S. Section 26-5-101(3), and include:

- Child protection;
- Risk assessment;
- Permanency planning;
- Treatment planning;
- Case management;
- Adoption and subsidized adoption;
- Emergency shelter;
- Out-of-home placement, including foster care;

- Utilization review;
- Early intervention and prevention;
- Youth-in-conflict functions;
- Administration and support functions; and
- A host of additional services as found in CRS. 19-3-208.

The statutes identify three factors that the CWAC is to consider in setting the annual allocation:

1. The estimated child welfare caseload;
2. The allocation, expenditures and caseloads in the three prior years; and
3. Other factors that the State Department and the CWAC determine have a direct impact on the need for child welfare services.

The common practice of the CWAC has been to set capped allocations for the ten largest counties, and targeted allocations for the balance of counties in the state. Counties that have received targeted allocations and find themselves at risk of exhausting their target allocation prior to the end of the state fiscal year have had the opportunity of requesting additional funding ("mitigation") from amounts withheld from each of the counties that receive targeted allocations. Often times, the mitigation pool is insufficient to fully cover the needs of all counties that receive targeted allocations.

The Child Welfare allocation itself is comprised of sub-allocations, which are themselves not subject to any line item or capped controls. However, it should be noted that only the State share of unspent funds allocated for child welfare services funded through Health First Colorado can be used to offset overspending in the other sub-allocations.

2.0% of the block allocation is distributed through performance on three incentive measures. Each incentive distributes 1/3 of the total 2.0% and incentive performance is determined on a quarterly basis. These incentives are determined by the CWAC on an annual basis.

Additionally, each county's child welfare allocation includes a component that is fully funded by the State (referred to as 100% County Administration). This part of the Child Welfare Allocation is a vestige of a settlement agreement the State entered into in the mid-1990's. A county can directly bill against the 100% funded line item throughout the year, and in so doing, reduce its county's contributions. However, if a county opts not to do so, at the close of the state fiscal year, the State will automatically adjust a county's spending such that it fully spends the 100% funded portion of its allocation.

CORE: The Child Welfare Allocation Committee voted in favor of a CORE Services allocation for the first time commencing 7/1/2015. The following is the current, and recommended, formula:

- Current Model: Three components, which replicate the format of the Outcome-based Child Welfare Services Model, are:
    - ✓ 80/20 Funds (except evidence based 80/20)
    - ✓ Base 100% Funds
    - ✓ Special Economic Assistance (SEA)
- Mental Health and Substance Abuse Treatment Funds
- Evidence-based Funds for county-designed programs

Child Care: The State Department has the statutory authority to set the counties' annual Child Care allocations. As found in C.R.S. 26-2-804, factors that the State was to have initially considered in setting the allocation included:

- Historical expenditures in the Colorado Child Care Assistance Program (CCAP);
- The number of children in the county under thirteen years of age;
- The number of low-income families in the county; and
- Provider rates in the county.

Subsequent to the original allocations being set, the State was to consider the following factors in making any future adjustments:

- The county's population and the Colorado Works program caseload;
- The unemployment rate in the county based upon the State Department of Labor and Employment's assessment of county unemployment rates for the prior year;
- The county's performance in meeting the obligations under the performance contract with the state department pursuant to the provisions of section 26-2-715; and
- The fact that the county received funds from the county block grant support fund, created in section 26-2-720.5, in the previous fiscal year for allowable child care expenditures, which may indicate that the previous fiscal year's allocation was insufficient to meet the county's needs.

As with Colorado Works/TANF, with each county's allocation is a requirement that each county expend a certain level of local funds, again referred to as Maintenance of Effort, or MOE.

Historically the State has involved the counties in some ad hoc capacity to provide input into the allocation methodology used to distribute the Child Care funds to the counties. The allocation itself is intended to fund both the Child Care Assistance Program ("CCAP") provider payments as well as the administrative cost required to manage the program, including eligibility and case maintenance. Factors that a county may consider in managing the allocation might include:

- County's provider rates for non-CCAP families;
- Availability of exempt and licensed providers;
- Assessment of level of poverty the allocation can support (a county can set its eligibility levels anywhere between 130% of the federal poverty level and 225% of the state's adjusted median income);
- Eligibility freeze;
- Paid absences; and
- Availability of funds within its TANF allocation to augment the Child Care allocation.

Adult Protective Services: APS is appropriated as two components:

A. Adult Protective Services Administration Allocation
    1. 60% Demographics – Persons age 55 and older, under 300% FPL
    2. 40% Adult Protective Services Workload data
    3. 5% Floor
    4. No minimum allocation

B. Client Services Allocation
    1. $2,000 minimum base for all counties
    2. 60% Demographics – Persons age 55 and older, under 300% FPL
    3. 40% Adult Protective Services workload data
    4. 0% Floor

County Administration: The County Administration allocation is determined by the State Department, but under current practice, is recommended to the Executive Director by the PAC. Allocated funds support eligibility and case management for SNAP (Supplemental Nutrition Assistance Program), Health First Colorado and adult programs, and administrative support. The allocation is funded from appropriations made both to the Colorado Departments of Human Services and Health Care Policy and Financing. The methodology used in the allocation is not addressed in statute, but historically has considered case activity as a driving factor, and more recently has been anchored in results that were drawn from a Workload Study completed by an outside consultant in 2007. Also, prevailing practice has recognized that a base level of funding is needed to "open the doors" of a county office, effectively setting the floor level for the county allocations. Counties are allocated funds from CDHS and Health Care Policy and Finance with an overall average net County share of 15%; however, unlike Colorado Works and Child Care, only need to provide the matching level of funding up to the amount expended. Any expenditure incurred by a county that exceed the allocation are subject to a closeout redistribution and federal pass-through explained in more detail in the Closeout Section of the manual.

General Allocations Workgroup: In 2015, the General Allocations Committee created the "Best Practices for Allocation Committees" which has parameters, not suggestions, and is intended to provide guidance when considering allocation methodologies. This document can be found on the Colorado Humans Services Directors Association website at:
http://coloradohsda.org/pdf/Gen_Alloc_Recoms_Final_4_13_16.pdf

CHAPTER 2 – PRELIMINARY ALLOCATIONS AND BUDGETING

Preliminary Allocations – Certain administrative and program lines are allocated to county departments by the State. An allocation is a specific dollar amount beyond which the State does not guarantee reimbursement. The actual amounts of the allocations for your county can be found in the County Allocation Letter. All figures listed are in "whole dollars", in that they comprise the state, federal AND COUNTY dollars that total the maximum amount that the state is committed to reimbursing for the various purposes of your agencies. These allocations may be released before your initial budget is due to your county, but in fact, are many times released later. It is important that you not wait until the preliminary allocations are released before beginning the budget process for your county. Many times using your prior-year allocations along with the projected increases / decreases which can be roughly estimated by keeping abreast of the budget conversations at the local, state and federal levels will give you an idea of what your allocations will be. It is up to you and your county how conservatively you estimate the allocations to be.

While your allocations will be distributed by service area including administration, core, child welfare, etc., you retain the ability to transfer funding from your TANF block grant to your Title XX (Child Welfare) or Child Care allocations depending on the actual needs in your county.

Budgeting - Your budgets will outline your department's financial and programmatic goals for a specified budget cycle – typically a year (although the specified year may very among counties). County budgets are done on the calendar year (January – December) although your funds will be allocated on the state year (July – June) or federal year (October – September). Per C.R.S 29-1-105, county-wide preliminary budgets are due to the commissioners no later than October 15, so your budget will likely be due several weeks / months ahead of that deadline so that County funding can be considered and deliberations can be completed. You will need to get direction from your county administrator or commissioners regarding the time frame; however, budgeting is really an ongoing process throughout the year. Per C.R.S. 21-1-108, the final adoption for county-wide budgets must be done by December 31.

There are lots of right ways to do the budget, and it is important to compile the best information available and use that information to develop the best assumptions possible. You may use incremental, performance, zero-based, fixed-ceiling, open ended or some other type of budgeting system. Inevitably revenue and expenditure projections will fall short or go long in which case you will do a budget amendment.

The social/human services budget is basically a program budget with an administrative component built in to support the effective delivery of program services to eligible clients by qualified staff. You will build the budget, program by program and since county departments operate about 20 individual programs, each program has a separate budget (perhaps a separate page) with an identified funding source and projected expenditures.

Some of the programs are 100% state and/or federal funding, such as SNAP, LEAP, Health First Colorado Transportation, OAP and AND payments; however you must budget the administration of these programs. Some programs require a match which will increase or decrease your county contribution based on the amount of federal or state funds you utilize, while others require an MOE (Maintenance of Effort), which is a pre-determined amount that the county must contribute regardless of the amount of federal or state funds that are utilized. Even though the county funds are only a portion of what your department will spend, you will need to budget the entire amount so that spending authority is available for all funds including those programs in which there are no county dollars allocated.

County departments may submit budgets in different formats depending on the requirements of individual counties; however they should all include certain elements. A budget message should be provided to the County Board of Commissioners that summarizes the budget request; identifies department priorities; highlights major accomplishments, issues or problems; and correlates the funding requests to agency goals and objectives. The budget should include a summary of the appropriations and expenditures. State law requires that this page track the budget and actual expenditures for the prior year and current year, the budget and anticipated expenditures for the current year and the budget year request. This total appropriation will be the amount the commissioners approve by resolution that authorizes the director's spending authority. In addition, the budget should include a summary of revenues including federal pass-through, state funding and county revenue which is comprised of property taxes, specific ownership taxes, delinquent taxes, penalties and interest, and other miscellaneous revenues. If the county receives grant funds, these could be included here or stated on a separate page.

CHAPTER 3 – OTHER FUNDING SOURCES

<u>LEAP</u>

LEAP - Low Income Energy Assistance Program

Purpose

LEAP is the Low Income Energy Assistance Program designed to assist clients with winter heating costs. The program runs November 1st through April 30th. In order to qualify for LEAP assistance, the client must be a U.S. citizen, pay their heating bill directly to an energy provider and meet income guidelines set annually. Each county receives an allocation for administrative costs and outreach costs. This program is a 100% funded program, which means there is no county match.

Fiscal Year / Allocation Notice

LEAP runs on a federal fiscal year (FFY). The allocation notice is a letter from the director of the State LEAP program to each county director notifying the county of their allocation for the new FFY. The letter is usually received by the end of the first month of the new FFY.

Allocation

The LEAP allocation is for administrative costs and the Outreach program. Administration costs comprise of the basic costs necessary to maintain the LEAP program. Outreach refers to the county effort to spread program information and referrals within the community to let people know that this program exists and there is help out there for those who need it. According to the CDHS staff manual, outreach staff must identify and provide applications, etc., to locations in the county, such as community action programs, social security offices, and low-income housing sites. In addition, the county must have sufficient telephone lines to ensure access to information without requiring office visits. They also assist the homebound, the elderly and disabled with application and verification requirements.

Basic ***administrative*** expenditures include:

- Personnel Costs – Includes LEAP supervisors, eligibility technicians, clerks, data entry personnel and support staff.
- Rent of office space
- Office furnishings
- Telephone
- Automated systems – Includes computer hardware, software, maintenance, Internet access, etc.
- Office supplies and equipment
- Mailing costs – Includes costs to mail letters requesting earnings documentation, heating bills, or other verification required to determine eligibility and benefit amount.
- Travel – Includes transportation costs between local offices, utility company sites, and travel to meetings, conferences, etc.

Basic ***outreach*** expenditures include:

- Mailing Costs – Mailing of LEAP applications, flyers and return envelopes to potential clients by county staff or by contracted staff. This includes mass mailings to all current public assistance households, non-public assistance food stamp households and last year's LEAP-only approved households. In addition, any daily individual mailings in response to requests by potential clients and/or any supplemental or additional mailings to LEAP clients would be considered outreach.
- Phone inquiries – This involves responding to general questions or providing information about the program on the telephone. LEAP regulations require county departments to have sufficient telephone lines to ensure access to information without office visits*.* *Negotiations with fuel vendors to forestall shutoffs, exchanging information with vendors regarding applicants, or answering specific case questions for applicants are not considered outreach activities.*
- Countywide outreach visits: This activity involves county employees, or contracted staff, visiting various locations for purpose of distributing outreach material, making presentations to community and senior organizations.
- Visits to outlying locations – County outreach workers, or contracted staff, may make visits to "outstations", such as senior centers, utility companies, etc. to provide application forms, assist applicants in completing applications, and answering questions regarding the program.
- Home visits – County eligibility technicians, or contracted staff, make visits to homebound applicants to assist in completing applications and securing required verification.
- Group intake/orientation – Group intake, where county staffs, or contracted staff, provide program information and review applications and verification requirements with a group of potential applicants constitutes an outreach activity.
- Specific weatherization/energy conservation outreach – Several county departments include a presentation at intake sessions, community groups, etc., which offers energy saving tips for homes, apartments and mobile homes. County workers who make these presentations may answer questions concerning energy conservation and the weatherization program.
- Referral – In the course of their daily work, workers often refer clients with home heating related problems to other agencies, such as weatherization, the Red Cross, furnace repair services, other community organizations and/or other social services programs.
- Advertisement – Costs of placing advertisements in local publications, or buying radio or TV ads.
- Supervision for the above activities – Supervision is involved with each of these activities and generally includes planning and monitoring. Costs associated with supervision are personal services, travel, and operating costs (e.g. telephone, postage, envelopes, advertisement, etc.)

The LEAP program is 100% federally funded. At this time, a county match is not required. This includes all direct costs associated with supplies, personnel and administrative expenses.

The county pays out of pocket monthly for administrative and outreach costs. Those costs are reimbursed within the monthly settlement within the allocation. Benefit payments are paid via EBT by the State.

If the county's allocated LEAP Outreach funds are overspent, their allocated Administrative funds can be used to cover the deficit, but if the county Administrative funds are overspent, you cannot use the Outreach funds to cover Administrative funds.

Any deficit must be covered with County Only funds.

Random Moment Sampling

To cover indirect personnel and administrative costs, each SFY the county may elect to shift a percentage of costs from County Administration (F&AS) to LEAP through Random Moment Sampling (RMS).

Resources /Reference Material

1. *www.cdhs.state.co.us/leap/forcounties.htm* - Program Rules, Training & Operation Manuals
2. www.cdhs.state.co.us - State Agency Letters & Department Information
3. *www.stateboard.cdhs.state.co.us* CDHS Rules & Regulations Volume III (9 CCR 2503-1 Other
   Assistance Programs 3.750 - 3.751.1)
4. www.acf.hhs.gov/programs/ocs/liheap/index.html - US Department of Health & Human Services
   (LIHEAP) Low Income Home Energy Assistance Program

OAP

The Old Age Pension program provides financial assistance and if the applicant qualifies may provide medical assistance for adults age 60 and over. To qualify, applicants must meet basic eligibility requirements such as, age, residency, citizenship, income, resources, and application for supplemental security income.

The OAP program provides financial assistance at a level set by State Board. Any other income such as, wages, social security benefits, supplemental security income, and veterans benefits may reduce the amount of the benefit. This program is 100% funded which means there is no county match.

Child Support Services

The Child Support Services unit performs many functions for the county department. These functions include, establishment of orders for current child support and back child support, establishment of paternity, and enforcement/collection of support orders. Some counties may choose to contract out their CSE program.

The Child Support Legal Technicians work with other states. The Uniform Interstate Family Support Act (UIFSA) is a uniform act that has been adopted by every State in order to address the possibility of non-payment of child support obligations, and to limit the jurisdiction that could properly establish and modify child support orders.

Income withholdings are sent to employers to attach to wages for enforcement of child support payments. The Child Support Unit also establishes liens on properties, bank accounts, savings accounts, and retirement pensions. When clients are incarcerated, the child support unit will establish liens on the inmate's accounts. If the arrears balance is more than $500, the child support enforcement unit will intercept state and federal taxes. Lottery winnings are also collected.

Some of the remedies for enforcement consist of suspension of drivers licenses, professional licenses, and recreational licenses including hunting and fishing.

For each application for child support, the department collects $25 every year after the department has collected $500 in child support as long as the client has never received services (i.e. TANF) from the department. There is also a one-time $20 fee collected by the department to process the application. However, if the client is on TANF or Health First Colorado, there is no fee. The Child Support expenditures are reimbursed at 66% with the county match at 34%. The Child Support Enforcement unit also calculates foster care payments by parents if stated in your child support plan. All payments for the parent are sent through the Family Support Registry for distribution to the custodial parent.

Work Participation Bonus

Counties are required to help TANF recipients find work. The Federal Government sets a minimum work participation rate that States must meet. If the State meets this participation rate, it receives a bonus. In Colorado, this bonus is offered to Counties as a reduction in their MOE.

CHAPTER 4 - COUNTY SPECIFIC FUNDING

Your department may be receiving other non-traditional funds from CDHS, HCPF, or other agencies. Examples of these other funding sources include, but are not limited to, the following:

Colorado Outreach funding for utilities

This grant is intended to help residents with shut off notices for utilities.

Older American's Act

Title III of the Older American's Act provides funding for the Area Agencies on Aging which may or may not be housed in the county department. There are 16 AAAs across Colorado covering each county. Services are limited to individuals who are age 60 and above and provide meals, transportation, in-home services and others. ARCH funding may be available through the AAAs to assist older individuals in accessing appropriate services.

Options For Long Term Care / Single Entry Point

Health First Colorado funds the OLTC/SEP (Options for Long Term Care / Single Entry Point) programs which provide case management services for individuals who qualify for nursing home care but with appropriate supports, can be maintained in their home. There are 25 agencies throughout the state, covering each county, which may or may not be housed in the county department. This agency also provides screening for Health First Colorado-eligible individuals who need to be placed into a long term care facility; i.e., nursing home or assisted living facility.

Community Service Block Grant

Counties may apply for CSBG funds through the Department of Local Affairs. These funds are used to provide a variety of services to individuals who are at or below 125% of the federal poverty level.

Promoting Safe and Stable Families

PSSF funds are awarded through the Colorado Department of Human Services to promote stability for families in Colorado.

You can review prior year's financials to determine what, if any, other funds your department may have received in the past. Funding sources can change from year to year.

CHAPTER 5 – DEFERRED REVENUES / INCENTIVES

A Deferred Revenue account is a liability account used to track money received prior to its intended use. This money has been received but does not meet the earned revenue criteria. Deferred funds must remain in a deferred status as a liability until they are used for the specific purpose for which they were intended.

Incentives and/or Bonuses

1. **Child Welfare Parental Fees – Deferred Revenue**. During the 1991 legislative session, Senate Bill 91-94 was passed which provided that counties could retain parental fees collected over the base amount established in fiscal year 1991. The legislation allowed counties to expend retained funds for certain child welfare and juvenile delinquency services.
2. **Child Support Incentives – Incentives**. These incentives are earned on the amount of Child Support a County collects. Vol. 5.511.3 – Federal Child Support Incentives are to be used as county revenue to supplement the local share or to be re-invested into the Child Support Program. State Child Support Incentives are to be used to supplement the county local share or can be spent on any social services type expenditure.
3. **Fraud Incentives – Incentives**. Counties shall receive fiscal incentives to pursue fraud recoveries in all public assistance programs. The procedures for claiming these incentives are contained in the Finance staff manual (11 CCR 2508-1). For the purpose of these fiscal incentives, "fraud recovery" means a recovery which involves one or more of the following conditions:
    a. The District Attorney prosecutes
    b. The District Attorney establishes deferred prosecution
    c. A nolo contender plea is entered (a plea of no contest)
    d. A public assistance recovery is established using the same basis as was used to establish a food stamp or AFDC recovery through an administrative hearing or waiver of the administrative hearing.
4. **Enhanced Funds – Incentives**. Counties earn enhanced funds once a workfare participant has obtained unsubsidized employment. These funds can be used for any county expenditure.
5. **1451 incentives – Incentives**. The Collaborative Management Program, Section 7.303.3, et seq. (12 CCR 2509-4) pursuant to Section 24-1.9-101, C.R.S., allows a county-optional state approved plan for the provision of selected child and family services. In order to receive monies, the county must implement CMP principles and perform on specific indicators.
6. **IV-E Incentives –Deferred Revenue**. Counties no longer earn these incentives but may have some unspent still remaining on the books. These incentives can be used for Child Welfare Services directed toward early intervention, placement prevention and family preservation as stated in (SB93-248, CRS26-1-111)

CHAPTER 6 – FUND BALANCE / RESTRICTIVE VS UNRESTRICTIVE

Fund Balance is the excess of fund assets over its liabilities. For accounting purposes fund balance is calculated as of year-end and is based on the difference between actual revenues and expenditures for the fiscal year. The purpose of a fund balance is to assist those who manage the fund with the necessary facts so they can plan their budget changes for the following year of operation.

The fund balance is reported as unrestricted and restricted. The function of the restricted fund balance is simply to isolate the portion of the fund balance that has legal restrictions on its spending or the resource is not available for spending in the subsequent year's budget. Most common in the Human Services world would be revenue received that has certain restrictions on how it can be expended.

An adequate amount of fund balance should be determined by County policy and usually is calculated based upon a percentage of appropriations to that fund. It is recommended that unrestricted fund balance is no less than 5% of appropriations. Environmental factors will affect the appropriate level of unrestricted fund balance. Examples of such include the following:

- The predictability of its revenues and the volatility of its expenditures. (i.e., higher levels of unreserved fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile as they are in a volatile economy)
- The timing of County revenue. Most County Revenue is received in the first half of the year. Fund balance needs to be considered when budgeting to cover expenditures in the last half of the year.

Human Service's County Revenue is determined by assigning a mill levy amount. A mill levy is a tax rate expressed in tenths of a cent; e.g., a tax rate of one mill per thousand means $1 of taxes per $1000 of assessed value. This mill levy amount can be adjusted by County Finance and Administration.

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CHAPTER 7 – COST ALLOCATION

County Wide Cost Allocation Plan

Costs recovered through the plan actually became "County Only" dollars, meaning that these dollars could be used as needed by the county. Commissioners can choose to spend the money in any department, or can elect to have these funds go to the County Department of Human Services.

The plan simply identifies costs incurred by central service departments (Treasurer, Commissioners, County Administration, Maintenance, etc.) in administering and providing support services to Human Services. The purpose of the plan is to recover costs incurred in the administration of such activities.

RMS

In order to comply with Federal requirements, efforts expended in support of Federal programs must be appropriately documented. Colorado Department of Human Services (CDHS) has the responsibility to assure that counties are using cost allocation methods that are acceptable to the Federal Government and State Auditors.

There are 3 major processes necessary for allocating the county indirect expenditures to the benefiting Federal and State programs for reimbursement. We have direct costs to think about also.

How to know what is direct vs. indirect costs is fairly simple.

1. Direct costs are front-line services that benefit clients. Example: An Income Maintenance Tech processing an application for SNAP is a direct cost.
2. Indirect costs are supportive services. Example: IT assisting Income Maintenance Tech in upgrading equipment, software, or getting a password reset is an indirect cost.
3. 100% Time Reporting where staff is required to account for all work-related activities throughout the day.

TIME REPORTING AND HOW IT CAN, SOMETIMES, SAVE DOLLARS IN SPECIFIC ALLOCATIONS

Some examples of how 100% time reporting saves dollars for the County. Take a salary of $60,000. If 100%time reporting was not done, all of that 60K would go into County Administration; RMS would then come in and break it out on current trends (approximately 48% directly to County Administration) and the other portion of the salary is broken out into the other programs we administer.

If 100% time reporting is done and your time sheet looks like this: 40% Child Welfare, 20% Income Maintenance, 20% Works/TANF, and 20% County Administration then you've saved a significant amount of County Administration dollars. Additionally, and this is important to understand, RMS still comes in and breaks out the 20% of County Administration that you've time reported. So in this example only a 10% (roughly, maybe a little less) cost to County Administration for the salary.

POTENTIAL PROBLEMS:

1. Not all counties are under-funded in County Administration.
2. There could be months where you spend a significant amount of time in an under-funded allocation.

MAXIMIZING COUNTY DOLLARS

Here are just a few examples of how to avoid county-only dollars being used to cover allocated programs and hopefully, in the process save your county dollars.

1. Your biggest expense is easily Out-of-Home placements. Monitor your placements, so that you know what expenditures you're actually generating, as opposed to the amount that is showing in CFMS each month.
2. Re-classify expenditures from allocations that are going to be over-expended into the pass-thru appropriation per C.R.S. 26-1-122(4)(k). POTENTIAL PROBLEMS: You lose any chance at reimbursement at the standard rate in order to be "guaranteed" 33% reimbursement. In addition, future allocations could be reduced, if they are calculated based on historical figures.
3. Authorize TANF transfers so it maximizes your ability to use them to bail out your county if you over-expend in Child Welfare or Child Care. POTENTIAL PROBLEMS: TANF reserves are used up faster, if you have any at all; and other county projects will be put on hold as a result.
4. Monitor your allocated expenditures monthly, so you can enact cost-reduction measures in time for those measures to take effect. POTENTIAL PROBLEMS: You need to consider future expenditure patterns that can be anticipated (large remodel costs, pending OOH placements, provider rate increase, etc.).
5. Find the optimal way to code expenditures legally, in order to maximize expenditures to allocations where your county is adequately funded, and minimize expenditures to those that are under-funded. POTENTIAL PROBLEMS: It has to be legal!!

CHAPTER 8 - CHILD WELFARE VS CORE CODING

Statutory and Regulatory Authority for Core Services Program

1. Family Preservation Act: Section 26-5.5-101 C.R.S., et al
2. Child Welfare Services Statutes: Section 26-5-101 (f)
3. Emergency Assistance Act: Section 26-5.3-101, C.R.S., et al
4. CDHS Volume 7 Regulations: 7.303 The Core Services Program

History of the Core Services Program

In C.R.S. 26-6-103 "family preservation services" are defined to mean assistance that focuses on family strengths includes services that empower a family by providing alternative problem-solving techniques, child-rearing practices, and responses to living situations creating stress for the family. This includes resources that are available as support systems for the family. The Core Services Program meets these requirements. C.R.S. 26-5.3-103 (2) states such services are to be provided to children "at imminent risk of being placed out-of-home". This means that without intercession a child would have been placed out of the home immediately.

Goals of Core Services – 7.303.11

1. Focus on family strengths by directing intensive services that support and strengthen the family and protect the child;
2. Prevent out-of-home placement;
3. Return children in placement to their own home; or
4. Unite children with their permanent families.
5. Provide services that protect the child.

Core Services Eligibility

1. Meet the criteria for Program Area 4, 5, or 6 target groups; and
2. Meet the Colorado out-of-home placement criteria at the time of each placement in any Core Services Program; and,
3. Require a more restrictive level of care but may be maintained at a less restrictive out-of-home placement or in his/her own home with Core Services.

List of Child Welfare Core Services

1. Home Based Intervention
2. Intensive Family Therapy
3. Life Skills
4. Day Treatment
5. Sexual Abuse Treatment
6. Special Economic Assistance
7. Mental Health Services
8. Substance Abuse Treatment
9. Aftercare Services
10. County Designed Services

How are Core Services Provided

Counties are able to fund County staff and directly provide Core Services. Counties must follow all Volume 7 requirements set forth in 7.303.16, Workload Standards, and 7.303.17, Staff Qualifications

AND/OR

Counties are able to purchase Core Services through qualified providers in their community providing they enter into a purchase of services contract.

Core Services 80/20 Funds & 100% Funds

1. 80/20 = 80% General/Federal Funds and 20% county share
2. 100% = 100% General/Federal Funds and requires no county share
3. Mental Health, Substance Abuse and Special Economic Assistance (SEA) allocations are separate and are funded with 100% funding
4. The Core Services Program allocation must be approved by State Board per C.R.S. 19-1-116.

CHAPTER 9 – CLOSEOUT

At the end of each state fiscal year, the CDHS finance staff executes a lengthy process affecting each county's remaining balance in each of their SFY allocations. The process impacts counties, whether they had a surplus or incurred a spending deficit. In general, the unspent funds remaining from those counties that underspent their allocations are redistributed to the overspent counties through a formulaic redistribution. The most notable exception to this practice is in the Colorado Works/TANF program, where unspent balances presently are retained by the county, within limitations, and then revert to the state long-term reserves when that limit is exceeded.

By common practice, CDHS distributes a letter to each county sometime during the fourth quarter of the state fiscal year, giving the counties the ability to elect how or whether they would like their Colorado Works/TANF funds to be used to cover any anticipated deficits in Child Care, Child Welfare and Core Services.

County Administration

At the end of the fiscal year, unspent funds from counties' allocations are distributed to overspent counties through a multiple iteration process that favors those counties that relatively overspent their allocations to a lesser degree (e.g. a county that overspent its allocation by 2% would be treated more favorably in the redistribution process than a county that overspent by 150%). Any deficits remaining at the close of the redistribution process will be eligible for federal pass-through funds, which can vary from 33% up to 80% reimbursement for remaining deficit balances.

Child Care

At the end of the state fiscal year, a process somewhat similar to that used in County Administration redistributes unspent funds to those counties with deficits. Unlike County Administration, the receiving county is not required to assume any local share of the redistributed unspent funds. Following any redistribution, a county with a remaining deficit is given the option of funding the deficit through county funds or though available Colorado Works/TANF funds.

Child Welfare

The process for closing out Child Welfare requires that certain subcomponents within a county's allocation be closed out first. Certain components of the Child Welfare allocation are comprised of federal Health First Colorado funds, which are only earned when spent. As a result, only the state share of unspent Health First Colorado components are available to cover overspent components within a county's allocation, or between counties, should a county have a surplus that can be distributed to an overspent county.

Available surplus funds are generally distributed to overspent counties in the same methodology as is used for County Administration, with two notable exceptions: 1)The Balance-of-State Counties close surpluses and deficits within the 54-county group first, before any surpluses or deficits are addressed between the Ten Large Counties and the Balance-of-State Counties; and 2) Counties that have elected to and be approved to be Managed Care Counties are authorized to retain the state share of their unspent allocations.

CHAPTER 10 - CONTRACTING PROCUREMENT

Purpose

Procurement and purchasing are often used interchangeably. Purchasing should be thought of as a stage within the procurement process. Procurement should be viewed as planning and scheduling, source selection and contract administration.

A procurement policy establishes the guidelines for the purchasing of goods and services. To be effective, a procurement policy must be followed by all employees and elected officials. It is the means to ensure that goods and services received are acquired with the highest regard to cost, quality, delivery, service, funding and ethical standards. A sound policy consists of uniformity, maximization of resources, efficiency, effective safeguards, ethical code and adherence to local, state and federal procurement laws.

Uniformity

Uniformity begins by defining the administrative procedures and requirements for all purchasing scenarios. Minimally, a policy should address:

- Purchasing Authority and Approval Hierarchy
- Purchasing Methods
- Dollar Thresholds
- Purchase Orders
- Contracts and Contract Requirements
- Bid and Bid Selections
- Payments and Disputes
- Emergencies
- Policy Violations and Consequences

To eliminate confusion, the state and counties publish their purchasing terminology within the policy to clearly define common terms. Based on dollar limits, purchasing methods and requirements are clearly described step by step.

County departments should follow county specific policy.

Maximization of Resources & Efficiency

The goal for every procurement policy is to obtain the maximum benefit from every tax dollar spent while efficiently obtaining the goods and services needed by the end user. Foremost, all purchases and purchase agreements must be based on the availability of funds.

It is prudent to distinguish acceptable purchase methods based on cost, product and service provided. While many purchases are made with a formal bidding process, there are purchases that may be exempt from this process. Situations for Human Services programs require payments for licensed professional services and intergovernmental agreements. Often, these services cannot be put out for bid because service provided is unique. In such circumstances, a county may have a provision in their policy that allows a conditional “Waiver of Purchase Policy” that allows them to forgo the bid process and instead provide appropriate documentation that should include the request, amount, purpose, timeframe, and approvals. Additionally, counties may be able to utilize results of the bid process undertaken by another county or the state if the services/goods under consideration are the same.

Effective Safeguards

The county must ensure that systems are in place promoting effective safeguards. Internal controls support the quality and integrity of the procurement process. A few examples of effective safeguards are:

- Board of County Commissioner Approval Requirements
- Approval Hierarchy
- Dollar Limits
- Requisition Requests
- Formal Quote, Bid and Proposal Requirements
- Contract and Purchase Order Requirements
- Review Panels
- Purchasing Designees
- Conflict of Interest Provisions

Ethical Code

A county must be objective and treat fairly all individuals and businesses that have dealings with county procurement. A county must promote fair trade and competition. A county must define unacceptable relationships between potential vendors and county elected officials, employees, their families and friends. Decision makers have a duty to conduct county business at arm’s length and counties must demonstrate their commitment to prevent and detect possible abuses.

Local, State and Federal Procurement Laws

A county procurement policy is a culmination of BOCC resolutions with State and Federal statutes. If a BOCC resolution conflicts with State or Federal law, State and Federal law will take precedence.

The state procurement policy is statutorily based on Colorado Procurement Code (§24-101-101 et seq. CRS) and the Construction Bidding for Public Projects Act (§24-92-101 et seq.)

The Colorado Procurement Code (CPC) clearly defines purchasing terms, contractual terms and requirements, rights, remedies and record retention. The CPC lays out the rules and the exceptions to the rules.

County policies are based from State policy, which allows them the opportunity to make rules that fit their individual needs within the guidelines of the CPC.

Resources /Reference Material

Federal:

1. www.whitehouse.gov/omb/procurement_default - Office of Federal Procurement Policy

State:

1. *www.colorado.gov/cs/Satellite/DPA-DFP/DFP/1251589692533* -State of Colorado, State Purchasing Office, Reference Materials (Procurement Manual, Procurement Code of Ethics & Guidelines, Fiscal Rules & Retention of Purchasing Records)
2. www.cdhs.state.co.us/procurement/ - CDHS Division of Procurement

Counties:

1. www.adm.elpasoco.com/ProcurementAndContracts/Pages/default.aspx - El Paso County, CO Procurement Manual
2. www.mesacounty.us/purchasing/ - Mesa County, CO Procurement Manual

Chapter 11 – MASTER CALENDAR
ALL department deadlines are the ultimate responsibility of the Director

MONTH	DATE	DEADLINE:	DUE TO WHOM:
JANUARY	31ST		
FEBRUARY			
MARCH	31ST	YEAR-END FINANCIALS DUE TO STATE (MANDATORY)	HCPF CDHS AUDIT DIVISION
APRIL	30TH	TITLE XX REQUEST (OPTIONAL)	CW DIVISION
MAY	31ST	MITIGATION (OPTIONAL)	CW DIVISION
	15TH	CW RATE NEGOTIATION METHODOLOGY	CW DIVISION
JUNE	30TH	COUNTY WIDE COST ALLOCATION (OPTIONAL)	ACCOUNTING
JULY	31ST	CRP ANNUAL REPORT (MANDATORY)	CHILD WELFARE DIVISION
AUGUST		PRIOR FY BUDGET/ATTESTATION LETTER	CDHS AUDIT DIVISION
		CORE PLAN (MANDATORY)	CHILD WELFARE
SEPTEMBER	30TH	AUDITED FINANCIAL STATEMENTS/AUDIT REPORT (MANDATORY)	CDHS AUDIT DIVISION HCPF
OCTOBER			HCPF
NOVEMBER			
DECEMBER	31ST	CSE ANNUAL PROGRAM PLAN (MANDATORY)	CHILD SUPPORT
		PERSONNEL SYSTEM CERTIFICATION (MANDATORY)	FIELD ADMINISTRATION
		FINAL APPROVED BUDGET (MANDATORY)	CDHS AUDIT & HCPF

CHAPTER 12 – MONTHLY REPORTS CALENDAR

The county accountant reports various monthly expenditures and revenue information to the State on a monthly basis (employee personnel costs, County accounts payable payments, miscellaneous revenues received). All information must be transmitted to the State by the 5th business day of the month following. The State integrates this information into the State general ledger. The State then notifies counties when each month is closed. This normally occurs five business days prior to the end of the following month. Below are some reports that your accountant produces. Multiple other reports are available through various state computer programs but these are probably the ones most important from a Directors point of view.

DUE AVAILABLE	SOURCE	NAME - DESCRIPTION AND/OR PURPOSE
Due Monthly Available after State close	CFMS	**County Allocation/MOE FY-SFY** - This report shows the state fiscal year allocation amounts; total year-to-date expenditures; funds available; and percentage of budget-to-actual used for the major allocations. It is used to determine whether a county is using all of their allocation and/or on-track to over-expend an allocation. This report is to be submitted to the Board of Human/Social Services on a monthly basis.
Due Monthly	County General Ledger	**Budget report containing comparison of calendar year-to-date expenditures and revenues to county appropriations and estimated revenues** - It is used to track expenditures and revenues to county budgets. This report is to be submitted to the Board of Human/Social Services on a monthly basis.
Due Monthly	County General Ledger	**Interim Balance Sheet and Statement of Net Assets** - This report tracks the Human/Social Services County Fund Balance and any other pertinent tracked assets. This report is to be submitted to the Board of Human/Social Services on a monthly basis.
Available after State close	CFMS	**County Settlement Report** – This report settles the State with the County. Monies owed to the County are deposited each month with the County Treasurers Office. It reconciles amounts paid by the County with amounts paid by the State, deducts appropriate County share amounts and then reimburses the County for any excess County disbursements. This report reflects amounts due to/from the State and to produce a journal entry to book monthly revenue and EBT expenditures to the County General ledger.
Available after State close	CFMS	**County RMS Expense** – This report details the expenditures that were moved by the State from one allocation to another. It is used to produce a monthly journal entry to adjust the County general ledger to match the State.

Available after State close	CFMS	**<u>County Alt Expenditure Detail – PTD</u>** – This report details all of the monthly expenditures and miscellaneous receipts reported through CFMS by their source (ie: State paid, County paid, etc). It is used primarily to balance the County general ledger to the State general ledger and to verify that various uploads, payrolls, etc reported to the State hit the CFMS system correctly.
Available after State close	CFMS	**<u>County E/R Detail – PTD</u>** – This report details the monthly County expenditures and revenues by share. It breaks them down by Federal, State and County share. This report is used by your accountant for various auditing and reconciling purposes.
After County general ledger is closed for the year	CFMS & County General Ledger	**<u>EBT Authorization Schedule</u> –** This report is an annual report that basically balances the State general ledger to the County general ledger for expenditures. It is prepared after the end of the County fiscal year and must be included in the Year-End County Financial Statements. (NOTE: THIS REPORT IS ONLY REQUIRED IF A COUNTY DOES NOT REPORT 100% OF EBT EXPENDITURES ON THE COUNTY GENERAL LEDGER.)

CHAPTER 13 – FISCAL REQUIREMENTS AND RESPONSIBILITIES~~VOLUME V REQUIREMENTS AND BEST PRACTICES~~

~~Volume V contains the fiscal rules for County Departments of Human/Social Services. The volume covers a broad range of financial topics including accounting systems, financial reporting, audits, procurement and as well as outlining the responsibilities of various parties. The beginning of Volume V contains a list of definitions of the terms used throughout the Volume and contains some detailed information and references to federal circulars and state statute.~~

Responsibilities

The Board of County Commissioners in each county is responsible for administering public assistance and social services programs and must appropriate the funds necessary to cover the county share of those programs. The tax levy must indicate the funds appropriated for human/social services. The appropriation is based on the budget prepared by the human/social services director and approved by the BOCC. The budget should include the 20% County share for program administration and certain services as well as Maintenance of Effort for Colorado Works and Child Care Assistance. The Child Support Enforcement Program is exempt from the provisions as incentives are intended to cover the County share of the program. The BOCC must make additional funds available if appropriated funds are insufficient to cover actual costs for assistance payments and administrative costs for human/social services programs and they have the authority to spend in excess of the specified requirements to gain matching Federal funds for any human/social services program including Child Support Enforcement.

The BOCC is also responsible for approving the County Merit System plan on an annual basis and for purchasing liability insurance and surety bonds to protect against liability for negligent/tortuous conduct of employees and agents during their course of service.

The Board of Human/Social Services is an agent of the State and consists of the Board of County Commissioners in each County, unless specified otherwise, and must perform its duties and responsibilities in accordance and in cooperation with rules and regulations adopted by the CDHS. They are responsible for appointing a director or person that may act in the capacity of the director for the human/social services department. One member is of the Board should be designated, by resolution, to sign warrants and approve expenditures. The Board may authorize the department of human/social services a petty cash fund and must review use of that fund annually. The Board is also responsible for reporting materially correct financial statements of the human/social services fund.

The Director is responsible for carrying out the administrative/executive duties for the human/social services department in accordance to the rules and regulations of the CDHS. Specific responsibilities include:

- Staffing the department as necessary to administer human/social services programs with approval from BOCC and in accordance with the County Merit System
- Internal Controls: adequate to safeguard assets; separation of duties; dual signatures for trust accounts; record retention for audit purposes

- Budget: annual preparation; approval by BOCC; distribution to CDHS; spending within appropriations
- Monthly Financial reports to BOCC of YTD revenues and expenditures versus budget and YTD expenditures versus allocations
- Payroll certification for issuance of warrants and EBT authorizations; BOCC should take voting action monthly to approve the payrolls.
- Maintenance of the Accounting System: financial reports follow GAAP; monthly reports distributed to BOCC issued from the G/L system; annual un-audited reports due by March 30^{TH} of the subsequent calendar year.
- Monthly reporting of financial data to CDHS by the 5^{th} business day

The Treasurer acts as a custodian of the human/social services funds and may only disburse funds on warrants drawn by the person appointed by the BOCC and may not charge a fee for the collection or deposit of monies into the human/social services fund. A monthly treasurer's report should be prepared by the treasurer or designated County entity that includes a beginning balance, deposits, warrants redeemed, and ending cash balance.

Accounting/ Reporting, Internal Control, Bids, Allocations, Audits

Detailed information about the accounting and financial reporting systems and methods, internal controls, procurement, allocations information and audits are contained in sections 5.3-5.8. Business office staff will need to be aware of the specific requirements contained in this section and summary highlights are outlined below.

The accounting system should be set up to track the human/social services fund separately as a special revenue fund used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. Financial reports should be issued form the accounting system in timely manner in accordance with Generally Accepted Accounting Principles and pronouncements from the Governmental Accounting Standards Board. If financial reports do not include payments from EBT authorizations, a separate financial report must be prepared and included in the county's Comprehensive Annual Financial Report that distinguishes between EBT authorizations, the county share of those EBT authorizations, and county warrants. Counties are required to reconcile their expense/refund information with information submitted through State systems.

Internal controls that are reviewed continuously should provide effective accounting control over assets, liabilities, revenues and expenditures. Adequate separation of duties should be in place that no one person has total control over an entire process. For instance, one employee should not order, receive, and process payments for goods/services. One employee should not receive cash, record the receipt, deposit the funds, and make entries into the accounting system for cash.

Records (in any form) must be retained for the current year plus three previous years unless there are circumstances that would require the records to be retained for a longer period of time such as claims, audits, litigation and/or written statutory regulations from a State or Federal agency requiring a longer retention.

A bid system should be utilized for purchases of goods or services exceeding $25,000. This applies to a purchase of one item or service or a group of items or services from a vendor at one time that exceeds $25,000.

Preliminary Allocations should be issued by the CDHS by August 31 of each state fiscal year or within two months after the appropriation bill is approved by the Governor. The allocations will include the Federal, State, and County shares. A county may appeal the adequacy of an allocation to the appropriate program allocation committee within 30 days after receipt of the preliminary allocation shares. Final allocations should be issued within 60 days of the preliminary allocation report, although the Executive Director of the CDHS may adjust allocations during the year as deemed necessary.

Cash receipts should be documented in a cash receipt journal and then deposited daily (unless the total money received is less than $100) into the human/social services fund. Reconciliations of cash receipts logged in the mailroom through to deposit should be performed monthly. All cash accounts should be reconciled within 30 days of the subsequent month end and it is recommended that the reconciliation of the December period be submitted to the CDHS audit division.

Warrants must be dated on or before the date of mailing and must bear a notation that reads “Void after 180 days from issue date”. Any warrant that is canceled must be reported to the CDHS via CFMS to reverse the previously recorded expenditure.

Trust accounts must be titled to indicate the County Department as trustee for the recipient. Accounts must be set up for dual signatures for disbursements from employees that are neither the bookkeeper nor the caseworker. Funds in excess of a client’s monthly needs must be deposited in an interest bearing account. Documentation for activity in the trust accounts must be retained and reconciliations must be performed within 10 working days after the close of the month’s business.

A fixed asset is an item of property that costs $5,000 or more although a County Department may establish an amount less than $5,000 for control purposes. County departments must maintain a detailed record of the property acquired by the human/social services fund and must take an annual inventory of the property. The acquired assets must be depreciated over the useful life as defined by the Internal Revenue Service. Upon disposal, the trade-in or scrap value must be refunded to the original funding source for the asset.

Expenditures must be consistent with policies, regulations, and procedures that apply uniformly to State and Federal awards and other activities of the County. Expenditures may only be used once as a match for one Federal award, must be net of all credits, must be necessary and reasonable, and must be allocated to the program/activity/cost pool based on a reasonable basis relating directly to the benefit added to the program. Prepayment for goods/services is only allowable in rare circumstances and with approval by the BOCC, although it would be a good idea to inquire with the CDHS audit division before proceeding. Proper documentation should exist for expenditures such as detailed invoices and evidence of receipt and authorization. Employee payroll reports must be separate from other County personnel costs and records of personnel actions must be retained. County Departments entering into contracts are responsible for ensuring that: all legal requirements are met; it is the most economical means for accomplishing the tasks; it meets funding criteria; contracts are monitored. Please refer to 5.5 and the Office of Management and Budget Circular A-87 for detailed information on expenditures.

Preparation and submittal of the **Countywide Cost Allocation Plan** is the responsibility of the County and the plans must be in accordance with the cost principles in OMB A-87. The plans are due each year on June 30 to the CDHS Audit Division and are based on expenditures from the prior year.

An annual audit must be completed by an independent certified public accountant must be submitted to the Office of the State Auditor by July 31 for the subsequent year's audit unless an extension has been granted. Counties subject to the **A-133 Audit (Single Audit)** must have their audit reports in to the Office of the State Auditor within nine months after the audit period. The CDHS is responsible for supervising the fiscal and administrative controls for all expenditures of State and Federal funds and may verify the correctness of payments and benefits authorizations, which may result in adjustments in County claims for reimbursement. Pursuant to 26-1-109 C.R.S., the CDHS has the power to recover any monies owed by a county to the CDHS in connection with any program or activity.

Ethical Business Practices

County human/social services departments are required to conduct business in an ethical manner and avoid any conflict of interest or even the perception of such. Employees and the department should avoid receiving compensation of any sort that could cause the department to: give preferential treatment; impede efficiency or economy; lose independence/impartiality; give decision making to an outside entity; be unable to carry out responsibilities; cause any adverse effect of public confidence in the integrity of the State of Colorado or any County Departments of Human/Social Services.

Volume V, also known as the Finance and Accounting Manual, listed the rules regarding accounting procedures and practices, but was done away with in 2012. Some rules are still used and referenced in 11 CCR 2508-1 and can be found at: http://www.sos.state.co.us/CCR/DisplayRule.do?action=ruleinfo&ruleId=2819&deptID=0&agencyID=39&deptName=500,1008,2500%20Department%20of%20Human%20Services&agencyName=2508%20Finance%20and%20Accounting%20Rules%20(Volume%205)&seriesNum=11%20CCR%202508-1.

The prior version of Volume V is still a good tool to reference.

CHAPTER 14 – OMB CIRCULAR

The Office of the State Controller has issued –one Guidance that supersedes requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in 2 C.F.R. Parts 220, 225, 215, and 230); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act that provides the framework and rules around which federal funds must be accounted for and expended. The guidance can be found at: https://www.colorado.gov/pacific/osc/omb-guidance

You and your finance office should become familiar with the OMB Circulars as they provide guidance around the controls that you will be held accountable to.

CHAPTER 15 – OVERVIEW OF STATUTES

Some pertinent statutes for your Department are:

Title 14 – Domestic Matters
- Article 7 – Parent and Child
- Article 10 – Uniform dissolution of marriage act
- Article 14 – Child Support Services procedures

Title 19 – Children's Code
- Article 1 – General Provisions
- Article 2 – Colorado Juvenile Justice System
  - Part 4 – Juvenile Facilities
  - Part 5 – Entry into system
  - Part 9 – Post adjudicatory process
- Article 3 – Dependency and Neglect
  - Part 3 – Child Abuse or neglect
  - Part 4 – Temporary custody
  - Part 5 – Petition, adjudication, disposition
  - Part 6 – Termination of parent/child legal relationship
  - Part 7 – Review of Placement
- Article 5 – Relinquishment and adoption
  - Part 1 – Relinquishment
  - Part 2 – Adoption
  - Part 3 – Access to Adoption Information

Title 24 – Government state – administration
- Article 19 – Collaborative management of multi-agency services

Title 25 – Health: prevention, intervention and treatment
- Article 20.5 – Prevention, intervention and treatment for children and youth
  - Part 4 – Child fatality prevention act

Title 26 – Human Services Code
- Article 1 – Department of Human Services
- Article 2 – Public Assistance
  - Part 1 – Public Assistance
  - Part 3 – Food Assistance
  - Part 7 – Colorado Works
  - Part 8 – Child Care Assistance
  - Part 9 – Colorado Self Sufficiency
- Article 3.1 – Adult Protective Services
  - Part 1 – Protective Services
  - Part 2 – Financial Exploitation
- Article 4 – Medical Assistance Act
  - Part 1 – General Medical Assistance
  - Part 4 – Administrative
- Article 5 – Child Welfare Services
- Article 5.5 – Family Preservation
- Article 5.7 – Homeless Youth

Article 6 – Child Care Centers
Part 1 – Child Care Licensing
Article 6.5 – Consolidated Child Care Services
Article 7 – Subsidized Adoptions
Article 12 – State / Veterans Nursing Home
Article 13 – Child Support Enforcement

Title 27 – Institutions
Article 10.3 – Child Mental Health Treatment

Title 30 – Government
Article 17 – County Assistance to the Poor (General Assistance)

How to access statutes on the Colorado State Government website

Enter http://www.colorado.gov/ into the web browser and click on STATE LEGISLATURE, then click on Colorado Revised Statutes which will take you to Lexis Nexis, or you can go to www.sos.state.co.us~~.~~ You can also google the statute you are looking for or go directly to Lexis Nexis.

~~Click on the left-hand box "Government"~~

~~Scroll down the Government page on the left-hand side and select "Colorado Revised Statutes (CRS)".~~

~~Scroll down the left-hand side and select the box titled "Colorado Statutes"~~

~~In the right-hand of your screen you will see a big box titled "Colorado Revised Statutes". Click on the tab titled "Next Doc"~~

~~On the right-hand side you will see a listing of almost all of the Titles of Colorado Revised Statutes. To view a Title, such as Title 19, simply click on the paper icon next to the title you want to view. The title and corresponding statues will appear in the right-hand half of the screen. To see the next statute, click the tab labeled "Next doc". You can see a previous statute by clicking on "Prev Doc". Note Title 26 and other higher numbered Titles do not automatically appear and you must click on "More".~~

~~You can either print of download text of statues by clicking on the print or download icons.~~

Searching the Colorado Revised Statutes

It is possible to search the Colorado Revised Statutes by statute number of topic.

To search by topic, click on "Select Search Form" and follow the instructions.

To search by statute number, type in the statute number in the top left-hand corner box and click on the "Go Key". The statute will appear in the lower right-hand corner.

Browse the index. State statutes are organized by topic and subtopic. By browsing the index or table of contents of the State statute you can get an idea of how the issue you are researching fits in with the larger whole. There are times when reading only a portion of the statute can lead you astray. Be sure to read not only the part that is clearly what you are researching, but parts immediately preceding and following a specific section. Statutes can be complicated and wordy. Take your time when reading, and usually it's a good idea to re-read.

Note the use of any "ands", "ors", "mays", "shalls" and similar words. These words are key to reading and understanding a state statute. "And" means all elements of a series are required while "or" means that only one of the elements is required. "Shall" means you must do something while "may" means that you can do something but it is not required.

Look for ambiguity. Many legal disputes arise over the meaning of a particular state statute. Pay attention to any ambiguity or potential differences of meaning when reading a state statute.

Think about the way statutes are interpreted. In interpreting statutes, courts look at the plain meaning of the statute, the purpose of the statute, how similar statutes have been interpreted in the past and the intent of the legislature in enacting the state statute. Keep these principles in mind when reading a state statute. Check to make sure the statute is up to date. State statutes can be repealed or amended. Make sure the state statute you are researching is up to date.

CHAPTER 16 – FINANCIAL AUDITS

The County Department of Human/Social Services is charged with the responsibility for administering all human/social services funds in accordance with rules established by the Colorado Department of Human Services. County Departments of Human/Social Services are also responsible for administering programs in accordance with Colorado Department of Health Care Policy and Financing rules and all other Federal, State, and local; laws, rules and regulations. The Office of Management and Budget has issued several documents pertaining to grants management. Counties shall comply with the applicable circulars and shall hold their sub-recipients and vendors accountable for compliance with the applicable circulars. All Directors should be familiar with OMB -87, "Cost Principles For State, Local, and Indian Tribal Governments", OMB-102, "Grants and Cooperative Agreements with State and Local Governments, and the Attached Common Rule", and OMB Circular A-133, "Audits of States, Local Governments, and the Non-Profit Organizations". There are numerous types of audits the Department may be subject to including compliance audits conducted by the Colorado Department of Human Services, external audits by local certified public accountants, and program reviews.

CDHS Audits, Audit Division – The mission of the CDHS Audit Division is to assist CDHS staff of all levels, county departments of human/social 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 to design and deliver services that improve the financial accountability of Human Service organizations. Pursuant to Section 26-1-109, C.R.S., the Colorado Department of Human Services has the power to recover any monies owed by a county to the Colorado Department of Human Services by reducing the amount of any payments due from the Colorado Department of Human Services in connection with any program or activity.

External Audits - Each year every county in Colorado shall have an audit annually prepared by a certified public accountant. These audits are due to the Office of the State Auditor by July 31 for the subsequent year's audit. Extensions for filing can be requested from the Office of the State Auditor. The State Auditor has the ability to suspend property tax payments to the County until such time as the audit report is received. Departments requiring an OMB A-133 audit must be received by the Office of the State Auditor within nine months after the end of the audit period. If the audit report is not received by this office within the nine months after the end of the audit period, the Colorado Department of Human Services may suspend reimbursements of expenditures until such time as the audit report is received.

Program Reviews – Each year the Department may be subject to the following compliance reviews that are performed by the individual areas. These may include Foster Care reviews, SNAP Reviews, Health First Colorado Review, Colorado Works reviews and reviews by the Administrative Review Division for Child Welfare. In the event of findings, the County Department will have 15 working days from the date of mailing to submit any factual corrections. If there are no factual corrections to be submitted, then the County Department will have 30 working days from the date of mailing to submit a corrective action plan to either the Audit Division or program reviewer. The dates for factual corrections and corrective action plans for external auditors will vary depending on the independent auditor.

CHAPTER 17 – INTERNAL CONTROLS

Internal Control for County Human/Social Services Departments

The Director is responsible for the internal control functions of Department per Volume V (please see volume sites below). An internal control plan needs to be completed for your department.

The accountability internal control functions of the Department are still the same whether the functions are within the Department or in another county office i.e. County Finance Office or within the department. The reporting of the financial functions is still required to be done in accordance with GAAP and CDHS rules and regulations.

A basic concept of internal control is trying to identify, analyze and manage business practices and operating risks. Control policies and procedures must be established and implemented to help ensure that the actions identified by management as necessary to address risks and obtain the specified goals are effectively carried out. Policies and procedures should be reviewed on a periodic basis by management.

Employee Fraud is a key area of concern between CDHS Audit Division and the County Departments. The CDHS Audit Division provides ad hoc fraud training's upon request. There have been several large employee fraud incidences in the last several years.

APPENDIX A

SAMPLE
Accounting and Internal Control
Procedures Manual

A. COMPUTER SYSTEMS

1. The computer system consists of county computers and state computers.
2. The county has selected QuickBooks as the agency's accounting software program. This program is used in conjunction with the state accounting system, CFMS.
3. The accountant and the Director are the security administrators for the Department. They are the ones allowed to authorize employee access to State computer systems.
4. The accountant and the Director shall review the security access for state computer system periodically to assure that proper internal controls are in place for the state systems.

B. DISBURSEMENTS

1. Disbursements are made from five sources – state CBMS payrolls, CHATS, Colorado Trails payrolls, LEAP payrolls and county warrants.
2. All monies paid out require an authorization. Any payment of an administrative-type service requires approval by the Director.
    a. Distributions of withholdings from employee payrolls do not require approval by the Director but do require backup documentation provided by the payroll system.
    b. Authorization for out of home placement is made through the Child Welfare system. The payrolls are verified by the Caseworker and approved by the Child Welfare Supervisor through a trial payroll and a final payroll. This verification is augmented with a completed Provider Roster from each out of home placement provider to insure proper payment. The accountant mails the Provider Roster to the provider. This payroll is generated by the child welfare system by the 15th of each month, based on a schedule. Payments are made by the state and are generated as an electronic funds transfer to the provider.
    c. Authorization for Child Care is made through the Child Care system. The child care eligibility specialist enters the authorization for childcare into the system. Child Care is paid from the "Attendance Record and Billing Form" signed by the provider. This payroll is generated by the CHATS system based on a schedule. Payments are made by the state and are generated as an electronic funds transfer or electronic benefits transfer to the provider.
    d. Colorado Works, Food Assistance, Aid to the Needy Disabled, and Old Age Pension are produced by the CBMS system. Benefits are determined by CBMS and authorized by the

technician. The accountant reviews the Daily Issuance Report for accuracy of payments. Monthly comparison to CFMS reports also occurs. These payments are made by the state and are generated as a direct deposit or debit card to the client.

e. LEAP payments are authorized by the technician and paid out through the State LEAP computer system. Technician must make have signature from supervisor on authorizations forms.
f. Periodic eligibility re-determinations are made according to specific program guidelines.
g. Child Support issuances are managed through the state Family Support Registry.
h. General Assistance payments are produced by county warrant on an as needed basis. A screening form and repayment agreement will be the authorization.
i. Administrative employee payroll, administrative operating expenses, contract expenses, and special program expenses are produced by county warrant monthly.

3. Warrants are compared to the documentation and verified for accuracy, approved by the Director and created through the QuickBooks system.

4. Payroll registers for the CBMS system payments, Colorado Trails payments and county warrants are certified and sent to the County Commissioners during the regular monthly Board of Human Services meetings for signature approval.

5. Disbursements are reported to the State in a variety of formats in direct relation to the program to which they apply. Rates of reimbursements also differ with each program. The purpose of this reporting is to obtain reimbursement for the program and administrative expenditures.

C. RECEIPT FOR MONIES IN OFFICE

a. All checks received in the mail are logged in by the receptionist and a restricted endorsement stamp is placed on the check at the time of the mail being opened. The receptionist notifies the technician that receipts need written.
b. The technician is then given the checks and all monies received by the Department are receipted into the cash receipts book. A technician is responsible to write receipts and deposits the receipts with the treasurer. All checks need to be deposited with treasurer when they are greater than $100 per day.
c. When cash is received, the receptionist immediately writes a temporary receipt to the client and before she hands them their copy, the receptionist contacts another staff member and they initial both the receipt for the client and the duplicate receipt copy. The client is handed their copy and the other copy is put with the cash received in the locked file cabinet waiting for a department numbered receipt by the technician.

d. The receptionist is responsible for notifying the technician that a receipt needs written. If the technician is out of the office, authorized substitutes are able to write the numbered receipts and the cash is immediately taken to the treasurer's office, even it the amount is less than $100.

The accountant is responsible for balancing the receptionists log book with the receipts written by the technician and deposited with the Treasurer on a monthly basis.

1. Most receipts are considered to be refunds to expenditures and are reported to the State as such. Some receipts are actual program reimbursement from the State or other agencies. These receipts are entered into CBMS and the accountant verifies the claim balance.
2. Regularly, the accountant enters the amounts of recovery into CBMS. The accountant then verifies the claim balances. The accountant reconciles these receipts with the Treasurer's report.
3. Petty Cash is locked up in a file cabinet with only authorized personnel having access. The department personnel needing funds for extra postage, office supplies, or other unusual expenses are required to let the receptionist know and return with a sales receipt. The receptionist then reconciles the balance of the petty cash on hand.
4. Monthly, the accountant vouchers the receipts to the Treasurer's office for reimbursement of the balance to keep on hand.

D. ADJUSTING ENTRIES

1. Adjusting entries are made to the General Ledger to reflect non-cash transactions such as the accrual of accounts receivable and reduction of the same, and to correct previous erroneous entries. Some administrative adjusting entries are reported to the state. Most generally these entries are used to report transfers of expenditures, to report refunds and to report cancelled warrants not otherwise reported.

E. GENERAL SCHEDULE OF BOOKKEEPING ACTIVITIES BY THE ACCOUNTANT

1. 1ST through 5th working day of the month

   a. All QuickBooks expenditures must be reported on the CFMS system. Employee salaries and benefit payments are reported through the CEDS system to the State. All special program expenses, administrative operating expenses and contract expenses are reported to the state via CFMS. Refunds or adjustments to administrative areas are reported on CFMS. This is an automated program for reimbursement only.

b. The CFMS system closes for the month on the 5th working day of the month. Data reports can be pulled at that time to verify expenses reported, but the reports are not final until the State notifies counties that they have closed a period.
c. Cash receipts are recorded directly from the regular cash receipts book into the QuickBooks General Ledger. The Treasurer will send copies of receipts received by the Treasurer's office from the State Department for program and administrative reimbursement. The accountant reconciles this with the General Ledger.
d. All foster care parental fees and any other refunds to foster care are entered on the state CFMS system.

2. 6th through 15th working day of the month

    a. The Treasurer's report is received after the 5th of the month. Cash reconciliation for cash received and disbursed is prepared.
    b. The out of home placement provider roster is verified with Colorado Trails reports and remittance statements and new provider rosters are sent out.

3. 15th through end of the month

    a. After CFMS is closed per the state, the earned revenue is recorded in the General Ledger.
    b. Prepare the financial reports for the Board of Human Services reflecting prior month's expenditures.
    c. Print monthly settlement report for Director's review.
    d. Prepare administrative payrolls and operating expenses. Prepare any special program payrolls.
    e. At the end of each month, the accountant will make a backup of the QuickBooks for the month and store the backup off premises for emergency purposes.

4. Quarterly and Yearly Reports

    a. On an annual basis, financial statements must be audited. The General Ledger shall be closed representing estimated and actual revenues, appropriations, expenditures and refunds, as soon as is practical after all December transactions have been posted. The following financial statements are prepared by the independent auditor:
        1. Human Services Fund Balance Sheet
        2. Statement of Change in Fund Balance
        3. Statement of Estimated and Actual Revenues
        4. Statement of Appropriations and Actual Expenditures
        5. Analysis of Fund Balance
        6. Statement of General Fixed Assets

7. Detail of Due To/From State

b. On an annual basis, the County Personnel Department prepares "W-2 Wage and Tax Statement" for all employees who had taxes withheld during the year. This must be done prior to January 31st.

c. The accountant prepares "1099-Miscellaneous Income" forms for all contract employees, childcare and foster care providers and any other non-withheld service providers who were paid more than $600 for the year. Payments which are excluded from gross income and should not be reported on the 1099 include:
   1. Foster care maintenance payment for Family Foster Care Homes and Receiving Homes with less than 10 (ten) children, or 5 (five) adults. (Respite care, one time clothing allowance and travel expenses are considered maintenance payments.)
   2. Special needs or difficulty of care payments to Family Foster Care Homes with less than 10 (ten) children or 5 (five) adults.

d. Payments which should be reported as income on the 1099 form include:
   1. Guaranteed/Reserve bed or space payments where no child or adult is actually occupying the bed.
   2. All payments to Residential Child Care Facilities (RCCF's), Child Placement Agencies and Group Homes are taxable and require the distribution of a 1099 form, unless the county department has a document on file that validated that the facility is non-profit or has a tax-exempt status.
   3. The State Department recommends that along with the 1099 form, the County Department provide to the payee, a breakdown of the total income by type of payment (maintenance service, clothing allowance, transportation, etc.). This does supply providers with documentation and must be available if requested by the provider for tax purposes.

F. ELECTRONIC BENEFITS TRANSFER CARD ISSUANCE

1. Electronic Benefits Transfer (EBT) cards are issued to clients through the Department of Human Services. Eligibility technicians who determine eligibility are not allowed to issue EBT cards
2. DHS retains the EBT card stock in a locked safe. Only authorized personnel have access. Personnel include accountant, receptionist and the Director.

3. A stock of 10 cards is issued to receptionist and those cards are noted on the log sheet indicating the numbers assigned to the respective cards. Receptionist retains the 10-card stock in a secure file cabinet. Access to cards is limited to the receptionist and the accountant.
4. The receptionist or accountant issues the card and completes the Issuance Log for Blank EBT Cards form.
5. The client enters their PIN# in a confidential process and enters their signature on the Issuance Log for Blank EBT Cards form.
6. EBT card stock and reconciliation occurs at DHS and data are kept on file. Reconciliation occurs each month and records are retained up to 5 years. Reconciliation is completed by the Director.
7. Cards that have been returned to the Department because they were lost, stolen, or damaged should be destroyed by at least 2 people present. The individual card number of destroyed cards shall be noted on the Issuance Log for Blank EBT Cards form.
8. Reference may be made to the EBT Training guide for additional information.
9. Every Electronic Benefit Transfer (EBT) card that is issued by the County Department of Human Services must be processed with the client's unique and private PIN number. It is the policy of LCDHS to not keep note or record of PIN codes for clients. Every effort shall be made to help the client keep his/her PIN number confidential at all times. No record of client PIN numbers is made.
10. In certain situations, EBT cards may be issued and sent through the mail or delivered by a technician to clients who might be unable to come to the County office to process or to clients who may be unable to enter their own confidential PIN's. A technician may, under such unusual circumstances, enter a PIN number for the client but shall not write the PIN down or keep the PIN in a file.

G. Review of Assistance Payments Cases

Please refer to LCDHS Quality Assurance/Fraud Prevention Manual for policies and procedures

H. Contract Monitoring and Approval

1. The Board of County Commissioners acting as the County Department of Human Services Board must approve all contracts with independent vendors except those contracts that related to specific child placement and treatment of clients in the normal course of completing the child welfare program.
2. As an internal control process, the County Director may conduct on-site performance reviews, with the contractor. The county accountant or a designee named by the Director may also assist in conducting on-site financial reviews of agency financial transactions. From these reviews, conclusions are documented and changes in practice made if necessary.

These reviews will be scheduled as needed but at least once during the duration of the contract.

3. All contracts must contain specific details regarding timeframes for services provision, services to be provided, performance expectations, and requirements for reimbursement. An original copy of all contracts is kept on file in the office of the County Department of Human Services.
4. A format will be developed by the Department of Human Services Director that will be used for all reviews. The format may include questions to which the contractor will respond. The Department will provide copies of the completed document to the contractor and provide findings and necessary corrective actions in writing.
5. Individual files are maintained for each vendor to detail contract, progress and review findings.

I. CODING TO PROGRAMS

1. Semi-annually, the Director and accountant will review the personnel coding in the accounting systems to assure that the costs related to personnel are being appropriately charged to the program or the pool that best reflects the work of the employee.
2. When necessary, employees may be asked to 100% time report their work to assure that programs are properly charged for expenditures to programs.
3. The cost of office space and other similar expenses will be charged when possible to the direct program or pool to which it relates. The Director and accountant will review the rent amounts yearly the see that the appropriate amount is charged.
4. Yearly, the Director will review RMS training to employees to assure that they are aware of the important of the RMS reporting system to the state.