



# COLORADO DEPARTMENT OF EDUCATION

201 East Colfax Avenue • Denver, Colorado 80203-1799  
303.866.6600 • [www.cde.state.co.us](http://www.cde.state.co.us)

**Robert K. Hammond**  
Commissioner of Education

**Keith Owen, Ph.D.**  
Deputy Commissioner

May 6, 2014

Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman Street, 7<sup>th</sup> Floor  
Denver, CO 80203

Dear Ms. Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the Public School Capital Construction Assistance Program Performance Audit. The attached report provides a brief explanation of the actions taken by the Department of Education to implement each recommendation.

If you have any questions, please do not hesitate to contact Scott Newell at 303-866-6717 or by email at [newell\\_s@cde.state.co.us](mailto:newell_s@cde.state.co.us).

Sincerely,

Robert K. Hammond  
Commissioner of Education

## **AUDIT RECOMMENDATION STATUS REPORT**

**AUDIT NAME:** Public School Capital Construction Assistance Program

**AUDIT NUMBER:** 2200

**DEPARTMENT/AGENCY/ENTITY:** Department of Education

**DATE:** September 2013

### **SUMMARY INFORMATION**

*Please complete the table below with summary information for all audit recommendations. For multi-part recommendations, list each part of the recommendation SEPARATELY. (For example, if Recommendation 1 has three parts, list each part separately in the table.)*

<b>Recommendation Number</b> <i>(e.g., 1a, 1b, 2, etc.)</i>	<b>Agency's Response</b> <i>(i.e., agree, partially agree, disagree)</i>	<b>Original Implementation Date</b> <i>(as listed in the audit report)</i>	<b>Implementation Status</b> <i>(Implemented, Implemented and Ongoing, Partially Implemented, Not Implemented, or No Longer Applicable)</i>  <i>Please refer to the attached sheet for definitions of each implementation status option.</i>	<b>Revised Implementation Date</b> <i>(Complete only if agency is revising the original implementation date.)</i>
1a	Agree	August 2014	Partially Implemented	
1b	Agree	June 2014	Partially Implemented	
1c	Agree	December 2013	Implemented	
2a	Agree	December 2013	Implemented	
2b	Agree	December 2013	Implemented	
2c	Agree	May 2014	Implemented	
2d	Agree	June 2014	Implemented	
3a	Agree	May 2014	Implemented	
3b	Agree	May 2014	Partially Implemented	July 2014
3c	Agree	December 2013	Implemented	
3d	Agree	December 2013	Implemented	
4a	Agree	May 2014	Implemented	

<b>Recommendation Number</b> <i>(e.g., 1a, 1b, 2, etc.)</i>	<b>Agency's Response</b> <i>(i.e., agree, partially agree, disagree)</i>	<b>Original Implementation Date</b> <i>(as listed in the audit report)</i>	<b>Implementation Status</b> <i>(Implemented, Implemented and Ongoing, Partially Implemented, Not Implemented, or No Longer Applicable)</i>  Please refer to the attached sheet for definitions of each implementation status option.	<b>Revised Implementation Date</b> <i>(Complete only if agency is revising the original implementation date.)</i>
4b	Agree	May 2014	Implemented	
4c	Agree	February 2014	Implemented	
5a	Agree	December 2013	Implemented	
5b	Agree	December 2013	Implemented	
5c	Agree	December 2013	Implemented	
5d	Agree	December 2013	Implemented	
5e	Agree	December 2013	Implemented	
6a	Agree	December 2013	Implemented	
6b	Agree	December 2013	Implemented	
6c	Agree	December 2013	Implemented	
7a	Agree	Implemented	Implemented	
7b	Agree	December 2013	Implemented	

## DETAIL OF IMPLEMENTATION STATUS

**Recommendation #:** 1a

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board), with the assistance of the Department of Education's Division of Public School Capital Construction Assistance (the Department), should take steps to identify, in a prioritized manner, the critical public school capital construction needs in the state, taking into account all factors required by statute, and use the results as a primary basis for providing financial assistance to school districts in priority order to the extent possible. This should include:

- a. Working with Parsons Commercial Technology Group to determine if adjustments can be made to the statewide financial assistance priority assessment (Priority Assessment) data to prioritize capital construction needs and add health and safety data across the State in accordance with statutory requirements.

**Agency's Response:** Agree. Implementation date: August 2014

**Agency's Written Response in Audit Report:**

**Assistance Board response:** The Public School Capital Construction Assistance Board, with the assistance of the Department, will work with Parsons to identify potential updates and adjustments to the Priority Assessment data, including the addition of health and safety data that would allow the Assistance Board to develop a prioritized list of the critical public school capital construction needs statewide, based on statutory criteria. Depending upon the specific scope of work, Parsons has indicated the cost to make the recommended updates and adjustments to the Priority Assessment data could be significant. The Assistance Board will work with Parsons to determine the appropriate scope of work, develop and estimate costs, and work with the Department and the State Board of Education on a potential funding request.

**Department response:** The Department of Education, Division of Public School Capital Construction Assistance will provide assistance to the Public School Capital Construction Assistance Board in working with Parsons, including determining the estimated costs of updating the Priority Assessment database and developing funding requests as appropriate.

**Current Implementation Status of Recommendation:** Partially Implemented

### **Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation is on track to meet the noted implementation date. To address this recommendation the Assistance Board, with the support of the Division, has been working with Parsons to determine if any adjustments can be made to the statewide financial assistance priority assessment. The Division will work with the Department and the State Board of Education on a potential funding request for reconfiguring the assessment criteria to allow it to be sorted by health/safety, overcrowding, technology, other and costs for providing an in-house option for keeping the assessment data current year over year.

Specifically, the Division has taken the following steps to implement this recommendation:

- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Met with Parsons to obtain a scope of work to identify options and costs for modifying the facility assessment database, so that condition and suitability deficiencies can be sorted in a priority order by:
  - Health, safety, security
  - Overcrowding
  - Technology
  - Other.
- Contacted other States that have executed similar statewide public school facility assessments to determine how often they update their data, how they update their data, how they rank their data, and how they use their data.
- Contacted the State Architect's Office, which has oversight of state buildings, to determine how often they update their data, how they update their data, how they rank their data, and how they use their data.
- Finalized costs and scope of work from Parsons for options to modify the existing Statewide Facility Assessment database.
- Consulted with Attorney General's office to determine if statutory changes are needed to modify priority assessment.
- Division staff provided results of the research for discussion to the January and February Assistance Board meetings.

The following steps are still remaining to fully implement this recommendation:

- The Assistance Board will provide a recommendation to the Department and the State Board of Education for a potential funding request in the next legislative session.

**Recommendation #:** 1b

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board), with the assistance of the Department of Education's Division of Public School Capital Construction Assistance (the Department), should take steps to identify, in a prioritized manner, the critical public school capital construction needs in the state, taking into account all factors required by statute, and use the results as a primary basis for providing financial assistance to school districts in priority order to the extent possible. This should include:

- b. Working with school districts to identify a means of maintaining updated information in the Priority Assessment database.

**Agency's Response:** Agree. Implementation date: June 2014

**Agency's Written Response in Audit Report:**

**Assistance Board response:** The Assistance Board will work with school districts to determine a method to maintain updated information in the Priority Assessment data and to identify the associated impact upon district resources.

**Department response:** The Department will support the Assistance Board in working with school districts to determine a method to maintain updated information in the Priority Assessment data and to identify the associated impact upon district resources.

**Current Implementation Status of Recommendation:** Partially Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation is on track to meet the noted implementation date. To address this recommendation the Assistance Board, with support from the Division, will work with stakeholder groups to determine the most equitable, efficient and effective way to update the statewide priority assessment using self-reported data with the intent of developing a procedure for updating the Statewide Facility Assessment based on self-reported data.

Specifically, the Division has taken the following steps to implement this recommendation:

- The Division presented the implementation plan to Division staff for discussion and revision.

- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Contacted other States that have executed similar statewide public school facility assessments to determine how they update their data and if they use self-reported data to determine how they do it, how often they do it, and how successful the results are.
- Contacted the State Architect's Office, which has oversight of state buildings. They use self-reported data. Determine how they update their data, how often they do it, and how successful the results are.
- Initiated Assistance Board discussions on suggestions for updating the priority assessments using self-reported data.

The following steps are still remaining to fully implement this recommendation:

- Seek feedback from stakeholders (school districts, charter schools, BOCES, CSDB, architects, engineers, owner's representatives, master planners, etc.) to determine what impact self-reporting changes to their facilities would have on their resources.
- Division staff to provide results of the research for discussion to the Assistance Board.
- Assistance Board will take appropriate action on a recommendation.
- Assistance Board, their Attorney General, and Division staff will determine if legislation or a decision item is necessary and take appropriate action.

**Recommendation #:** 1c

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board), with the assistance of the Department of Education's Division of Public School Capital Construction Assistance (the Department), should take steps to identify, in a prioritized manner, the critical public school capital construction needs in the state, taking into account all factors required by statute, and use the results as a primary basis for providing financial assistance to school districts in priority order to the extent possible. This should include:

- c. Systematically using the Priority Assessment data, in conjunction with other factors as appropriate, to identify school districts that have not applied for funds for their schools with critical needs and that do not have the financial ability to help themselves, and targeting outreach to those districts to help them prepare quality applications for funding.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

**Assistance Board response:** The Assistance Board will use available data, including the Priority Assessment data, and any future enhancements to the data, to identify and conduct targeted outreach to districts with critical capital construction needs including those that do not have the financial ability to help themselves. The Assistance Board will consider approaches to identify school districts with critical needs based upon currently available data and direct the Department staff to perform targeted outreach to those districts. The Assistance Board will revise the direction to Department staff as additional data, including enhancement to the Priority Assessment data, become available and new approaches are identified.

**Department response:** The Department will support the Assistance Board's efforts to identify districts with critical capital construction needs and conduct targeted outreach. As part of this effort, the Department is developing various approaches to recommend to the Assistance Board in order to identify school districts with critical needs based upon currently available data. The Department will revise these recommended approaches as additional data, including enhancements to the Priority Assessment data, become available.

**Current Implementation Status of Recommendation:** Implemented

### **Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Assistance Board developed a formal outreach plan, based on specified assessment data, with the intent of providing a yearly documented outreach plan which outlines notifications to target school districts, charter schools, BOCES, and the Colorado School for the Deaf and Blind (CSDB) capital construction needs. This plan uses current data and updates as new data becomes available.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Used current assessment data and provide targeted outreach to districts prior to the opening of the current grant cycle.
- Identified assessment data and other information the Division should use to target and prioritize school districts, charter schools, BOCES, and the CSDB most in need of financial and technical assistance from the BEST program.
- Developed a draft comprehensive outreach plan.
- Division staff presented the draft outreach plan to the Assistance Board for discussion at their November meeting.
- Division staff incorporated Assistance Board feedback into the draft outreach plan.
- Assistance Board took action and approved the outreach plan at their December meeting.
- Documented the outreach plan in the Division Standard Operating Procedures.
- Trained Division staff on outreach plan.
- Division staff implemented the approved plan.

**Recommendation #:** 2a

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should improve its grant decision making processes to ensure that the process is transparent and adheres to statutory direction by:

- a. Developing a standardized evaluation tool to evaluate grant applications that includes criteria based on the statewide financial assistance priority assessment (Priority Assessment) data and statutory priorities and requirements. Additionally, the scoring criteria should evaluate the adequacy of the proposed solution to address the school's needs and the district's financial capacity to address problems outside of a grant program.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Public School Capital Construction Assistance Board will develop a standardized evaluation tool to evaluate grant applications that includes criteria based on the Priority Assessment data, statutory priorities and requirements, factors that evaluate the adequacy of the district's proposed solution, the district's financial capacity to address the problems identified, and any other relevant factors. The Assistance Board will document the application evaluation and prioritization processes.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and the standardized evaluation tool will be utilized on May 20<sup>th</sup> by the Capital Construction Assistance Board when evaluating grant applications. To address this recommendation, the Assistance Board developed a scoring tool which will be used when reviewing grant applications. The intent of the scoring tool is to uniformly evaluate each grant application and document how the Assistance Board arrives at their grant recommendations.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.

- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed the Energy and Mineral Impact Grant Process for evaluating grant applications.
- Reviewed the Limited Gaming Impact Grant Program for evaluating grant applications.
- Reviewed the Historical Preservation Grant Program for evaluating grant applications.
- Reviewed the Colorado HIV and AIDS Prevention Grant Program for evaluating grant applications.
- The Division identified the criteria and factors the Assistance Board currently considers when evaluating grant applications. That criterion was developed into a draft scoring tool that each Assistance Board member will use to score each project and document their decisions.
- Presented the draft scoring tool to Division staff for discussion and revision.
- Division staff presented the draft scoring tool to the Assistance Board for discussion at their November meeting.
- Division staff incorporated the Assistance Board feedback into the draft and consulted with the Attorney General about incorporating any needed changes.
- Division staff posted the draft scoring tool online for stakeholder input.
- The Assistance Board adopted the finalized scoring tool at their December meeting.

**Recommendation #:** 2b

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should improve its grant decision making processes to ensure that the process is transparent and adheres to statutory direction by:

- b. Communicating to potential applicants in the solicitation for grant applications the evaluation and review criteria developed in part “a” above.

**Agency’s Response:** Agree. Implementation date: December 2013

**Agency’s Written Response in Audit Report:**

The Assistance Board will provide the standardized evaluation and prioritization criteria, developed as a result of implementing part “a” above, to grant applicants during the grant solicitation process.

**Current Implementation Status of Recommendation:** Implemented

**Agency’s Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the scoring tool was incorporated into the communications with grant applicants by including it in the grant application, communications distributed by Division staff and by posting it on the Division website.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Division staffer developed procedure for communicating scoring tool.

- Division staff incorporated the scoring tool into communications with grant applicants, into the grant application summary information and posted the document on the Division website.
- The scoring tool will be utilized at future Assistance Board grant selection meetings.

**Recommendation #: 2c**

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should improve its grant decision making processes to ensure that the process is transparent and adheres to statutory direction by:

- c. Retaining documentation of all completed scoring documents for each grant application.

**Agency's Response:** Agree. Implementation date: May 2014

**Agency's Written Response in Audit Report:**

The Assistance Board will incorporate the use of a more comprehensive evaluation tool and will retain the documentation produced during the evaluation and prioritization process.

**Current Implementation Status of Recommendation: Implemented**

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented, a policy has been adopted and the Division will collect and retain all scoring documents utilized on May 20<sup>th</sup> by the Capital Construction Assistance Board when evaluating grant applications. To address this recommendation, the Assistance Board established a policy for retaining scoring sheets used by the Assistance Board to rank grant applications.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Developed a draft procedure for retaining scoring sheets.
- Presented the draft to the Division staff for discussion and revision.
- The Assistance Board adopted a policy for retaining scoring sheets at their February meeting.
- The Division created a section in the Division Standard Operating Procedures for retaining grant selection documentation.

**Recommendation #:** 2d

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should improve its grant decision making processes to ensure that the process is transparent and adheres to statutory direction by:

- d. Providing documentation demonstrating the methodology it used to select the projects for funding to the State Board of Education.

**Agency's Response:** Agree. Implementation date: June 2014

**Agency's Written Response in Audit Report:**

The Assistance Board will provide documentation of the methodology used to select projects for funding to the State Board of Education.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and the Capital Construction Assistance Board is providing the documentation of the new methodology to select projects on May 23rd when the agenda item is due for the June State Board meeting

Specifically, the Division has taken the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Provided the documentation of the yearly methodology and evaluation data used for recommending projects to the State Board.

**Recommendation #:** 3a

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should take steps to better ensure that matching fund requirements reflect the financial capacity of the district and to ensure equity in the process by:

- a. Evaluating whether statutory change is necessary to allow the Assistance Board to use the remaining bonded indebtedness capacity as a factor in determining the match percentage required from each district and whether adjustments are needed to the other statutory factors that should be considered when calculating the matching funds requirements.

**Agency's Response:** Agree. Implementation date: May 2014

**Agency's Written Response in Audit Report:**

The Public School Capital Construction Assistance Board believes it is advisable to incorporate bonded indebtedness limits as a factor into the statutory matching funds formula to better assess the financial capacity of applicants. The Board will also evaluate the appropriateness of other statutory factors and work with the General Assembly to make statutory changes.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Assistance Board drafted proposed legislation, which was carried as a Legislative Audit Committee Bill, for the 2014 General Assembly to revise the match calculation for school districts and BOCES by adding available bonding capacity and unreserved fund balance into the match calculation with the intent of changing the statutory factors for determining financial capacity. The bill has been signed by the governor and enacted.

Specifically, the Division has taken the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.

- Division staff performed number runs with available bonding capacity and unreserved fund balance within the current formula to evaluate effectiveness.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Presented the match criteria recommendations to Assistance Board for discussion.
- Sent draft bill language to the Office of the State Auditor thru the department legislative contact.
- Completed the BEST Rule change process to reflect statutory changes.

**Recommendation #:** 3b

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should take steps to better ensure that matching fund requirements reflect the financial capacity of the district and to ensure equity in the process by:

- b. Developing a methodology to determine the matching funds required for each school district that correlates them with school districts' financial capacity to provide matching funds.

**Agency's Response:** Agree. Implementation date: May 2014

**Agency's Written Response in Audit Report:**

The Assistance Board will recommend appropriate statutory changes to the factors and/or weighting of those factors in order to ensure the match accurately reflects school district financial capacity.

**Current Implementation Status of Recommendation:** Partially Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

The recommended implementation date has been changed to July 2014. To address this recommendation, the Assistance Board drafted proposed legislation for the 2014 General Assembly to revise the match calculation for school districts and BOCES by adding available bonding capacity and unreserved fund balance into the match calculation with the intent of changing the statutory factors for determining financial capacity. Since this change in statute occurred prior to the FY2014-15 grant selection meetings, the CCAB must incorporate these factors into their review of financial capacity for this current round of applications. Having the bill enacted mid-grant cycle has caused a few noted issues:

- Signed applications were submitted January 31<sup>st</sup> with an already identified match requirement;
- Careful planning and long term budgeting went into the applications based on the match requirement known at the time of the application due date;
- The new match calculation planning effort has not been initiated and will take several weeks to complete.

The Division has met with their attorney general to discuss ways to incorporate this change while minimizing the negative affect it may have on the current round of applicants. To resolve this issue, for the FY2014-15 grant cycle only, the CCAB shall use unreserved fund balance and available bond capacity remaining as evaluation data points when reviewing grant applications and decision factors when reviewing waiver applications.

To-date, the Division has taken the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- Division staff performed number runs with available bonding capacity and unreserved fund balance within the current formula to evaluate effectiveness.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Review unreserved fund balance and available bond capacity remaining as evaluation data points when reviewing grant applications and decision factors when reviewing waiver applications at the May 20<sup>th</sup> meetings.

The following steps are still remaining to fully implement this recommendation:

- Create a sub-committee with the CCAB;
- Hold sub-committee meetings to discuss each matching factor;
- Hold stakeholder meetings to discuss each matching factor;
- Gather necessary data;
- Develop a draft match calculation based on new factors and committee discussions;
- Present the draft match to the CCAB for consideration;
- Revise and/or adopt the revised match calculation;
- Apply new match calculation for school districts and BOCES for future grant cycles.

**Recommendation #:** 3c

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should take steps to better ensure that matching fund requirements reflect the financial capacity of the district and to ensure equity in the process by:

- c. Implementing a mechanism for the Assistance Board to obtain documentation that supports each waiver request. This should include the Department providing information it maintains that is relevant to each waiver request to the Assistance Board and the Assistance Board requiring school districts to submit any additional information needed as part of their waiver requests.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Assistance Board will identify the types of documentation that will be required for waiver requests and will consider the documentation collected by the Department and received from the school districts when evaluating waiver requests.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Assistance Board created a waiver application with the intent of developing a standardized waiver process for grant applicants.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed the Energy and Mineral Impact Grant Process for waiver requirements.
- Reviewed the Limited Gaming Impact Grant Program for waiver requirements.

- Reviewed the Historical Preservation Grant Program for waiver requirements.
- Reviewed the Colorado HIV and AIDS Prevention Grant Program for waiver requirements.
- Division staffer created a draft waiver application.
- Presented the draft to the Division staff for discussion and revision.
- Proposed draft application and necessary supporting documentation requirements for evaluating waiver requests to Assistance Board at their November meeting.
- Division staff incorporated Assistance Board revisions and sought out Attorney General input to ensure statutory compliance.
- Assistance Board adopted the waiver application and supporting documentation requirements at their December meeting.
- Made the waiver application available to grant applicants by including it in the grant application and posting it on the BEST website.

**Recommendation #:** 3d

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should take steps to better ensure that matching fund requirements reflect the financial capacity of the district and to ensure equity in the process by:

- d. Developing and implementing an evaluation tool to guide the evaluation of each matching fund waiver request and to document the reasons for approval or denial of each request. As part of this process, the Assistance Board should review supporting documentation provided by the Department and districts to ensure that the need for a waiver is adequately documented.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Assistance Board will develop a formal evaluation tool for matching fund waiver requests and will review supporting documentation provided by the Department and the school districts in the evaluation of matching fund waiver requests.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and the waiver evaluation tool will be utilized on May 20<sup>th</sup> by the Capital Construction Assistance Board when evaluating grant applications. To address this recommendation the, Assistance Board developed a waiver evaluation tool, similar to recommendation 2a, for scoring and approving waiver requests.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.

- Reviewed the Energy and Mineral Impact Grant Process for evaluating waiver requests.
- Reviewed the Limited Gaming Impact Grant Program for evaluating waiver requests.
- Reviewed the Historical Preservation Grant Program for evaluating waiver requests.
- Reviewed the Colorado HIV and AIDS Prevention Grant Program for evaluating waiver requests.
- A Division staffer developed a draft evaluation tool for the Assistance Board to utilize when reviewing waiver applications.
- Presented the draft evaluation tool to the Division staff for discussion and revision.
- Presented the draft evaluation tool to the Assistance Board for discussion at their November meeting.
- The Assistance Board adopted the final evaluation tool at their December meeting.

**Recommendation #:** 4a

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should maximize the safeguards in place to prevent the appearance of, or actual conflicts of interest by:

- a. Implementing rules that align with the Colorado Code of Ethics to ensure that members do not evaluate or vote on projects in which they may have a financial interest. To maximize the safeguards against such conflicts, the Board should revise its rules to prohibit members from playing any active role in a grant-funded project that the member voted on or evaluated.

**Agency's Response:** Agree. Implementation date: May 2014

**Agency's Written Response in Audit Report:**

The Public School Capital Construction Assistance Board takes conflict of interest issues very seriously and will re-evaluate the conflict of interest rules, in consultation with the Office of the Attorney General to identify the changes that may be necessary to ensure alignment with the Colorado Code of Ethics and maximize safeguards to prevent perceived or actual conflicts of interest. The Assistance Board will make adjustments to the rules as appropriate. Given that the rule-making process takes approximately four months, the updated rules will be in effect about the same time as the upcoming grant review cycle. If the revised conflict of interest rules are not yet finalized at the time of the of the upcoming grant review cycle, it is the intent of the Assistance Board to follow the revised conflict of interest rules which will be in process.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Assistance Board evaluated their current conflict of interest rules and processes and made the necessary changes to put safe guards in place, as well as to comply with the Colorado Code of Ethics.

Specifically, the Division has taken the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Division consulted with their Attorney General on conflict of interest rules, Colorado Code of Ethics and Amendment 41.
- Developed a proposed revision to the conflict of interest BEST Rules.
- Reviewed other agencies rules for conflict of interest.
- Presented the conflict of interest revisions for discussion at the January Assistance Board meeting.
- Division made changes as necessary based on the Assistance Board discussion.
- Division initiated the Secretary of State rule-making process for amending the BEST Rules.
- The Assistance Board received Amendment 41 training from the State Ethics Commission at their February meeting.
- Held a public hearing and took action to adopt the proposed changes to the BEST Rules at their March meeting.
- Submit adopted rules to Secretary of State Office.
- Assistance Board received conflict of interest training from their Attorney General at their April board meeting.
- Secretary of State rule-making timeline completed and proposed rules became enacted prior to May board meeting.

**Recommendation #:** 4b

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should maximize the safeguards in place to prevent the appearance of, or actual conflicts of interest by:

- b. Establishing in rules a clear process for handling conflicts of interest when they arise, including enforcement measures that can be used should members not comply with conflict of interest policies.

**Agency's Response:** Agree. Implementation date: May 2014

**Agency's Written Response in Audit Report:**

The Assistance Board will review and update the existing rules related to conflict of interest disclosure and enforcement and will develop a formalized process for documenting and acting upon potential conflicts of interest.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Assistance Board revised conflict of interest section 3 of existing BEST Program Rules 1-CCR 303-3 to address consequences of conflict of interest violations by Board members.

Specifically, the Division has taken the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Division consulted with their Attorney General on conflict of interest rules, Colorado Code of Ethics and Amendment 41.
- Developed a proposed revision to the conflict of interest BEST Rules.

- Reviewed other agencies rules for conflict of interest.
- Presented the conflict of interest revisions for discussion at the January Assistance Board meeting.
- Division made changes as necessary based on the Assistance Board discussion.
- Division initiated the Secretary of State rule-making process for amending the BEST Rules.
- The Assistance Board received Amendment 41 training from the State Ethics Commission at their February meeting.
- Held a public hearing and took action to adopt the proposed changes to the BEST Rules at their March meeting.
- Submitted adopted rules to Secretary of State Office.
- Assistance Board received conflict of interest training from their Attorney General at their April board meeting.
- Secretary of State rule-making timeline completed and proposed rules became enacted prior to May board meeting.

**Recommendation #:** 4c

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Public School Capital Construction Assistance Board (the Assistance Board) should maximize the safeguards in place to prevent the appearance of, or actual conflicts of interest by:

- c. Documenting Assistance Board member disclosures of conflicts of interest, including the date of the disclosure, the Assistance Board member involved, and the nature of the conflict. Documentation should be retained and made available at all Assistance Board meetings in which evaluation of applications or voting occurs to ensure that Assistance Board members comply with rules to recuse themselves from voting on a project if they have prior involvement with the applicant or project.

**Agency's Response:** Agree. Implementation date: February 2014

**Agency's Written Response in Audit Report:**

The Assistance Board will document and retain conflict of interest disclosures and make those disclosures available at Assistance Board meetings to ensure that Assistance Board members recuse themselves appropriately and do not vote on action items related to projects in which the members have a real or apparent conflict of interest. The Assistance Board will immediately begin documenting and publicizing conflict of interest disclosures on the Capital Construction Assistance website and will subsequently develop a formal disclosure statement.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Assistance Board adopted a standard form for documenting Board actions when they provide notice and take action about possible conflict of interest.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.

- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed other agencies forms for conflict of interest.
- Division staff developed a form for the Assistance Board to use for notification of potential conflicts of interest and actions taken.
- Presented the form to the Assistance Board for discussion at their November meeting.
- Assistance Board adopted the form and implemented it at their December meeting.
- Division developed a process for retaining the forms.

**Recommendation #:** 5a

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should establish written policies and procedures to strengthen its management of grant contract budgets. Specifically, these policies and procedures should include:

- a. Mechanisms to obtain finalized, line-item budgets for each grant contract that serve as a basis for the Department's monitoring of grant expenditures.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance currently requests and receives a preliminary line item budget with all grant applications and, at times, finalized line item budgets. In the future, the Department will include provisions in grant recipient contracts that require districts to provide the Department with a finalized line item budget for all projects. The Department will review and approve the final line item budget prior to approving payment of any funding requests.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division revised the grant contract to contain language for providing finalized line item budgets to the Division.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Met with the Department's contracts administrator to develop draft language for the grant contract.

- Reviewed the State of Colorado Procurement Manual for language regarding components of contract monitoring.
- Presented the language to the Division staff for discussion and revision.
- Upon Attorney General review, the Division finalized the language for BEST grant contracts.
- Presented and trained final policy to Division staff.
- Will utilize revised grant contract on all new BEST grant projects.

**Recommendation #:** 5b

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should establish written policies and procedures to strengthen its management of grant contract budgets. Specifically, these policies and procedures should include:

- b. A requirement that grant recipients submit funding requests that align with the finalized line-item budgets.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department will continue to perform a detailed review of each invoice prior to reimbursement to ensure compliance with the awarded project scope and will implement a process in which the school district aligns their requests for funds with a detailed line item budget.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division created a policy which includes provisions for detailed line item budgets, aligning those budgets with funding requests and frequency of budget submittals.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed sample detailed project budgets and assessed what standard items must be included on all projects budgets.
- Reviewed the Colorado Department of Education's School Counselor Corps grant program, and other Department's grant programs policies on budget monitoring.
- Reviewed the State Historical Fund's policies on budget monitoring.

- Developed a draft policy for obtaining detailed line item budgets, which would align with funding requests, and listed provisions for what the budgets should include.
- Presented the draft policy to the Division staff for discussion and revision.
- Finalized what provisions will be included with the detailed line item budgets.
- Created a Division policy for the Division's Standard Operating Procedures.
- Presented and trained the final policy to Division staff.

**Recommendation #:** 5c

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should establish written policies and procedures to strengthen its management of grant contract budgets. Specifically, these policies and procedures should include:

- c. Direction to the Department's project consultants on conducting detailed monitoring of grant expenditures against the finalized line-item budgets to ensure funds are spent according to the budget and are not transferred among line-items. The direction should also address the type and quantity of monitoring activities they are required to conduct and how the project consultants should document their monitoring activities.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department's new Standard Operating Procedure will document the expectations for the ongoing grant monitoring activities, including comparing expenditures against the finalized line-item budget, and outline standard documentation of these activities.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division created a policy for reviewing and monitoring detailed line item budgets.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.

- Reviewed the Colorado Department of Education's School Counselor Corps and other department grant program policies on budget monitoring.
- Reviewed the State Historical Fund's policies on budget monitoring.
- Developed a draft policy for when Division staff is to obtain detailed line item budgets and what they are to be reviewed for.
- Presented this plan to the Division staff for discussion and revision.
- Finalized the process for reviewing detailed line item budgets.
- Created a Division policy for the Division's Standard Operating Procedures.
- Presented and trained the final policy to Division staff.

**Recommendation #:** 5d

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should establish written policies and procedures to strengthen its management of grant contract budgets. Specifically, these policies and procedures should include:

- d. Including in the grant contracts definitions of allowable expenditures that are tailored to meet the overall program purposes. If guidance on allowable expenditures changes, it should be applied prospectively, except where federal bond requirements necessitate retroactive application.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department will review and clarify existing guidance on allowable expenditures as needed and incorporate this into a definition within the grant contracts.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division created a policy for reviewing and monitoring detailed line item budgets and referenced these requirements within the grant contract.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed the Colorado Department of Education's School Counselor Corps and other department grant program policies on budget monitoring.

- Reviewed the State Historical Fund's policies on budget monitoring.
- Developed a draft policy for when Division staff is to obtain detailed line item budgets and what they are to be reviewed for.
- Presented this plan to the Division staff for discussion and revision.
- Finalized the process for reviewing detailed line item budgets and reviewing allowable expenditures.
- Created a Division policy for the Division's Standard Operating Procedures.
- Presented and trained the final policy to Division staff.
- Will utilize revised grant contract on all new BEST grant projects.

**Recommendation #:** 5e

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should establish written policies and procedures to strengthen its management of grant contract budgets. Specifically, these policies and procedures should include:

- e. Additional performance expectations in the Department's contract with the districts requiring that districts manage project expenditures to the approved grant project and revert funds not needed for delivering the project, as approved in the grant award, to the Department for use on other projects.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department will review and update our grant recipient contracts with school districts to further clarify the expectations of the school district in relation to management of the project budget and require districts to revert to the Department any monies not needed to deliver the project, as approved.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division modified their grant contract to include language instructing districts to revert to the Department any cost savings or unused monies.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed the State of Colorado Procurement Manual for language regarding components of contract monitoring.

- Met with the Department's contracts administrator to develop draft language for the grant contract.
- Presented this plan to the Division staff for discussion and revision.
- Upon Attorney General review, the Division finalized the language for BEST grant contracts.
- Trained Division staff on new language so they may instruct grant recipients of the process.
- Will utilize the new grant contract on all new BEST cash grant projects.

**Recommendation #:** 6a

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should implement a more robust system for monitoring grant projects by:

- a. Establishing standardized contract provisions that require grant recipients to adhere to standards and provide the Department with (1) standardized written progress reports detailing project progress, evidence of site visits, and areas of concern and proposed solutions; and (2) documentation demonstrating that key quality processes such as design review, inspections, and quality testing have been completed.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department of Education's Division of Public School Capital Construction will develop standardized contract provisions with customized information and timing that is correlated to the project type and scope. The elements listed in the recommendation will be included in the contracts with grant recipients. Department staff will review the required documentation as part of their ongoing grant monitoring activities.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division modified their grant contract to contain provisions on reporting requirements for projects to show evidence of specific quality control and construction milestones have been met.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.

- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed the State of Colorado Procurement Manual for language regarding components of contract monitoring.
- Reviewed the Federal Highway Administration's construction management program guidelines.
- Reviewed the Colorado State Historical Fund's grant manual's procedures for monitoring the quality of construction projects
- Consulted with Division Attorney General and developed draft contract provisions that require grant recipients to adhere to specified reporting standards.
- Met with the Department's contracts administrator to develop draft language for the grant contract.
- Presented the draft to Division staff for discussion and revision.
- Finalized the language for BEST grant contracts.
- Trained Division staff on the new language so they may instruct grant recipients on the new process.
- Will utilize the new grant contract language on all new BEST cash grant projects.

**Recommendation #:** 6b

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should implement a more robust system for monitoring grant projects by:

- b. Establishing policies and procedures to provide direction on what Department staff should monitor; what should be monitored through various means such as review of reports and materials from the grant recipient, phone calls and emails, and on-site visits; and the criteria that will be used to evaluate the grant recipient's performance. Written policies should include standards for the frequency of site visits and what consultants should do on a site visit to evaluate the progress and ensure the district's project manager is adequately overseeing the quality of the project.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department's new Standard Operating Procedure will document the expectations for the ongoing grant monitoring activities performed by Department staff.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division created policies for grant monitoring, reporting, site visits and guidance. The Division also created a site visit log to document their visits and a project certification form to document quality controls have been put in place.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.

- Reviewed the Federal Highway Administration's construction management program guidelines.
- Reviewed the Colorado State Historical Fund's grant manuals procedures for monitoring the quality of construction projects.
- Developed draft Division policies for grant monitoring, reporting and guidance standards.
- Presented the drafts to the Division staff for discussion and revision.
- Finalized the policies and forms for grant monitoring, reporting, site visits and guidance standards.
- Documented Division policies in the Division's Standard Operating Procedures.
- Presented and trained the final policies to Division staff.

**Recommendation #:** 6c

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should implement a more robust system for monitoring grant projects by:

- c. Developing requirements for how Department staff should document their contract monitoring activities, including phone calls, emails, in-person contacts, and reviews of materials submitted by grant recipients.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

As stated above, the Division's new Standard Operating Procedure will provide formalized guidance on the standard documentation for the ongoing grant monitoring activities performed by the Department staff.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division created policies for grant monitoring, reporting and guidance.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Reviewed the Federal Highway Administration's construction management program guidelines.
- Reviewed the Colorado State Historical Fund's grant manuals procedures for monitoring the quality of construction projects.
- Developed draft Division policies for grant monitoring, reporting and guidance standards.

- Presented the drafts to the Division staff for discussion and revision.
- Finalized the policies for grant monitoring, reporting and guidance standards.
- Documented Division policies in the Division's Standard Operating Procedures.
- Presented and trained the final policies to Division staff.

**Recommendation #:** 7a

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education’s Division of Public School Capital Construction Assistance (the Department) should improve its ability to hold cash grant recipients legally responsible for delivering the project covered by the grant by:

- a. Revising its cash grant contract form to specifically incorporate the exhibits describing the project scope, time line, and deliverables, or include the project scope, time line, and deliverables in the body of the contract.

**Agency’s Response:** Agree. Implementation date: Implemented

**Agency’s Written Response in Audit Report:**

Department of Education’s Division of Public School Capital Construction Assistance has revised the cash grant contract form to include the missing words “incorporate by reference” to formally incorporate exhibits.

**Current Implementation Status of Recommendation:** Implemented

**Agency’s Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division inserted the words “incorporate by reference” into the definition of “Exhibit” in section “IV, Definitions” of the BEST Cash Grant contract to formally incorporate exhibits.

This task was complete before completion of the audit.

**Recommendation #:** 7b

**Agency Addressed:** Department of Education

**Recommendation Text in Audit Report:**

The Department of Education's Division of Public School Capital Construction Assistance (the Department) should improve its ability to hold cash grant recipients legally responsible for delivering the project covered by the grant by:

- b. Amending any active cash grant contracts that are not substantially complete to incorporate the exhibits into the contracts.

**Agency's Response:** Agree. Implementation date: December 2013

**Agency's Written Response in Audit Report:**

The Department will perform a risk analysis on existing cash grant contracts and will amend any contracts deemed to be high-risk based upon factors including project completion status.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

This recommendation has been fully implemented and met the noted implementation date. To address this recommendation, the Division determined which contracts were "high-risk" based on size, complexity, and status of the work. Eight grant contracts were deemed "high-risk" and were amended to include the words "incorporate by reference" into the definition of "Exhibit" in section "IV, Definitions" of the BEST Cash Grant contract.

Specifically, the Division took the following steps to implement this recommendation:

- Presented the implementation plan to Division staff for discussion and revision.
- The Division presented the implementation plan to the Assistance Board for discussion and revision at their October 2013 board retreat.
- Division staff reviewed all open BEST Cash Grant projects and coordinated with the Attorney General.

- Based on size, complexity, and status of the work, BEST Cash Grants deemed “high-risk” were amended to include the words “incorporate by reference” into the definition of “Exhibit” in section “IV. Definitions” of the BEST Cash Grant contract to formally incorporate exhibits.