



**REPORT OF  
THE  
STATE AUDITOR**

**STATE OF COLORADO  
STATEWIDE SINGLE AUDIT**

**Fiscal Year Ended June 30, 2004**

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## STATE OF COLORADO

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March 7, 2005

### Members of the Legislative Audit Committee:

Included herein is the report of the Statewide Single Audit of the State of Colorado for the fiscal year ended June 30, 2004. The audit was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all state departments, institutions, and agencies.

The purpose of this report is to present the results of the Statewide Single Audit for the year ended June 30, 2004. The report includes our audit opinion on the Schedule of Expenditures of Federal Awards and our reports on compliance and internal control over financial reporting and Office of Management and Budget *Circular A-133*. This report also contains our findings, conclusions, and recommendations, and the responses of the respective state agencies. Our opinion on the State's financial statements is presented in the State's Comprehensive Annual Financial Report which is available under separate cover.

This report may not include all of the findings and recommendations related to audits performed of state institutions and agencies. Some findings and recommendations are issued under separate report covers. However, in accordance with the Single Audit Act, this report includes all findings and questioned costs related to federal awards that came to our attention through either the Statewide Financial and Compliance Audit or other audits.

The report is intended solely for the use of management and the Legislative Audit Committee and should not be used for any other purpose. This restriction is not intended to limit distribution of the report, which, upon release by the Legislative Audit Committee, is a matter of public record.

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### **OTHER REPORTS ISSUED APPLICABLE TO THE SINGLE AUDIT**

The State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004, is available in hard copy from the State Controller's Office and electronically at:

<http://www.colorado.gov/dpa/dfp/sco/cafr/cafr04/cafr04.htm>

## **Report Summary**



**STATE OF COLORADO  
OFFICE OF THE STATE AUDITOR**

**REPORT SUMMARY**

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**Joanne Hill, CPA  
State Auditor**

**STATE OF COLORADO  
STATEWIDE SINGLE AUDIT  
FISCAL YEAR ENDED JUNE 30, 2004**

**Authority, Purpose, and Scope**

This audit was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial and compliance standards contained in the *Government Auditing Standards* issued by the U.S. Government Accountability Office. We performed our audit work during the period January through December 2004.

The purpose of this audit was to:

- Express an opinion on the State's financial statements for the fiscal year ended June 30, 2004.
- Express an opinion on the State's Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2004.
- Review internal accounting and administrative control procedures as required by generally accepted auditing standards and generally accepted government auditing standards.
- Evaluate compliance with applicable state and federal laws, rules, and regulations.
- Evaluate progress in implementing prior audit recommendations.

We expressed an unqualified opinion on the State's financial statements and an unqualified opinion on the State's Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2004. Our opinion on the financial statements is presented in the State's Comprehensive Annual Financial Report, which is available in hard copy from the State Controller's Office and electronically at [www.colorado.gov/dpa/dfp/sco/cafr/cafr04/cafr04.htm](http://www.colorado.gov/dpa/dfp/sco/cafr/cafr04/cafr04.htm). Our opinion on the Schedule of Expenditures of Federal Awards is presented under the Federal Awards Schedule section of this report.

*For further information on this report, contact the Office of the State Auditor at 303.869.2800.*

## **Current Year Findings and Recommendations**

This report presents the results of the Statewide Financial and Compliance Audit for Fiscal Year 2004. The report may not include all findings and recommendations from separately issued reports on audits of state departments, institutions, and agencies. However, in accordance with the Single Audit Act, this report includes all findings and questioned costs related to federal awards that came to our attention through either the Statewide Financial and Compliance Audit or other audits.

As part of our Statewide Financial and Compliance Audit, we examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We considered the internal controls over financial reporting; tested compliance with certain provisions of federal and state laws, regulations, contracts, and grants; and tested account balances and transactions for proper financial reporting.

The following presents highlights of findings included in our report. Please refer to the Recommendation Locator following this summary for a complete listing of all recommendations, agency responses, and implementation dates, as well as references to the location of each recommendation in the report.

## **Internal Controls**

Agencies are responsible for having adequate controls in place to ensure compliance with laws and regulations and with management's objectives. As part of our audit, we tested controls over the processing of transactions and accounting for financial activity and identified the need for improvements in the following areas:

- Three agencies did not have adequate controls in place over accounts receivable. Although the Department of Health Care Policy and Financing had identified differences between the balances on COFRS and its internal system, it did not determine the reason for differences or make all necessary adjustments to the Medicaid receivable to ensure the amounts recorded on its internal system and the State's accounting system (COFRS) were in agreement. The Department of Human Services' reconciliation of the Colorado Mental Health Institute at Fort Logan's patient accounts receivable did not agree to COFRS at year-end. Further, the Department of Transportation did not perform reconciliation procedures at year-end for accounts receivable accounts recorded on COFRS. This lack of control resulted in audit adjustments totaling \$2.1 million.
- The Department of Revenue did not have adequate controls in place ensuring password usage to protect confidential documentation, such as taxpayer information. We found that 71 percent of the unattended computer terminals tested did not comply with Department procedures to activate the password protection function.

- The Department of Human Services lacks adequate controls over the procurement card process to ensure purchases are coded correctly to COFRS, that cardholder statements are signed within a reasonable time frame, and that purchases are appropriate. The Department's procurement card purchases totaled about \$6.6 million for Fiscal Year 2004.

## Financial Reporting

State agencies are responsible for reporting financial activity accurately and completely. The State Controller's Office (SCO) establishes standard policies and procedures that must be followed by state agencies. As part of our audit, we reviewed the policies and procedures related to financial reporting that were in place at both the SCO and agencies and tested a sample of financial transactions to ensure that financial activity was reported properly. We found:

- The Departments of Human Services and Labor and Employment did not properly record software expenditures as computer system assets prior to the end of the fiscal year. Expenditures incurred through Fiscal Year 2004 for the two computer systems equal \$118.2 and \$23.6 million, respectively. Further, we noted that the Department of Natural Resources does not have adequate controls in place to ensure disposals of assets from its internal database include proper approvals and documentation prior to asset removal. During the fiscal year, the Department removed assets totaling \$78,000 from its database without adequate supporting documentation.
- Three departments were not performing adequate reconciliations between their internal systems and COFRS to ensure that the amounts reported on the State's financial statements are correct. We found that better controls over reconciliations are needed at the Departments of Health Care Policy and Financing, Human Services, and Transportation.

## Federal Grants

The State expended about \$5.5 billion in federal grants in Fiscal Year 2004. As part of our audit, we determined compliance with federal regulations and grant requirements. Among other requirements, we tested for allowable activities, allowable costs, cash management, eligibility, reporting, and subrecipient monitoring.

**Medicaid:** The Medicaid program, administered by the Department of Health Care Policy and Financing (HCPF), is the State's largest federal program. During Fiscal Year 2004, Medicaid expenditures at HCPF totaled about \$2.9 billion (state and federal funds). Some of the more significant problems noted with the management of the Medicaid program were as follows:

- We continued to identify issues with the Department's oversight of Medicaid eligibility determinations for individuals and Medicaid provider licensing. Specifically, we noted that eligibility testing under a federally-approved pilot project begun in June 2002 was not

## SUMMARY

completed at the end of Fiscal Year 2004. Further, 77 percent of provider files reviewed did not contain one or more documents required to ensure the provider was eligible under the program.

- We identified almost 19,000 claims totaling nearly \$2.1 million that were paid for service dates after eligible recipients' date of death for Fiscal Year 2003. Of these claims, 1,909 claims totaling approximately \$882,000 were paid to Health Maintenance Organizations contracted with by the Department of Health Care Policy and Financing to care for Medicaid-eligible recipients.
- Adequate controls are not in place to ensure that payments for prescription drugs are made only for covered drugs. We identified that an estimated \$500,000 in questionable payments were made for drugs which appear to be ineligible for federal reimbursement.

**Student Financial Aid:** State higher education institutions paid out about \$426 million in student loans and grants in Fiscal Year 2004. We found the following problems at various state schools:

- At four institutions, including one community college, controls over draws of federal funds were either not adequate to ensure proper segregation of duties or to ensure draws were sufficient to cover federally-reimbursable expenditures.
- At nine institutions, including six community colleges, adequate controls were not in place to prevent overpayments to students receiving financial aid and to ensure the return of federal funds in cases where students withdrew from school, declined awards, or the institution's automated process caused an overpayment.

**Donated Foods Program, Temporary Assistance for Needy Families (TANF), Housing and Urban Development (HUD) Section 8 Housing Choice Vouchers Program, Older Americans Act Programs:** We found problems at the Department of Human Services with the administration of federal programs. These four program areas represent over \$172.5 million, or 21.3 percent, of the \$808.4 million in federal funds expended by the Department in Fiscal Year 2004. We noted the following areas where improvements are needed:

- We identified weaknesses in the Department's internal controls over donated commodity programs, including problems with the Department's inventory reconciliation process, a lack of adequate monitoring of donated food distributors, and insufficient tracking of outdated commodities. The Department expended a total of \$16.3 million in commodity inventory issuance and federal administrative funds under the various programs for which it distributes commodities. We noted similar problems during our Fiscal Year 2001 audit.
- Two primary problems were found in relation to TANF, for which the Department expended over \$230 million (state and federal funds) in Fiscal Year 2004. First, we identified

problems with 8 of 33 (24 percent) administrative expenditures tested. Specifically, we noted instances of improper coding and one instance in which an unallowable expenditure under the program was made. Second, we noted one instance in which a TANF program sanction against a recipient for a violation of state and federal regulations was not enforced by a county caseworker. As a result, the TANF participant received an overpayment of more than \$400.

- We determined that, in the sample of 54 cases tested, the Department overpaid in 8 cases for a total of \$11,175 in housing assistance payments under the HUD Section 8 Housing Choice Vouchers Program. These payments were made to one local service provider who was also acting as a landlord.
- We found problems with the quality of care, management and general program administration for the Older Americans grant programs. For example, we found that 11 of 15 providers in our sample received \$262,000 in payments for services that do not appear to have been delivered.

## **Communication of Audit-Related Matters**

There were no unusual or significant matters reported in connection with the audit of the State of Colorado for the year ended June 30, 2004. Uncorrected misstatements identified during the Fiscal Year 2004 audit were determined by management and the Office of the State Auditor to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The net effect of the uncorrected misstatements would have been to decrease the net assets by about \$226,000, increase assets by about \$173,000, increase liabilities by almost \$1.9 million, decrease revenue by about \$2.2 million, and decrease expenditures by nearly \$725,000. Appendix B shows the net and gross passed audit adjustments by agency and the net and gross posted audit adjustments by agency. A full disclosure of communications required under generally accepted auditing standards can be found in the Other Required Reports section.

## **Recommendation Locator**

The Recommendation Locator following this summary is arranged by department. In addition, Appendix A contains a separate Locator with additional columns to provide the information necessary to meet Single Audit reporting requirements. The CFDA No./Compliance Requirement/Federal Entity column indicates the federal program, category of compliance requirement, and applicable federal agency. The contact for the Corrective Action Plan designates the state agency contact person. For those findings not subject to the Single Audit Act, the CFDA No./Compliance Requirement/Federal Entity column is marked “not applicable.”

## SUMMARY

### Summary of Progress in Implementing Prior Recommendations

This report includes an assessment of the disposition of prior audit recommendations reported in both the Statewide Single Audit Reports and the Statewide Financial and Compliance Audit Reports for Fiscal Years 1997 through 2003. If a recommendation was reported in both, it has only been included once in the following table. Additionally, prior years' recommendations that were implemented in Fiscal Year 2003 or earlier are not included.

Statewide Single and Financial Audit Reports by Fiscal Year								
	Total	2003	2002	2001	2000	1999	1998	1997
Implemented	56	42	14	0	0	0	0	0
Partially Implemented	44	20	14	9	0	0	0	1
Not Implemented	8	6	1	1	0	0	0	0
Deferred	7	4	2	1	0	0	0	0
Ongoing	4	3	1	0	0	0	0	0
No Longer Applicable	5	1	1	3	0	0	0	0
<b>Total</b>	<b>124</b>	<b>76</b>	<b>33</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	28	The Department of Corrections should expand its monitoring process for privately operated facilities to ensure that complete and accurate documentation is maintained to support all activity in inmate bank accounts, Administrative Regulations are properly enforced, and appropriate internal controls are in place to ensure accurate processing of inmate account activity.	Agree	6/30/2005
2	29	The Department of Corrections should review its policies and procedures for inventory counts at year-end and modify as deemed necessary to ensure accurate inventory counts are completed.	Agree	6/30/2005
3	32	The Department of Education should strengthen controls over personnel processes by (a) enforcing its existing policy or revising the policy to ensure that all initial hires are properly approved and documented and that salary adjustment forms include all necessary approvals, and (b) establishing policies and procedures over hiring of family members to ensure that situations of nepotism and perceptions of conflicts of interest are avoided.	Agree	5/2005
4	34	The Department of Education should strengthen its controls over personnel and payroll activities by (a) establishing procedures that require supervisors to sign and approve employee timesheets to indicate that the timesheets are accurate and that leave taken has been properly documented, (b) limiting the Human Resources Director's access to the State's central Human Resources system (EMPL) so that adequate segregation of duties is achieved or developing compensating controls which may include signature approval of the payroll turnaround report or other documentation, and (c) educating Unit Directors regarding the information contained in the monthly budget to actual reports so that the review of the reports can be used as a control over payroll costs.	Agree	5/2005
5	38	The Department of Health Care Policy and Financing should ensure that it routinely reconciles accounts receivable on COFRS to subsidiary ledgers and makes necessary adjustments in a timely manner.	Agree	6/30/2005
6	44	The Department of Human Services should improve controls over the patient revenue reconciliation process at the Fort Logan Mental Health Institute by (a) performing revenue reconciliations that are complete, timely, and adequately reviewed; and (b) ensuring staff members are adequately qualified, trained, and supervised, and seek higher-level assistance when problems are identified.	Agree	a. 1/2005 b. 12/2004

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
7	46	The Department of Human Services should ensure capital asset expenditures are appropriately recorded on COFRS by (a) reviewing expenditures related to the CBMS system that were incurred prior to Fiscal Year 2003 to determine those costs that should have been capitalized as an asset rather than expensed on COFRS and making necessary adjustments; and (b) instituting a process for reviewing expenditures for all future capital asset projects, including information systems, and recording appropriate amounts for capitalization on a timely basis.	Agree	7/2005
8	48	The Department of Human Services should implement procedures to ensure a physical inventory is conducted at least annually of all leased microcomputers.	Agree	6/2005
9	51	The Department of Human Services should improve controls over its purchasing card program by (a) instituting and enforcing a formalized policy requiring approving authorities to address all problems identified in their areas through the Division of Procurement's purchasing card reviews, (b) establishing a system for tracking actions taken by approving authorities to address problems identified through the Division of Procurement's purchasing card reviews, (c) providing periodic training as determined necessary in problem areas identified through the Division of Procurement's purchasing card reviews, and (d) considering the use of a graduated point system with defined consequences for cardholder violations.	Agree	a. 7/1/2005 b. 4/2006 c. 10/1/2005 d. 6/30/2006
10	56	The Office of the Child's Representative should ensure that all contracts are signed by all parties to the contract.	Agree	10/1/2004
11	59	The Department of Labor and Employment should implement procedures for a more thorough review of estimates at year-end by (a) comparing the current year major estimates exhibits to the prior year and investigating significant fluctuations, (b) reviewing previous year's post closing entries to determine if there are changes which affect current year calculations, (c) discussing any changes in methodology of the calculation with the statistician or individual responsible for the calculation on each estimate to determine if the change is reasonable, (d) assigning review responsibilities for estimates to individuals knowledgeable of facts and assumptions for the estimate and review of year-end adjustments to ensure that ending account balances are correct, and (e) reviewing of significant capital construction activity to ensure year-end accruals are recorded and that estimates are made for invoices not yet received.	Agree	a. 6/30/2005 b. 6/30/2005 c. 6/30/2005 d. Implemented e. Implemented

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
12	61	The Department of Labor and Employment should ensure amounts recorded as refunds due to employers for overpayment of unemployment insurance tax are accurate and complete, and ensure that the <i>genesis</i> system will generate reports listing the detail on refunds owed to individual employers for unemployment insurance tax refunds.	Agree	12/2005
13	63	The Department of Labor and Employment should consult with the State Controller's Office or others on a timely basis to ensure proper recording of transactions prior to year-end close, and ensure future direct purchases or constructed capital assets are properly capitalized according to the Fiscal Procedures Manual.	Agree	Implemented
14	68	The Department of Natural Resources should continue working to improve controls over capital assets and ensure assets are recorded accurately on the State's accounting system by (a) specifying what type of documentation is required before an asset will be removed from the Department's capital asset database and communicating this requirement to staff, (b) enforcing its policies requiring the timely reporting of missing items as well as investigating potential theft or embezzlement in accordance with the Department's internal policy and State of Colorado Fiscal Rules if sufficient documentation regarding the disposal of the asset is not presented in a timely manner, and (c) implementing independent review procedures over the reconciliation process.	Agree	a. 6/30/2005 b. 6/30/2005 c. 12/31/2004
15	70	The State Board of Land Commissioners should continue to improve its surface lease procedures by billing hold-over tenants while the renewal is under consideration.	Agree	2/2005
16	77	The State Controller's Office should ensure compliance with statutory requirements for transfers of General Fund surplus to the Highway Users Tax Fund and the Capital Construction Fund by (a) complying with the statutory date for making these transfers or developing options for the timing of these transfers and working with the General Assembly to revise the statutory transfer date, and (b) seeking legal guidance from the Attorney General's Office regarding the correct manner for calculating the Fiscal Year 2003 reserve and in the future in cases where statutes have conflicting requirements that affect the amounts of these transfers.	Partially Agree	9/2005

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
17	79	The Department of Personnel and Administration should ensure that the Technology Management Unit improve its controls over COFRS access by (a) requiring Financial System Team (FST) management to provide end dates enabling the automated process to suspend contractors access, and (b) implementing a process to ensure FST management reviews access privileges in a timely manner when employee and contractor assignments change.	Agree	2/2005
18	89	The Department of Regulatory Agencies should record revenue in accordance with generally accepted accounting principles.	Agree	6/30/2005
19	94	The Department of Revenue should timely bill taxpayers identified as owing taxes to the State.	Agree	3/2005
20	97	The Department of Revenue's Information Technology Division should improve its password usage policy to prevent unauthorized access to the Department's network and confidential information by (a) instructing and assisting employees on setting up password protection on their computers, (b) training employees on the importance of password protection and securing their computers, and (c) clarifying the password usage policy.	Agree	3/2005
21	102	The Department of Revenue should improve controls over processing severance tax returns by (a) following up with taxpayers who do not submit required supporting documents with returns; (b) entering all critical data from returns and supporting documents into the internal tax system; (c) implementing additional math edits to match information from supporting documents to that reported on returns and to recalculate the tax liability owed, as well as penalties and interest due; (d) establishing more rigorous review procedures for returns that exceed the Department's internal threshold for refund requests; and (e) seeking statutory change to allow enforcement of the withholding requirement in cases where the producer fails to withhold and submit the statutorily required 1 percent of gross income from interest owners on a quarterly basis.	Agree	a. 10/2005 b. 6/2006 c. 6/2006 d. 5/2005 e. 6/2005
22	105	The Department of Revenue should improve controls over severance tax quarterly withholding and annual reconciliations by (a) identifying all producers who file quarterly withholding returns but fail to file annual reconciliations and taking appropriate action, including assessing penalties and interest; and (b) reviewing annual reconciliations to ensure that supporting documentation is submitted and agrees to the reconciliation and following up as appropriate.	Agree	a. 6/2005 b. 6/2006

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
23	108	The Department of Revenue should investigate more effective ways to collect oil and gas severance taxes owed to the State.	Agree	6/2005
24	117	The Department of Transportation should implement adequate controls over year-end reconciliation by (a) establishing a realistic schedule for the completion of reconciliations of significant balance sheet accounts in the operating fund and all accounts in the debt service fund and at the government-wide level on a monthly basis, (b) assigning staff to perform the reconciliations, and (c) designating a supervisor to monitor compliance with the schedule, review all reconciliations, and sign off on the reconciliations to evidence review.	Agree	6/30/2005
25	118	The Department of Transportation should determine the value of assets abandoned, sold, and relinquished in Fiscal Year 2004 and make the appropriate entries on the general ledger, and ensure disposals of roads and rights of way approved by the Transportation Commission are communicated to accounting staff on a timely basis.	Agree	6/30/2005
26	120	The Department of Transportation should develop a system to estimate the annual amount required to maintain and preserve state bridges, tunnels, and roadways at the condition level established and disclosed by the Department.	Agree	6/30/2005
27	125	The Department of Health Care Policy and Financing should improve oversight of Medicaid eligibility systems to ensure that benefits are paid only to individuals eligible for the Medicaid programs by (a) performing random testing of eligibility information determinations, (b) coordinating periodic peer reviews of eligibility determinations with the Department of Human Services, and (c) completing existing reviews to the standards expected by the Centers for Medicare and Medicaid Services and in a timelier manner.	Agree	7/2005
28	126	The Department of Health Care Policy and Financing should ensure that adequate documentation is maintained to support the methodology on which Child Placement Agency payments to Mental Health Assessment and Services Agencies under the Medicaid program are based.	Agree	12/1/2004

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
29	128	The Department of Health Care Policy and Financing should improve controls over provider eligibility by continuing to monitor the fiscal agent's review of all provider files. Reviews should ensure each file includes a current provider agreement and that provider licenses are consistent with the dates of services for which claims payments are made.	Agree	7/1/2005
30	132	The Department of Health Care Policy and Financing should ensure that it is fulfilling its responsibilities as a pass-through entity for the Medicaid program and that Single Entry Point (SEP) agencies are properly monitored by (a) conducting on-site certification reviews of all SEP agencies on an annual basis and following up on compliance issues identified in a timely manner; (b) issuing annual awards letters informing SEP agencies of federal awards received during the year and ensuring the letters contain all required information; (c) requiring all SEP agencies to undergo an OMB Circular A-133 audit within nine months of fiscal year end as required by federal regulations, following up on SEP agencies not in compliance with the requirement, and taking corrective action as necessary; (d) issuing management decisions on a timely basis regarding Medicaid program questioned costs identified in SEP agency OMB Circular A-133 audits, and taking corrective action as necessary; (e) conducting reviews of SEP annual unexpended Medicaid funds reports and taking steps to recover any unexpected amounts; (f) requiring all SEP agencies to submit monthly statements of expenditures and consistently reviewing these statements for propriety; (g) performing a client satisfaction survey as outlined in the State Rules on an annual basis; and (h) completing on-site Financial Compliance Reviews on all SEP agencies on a more frequent, revolving basis, and investigating and requesting repayment of identified disallowed amounts in a timely manner within the statute of limitations period.	Agree	5/31/2005
31	136	The Department of Health Care Policy and Financing should ensure full compliance with the Medicaid Drug Rebate Program requirements by (a) implementing a method for identifying the state-only portion of its prescription drug usage and excluding that portion from the federal Medicaid drug rebate calculations; (b) working with the Centers for Medicare and Medicaid Services (CMS) to determine whether some portion of drug rebates received by the Department are due back to participating Medicaid drug manufacturers and, as necessary, repaying any overpayments; and (c) requesting advance approval from CMS for future rate changes related to its Medicaid Drug Rebate Program to ensure rebates are being properly invoiced to manufacturers, collected by the State and reported to CMS.	a. Agree b. Partially Agree c. Agree	a. 10/31/2005 b. 10/31/2005 c. 2/1/2005
32	139	The Department of Health Care Policy and Financing should require that the fiscal agent obtain a SAS 70 Type 2 audit of the Medicaid Management Information System at the Denver site.	Agree	Implemented

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
33	146	The Department of Health Care Policy and Financing should improve efforts to ensure that outlier claims are appropriate and accurate by (a) working with the utilization management contractor to review all outlier claims for Drug Related Groupings (DRGs) “without complications” for Fiscal Year 2004 and all prior years for which records are available, and the Department should process incorrect DRG assignments for recovery and track recoveries to determine the financial impact of miscoding; (b) expanding future review assignments to include reviews of DRGs without complications; (c) reviewing the methodology for setting the trim point on DRGs and adjusting trim points and DRG weights as needed to reduce or eliminate potential financial incentives for providers to report inaccurate diagnosis or surgical procedure information on their claims, leading to the assignment of incorrect DRGs.	Agree	7/1/2006
34	150	The Department of Health Care Policy and Financing should improve the accuracy of claims payments by (a) reinstating its quality control process for Medicaid claims using the Claims Processing Assessment System, (b) periodically reviewing a sample of fee-for-service claims suspended from payment by the Medicaid Management Information System (MMIS) due to Health Maintenance Organizations enrollment, which are then paid as fee-for-service claims by the fiscal agent; and (c) using these processes to identify and implement any necessary changes to MMIS, along with any process improvements and clarifications for manual reviews by the fiscal agent.	Agree	1/2005
35	153	The Department of Health Care Policy and Financing should expand efforts to reduce the number and amount of newborn claims that are inappropriately paid for as fee-for-service by (a) collecting data to determine where lags in the newborn enrollment process occur, whether certain counties experience more problems in this area than others, and what additional processes could be implemented to reduce inappropriate fee-for-service claims for newborns; (b) as part of its next payment correction process, evaluating the extent to which the Colorado Benefits Management System reduces the newborn portion of incorrect fee-for-service payments for Health Maintenance Organizations enrollees; and (c) after implementing the provisions of HB 04-1058, evaluating the success of the designated sites in increasing newborn enrollment in Medicaid and considering the possibility of pursuing statutory change to expand its ability to designate other providers.	Agree	7/2005
36	157	The Department of Health Care Policy and Financing should improve the timeliness of payment recoveries by conducting the Health Maintenance Organization payment correction process twice per year.	Agree	1/2005

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## RECOMMENDATION LOCATOR

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
37	161	The Department of Health Care Policy and Financing should take steps to reduce the amount of paid claims for clients after death by (a) using the claim-specific data provided through this audit to identify and recover any payments made for services provided after date of death, (b) periodically conducting a data match of eligibility files and paid claims with date of death data from the Colorado Department of Public Health and Environment and/or the Social Security Administration to identify and pursue recovery of any claims paid for service dates after date of death, and (c) updating client eligibility files as indicated on the basis of parts (a) and (b) of this recommendation.	Agree	3/2005
38	164	The Department of Health Care Policy and Financing should work with the fiscal agent to ensure that its quality control process for rate changes includes a review of all rate change parameters that are input into the Medicaid Management Information System, including the effective dates of rate changes.	Agree	12/2004
39	171	The Department of Health Care Policy and Financing should improve its oversight of prescription claims' payments of non covered and restricted, covered drugs to ensure payments are accurate and allowable by (a) requiring the fiscal agent to compare drug rebate product files and Drug Efficacy Study Implementation (DESI) drug lists from the Centers for Medicare and Medicaid Services with data from First Data Bank on at least a monthly basis to ensure the most accurate data are used to determine allowable payments; (b) developing and reviewing monthly claims paid reports to ensure the fiscal agent is not processing drug claims that are not eligible for Medicaid reimbursement; and (c) identifying and recovering from the fiscal agent all monies incorrectly paid for drug claims for DESI drugs, drugs with no federal rebate agreement, and any other payments which are not allowed under federal or state Medicaid statutes, rules, or plans.	Partially Agree	7/2005
40	175	The Department of Health Care Policy and Financing should ensure the accuracy of fiscal agent drug pricing by strengthening its audits of the prescription drug program to include pricing components and larger sample sizes, increasing the frequency of analytic reviews, using cost-effective, available software applications, and establishing and enforcing standard recovery procedures from the fiscal agent for payments made due to pricing errors.	Agree	4/2005

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
41	178	The Department of Health Care Policy and Financing should maximize drug rebate collections through the Drug Rebate Program by (a) improving the drug rebate accounting system to increase the collection rate and expedite recovery of rebate program revenue; (b) tracking rebate amounts invoiced, disputed, and collected to establish benchmarks and evaluate trends; (c) evaluating staffing/workload and assigning staff resources to compute interest on unpaid balances, properly track pricing and rebate per unit changes, research disputed rebates, and resolve all outstanding disputes with manufacturers in a timely manner; (d) investigating and implementing system edits which will prevent payment of claims that could lead to rebate disputes; and (e) using the dispute resolution services of the Centers for Medicare and Medicaid Services, when appropriate.	Agree	3/2005
42	181	The Department of Health Care Policy and Financing should improve its oversight of pharmacy record keeping to ensure adequate controls for detecting and deterring fraudulent billing practices.	Agree	12/2004
43	186	The Department of Health Care Policy and Financing should improve the effectiveness of the prior authorization program and ensure that Medicaid payments are appropriate for restricted, covered drugs by; (a) developing and enforcing fiscal agent contract performance standards for drug prior authorization program administration to minimize the risk of proper authorizing non covered drugs; (b) increasing the frequency of analytical review and conducting independent audits of the fiscal agent's accuracy and consistency in following prior authorization guidelines and procedures; (c) increasing oversight of fiscal agent training to ensure proper interpretation and implementation of federal and state statutes, policies, procedures, and clinical prior authorization criteria; and (d) hiring or contracting with a licensed physician to oversee drug and other utilization control programs.	Agree	4/2005
44	190	The Department of Health Care Policy and Financing should strengthen its controls over pharmacy overrides by (a) enforcing existing policies by conducting regular audits of prescription drug claim overrides, (b) expanding analytical review of paid prescription drug claims to include routine analysis and trending of pharmacy override codes to detect patterns of misuse or abuse, (c) conducting provider education and outreach to reinforce the Department's policies and procedures concerning overrides and other utilization controls, (d) establishing additional internal controls to limit quantities dispensed and developing clinical guidelines to prevent pharmacy overrides for drugs that are clinically inappropriate or subject to abuse, and (e) establishing controls to prevent fraudulent billing practices for the "brand cheaper than generic" override and expanding post payment pharmacy audit criteria to include the identification of overpayments resulting from "brand cheaper than generic" overrides.	Agree	11/2005

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
45	192	The Department of Health Care Policy and Financing should implement a preferred drug list, and where appropriate, adopt the best practices of other states, partner with other states to reduce administrative burden, and produce fiscal impact analyses and share findings with the public.	Disagree	N/A
46	195	The Department of Health Care Policy and Financing should improve its oversight and management of fiscal agency activities related to the Medicaid prescription drug program by implementing a strategic plan, including timelines for completion, for the following (a) conducting internal analytical reviews and audits, (b) reviewing the adequacy of the fiscal agent's processes and procedures for quality control, (c) identifying and recovering from the fiscal agent incorrect or improper overpayments, and (d) developing and disseminating useful reports.	Agree	7/2005
47	200	The University of Colorado should review the federal regulations surrounding the Return of Title IV Funds and related compliance requirements.	Agree	9/2004
48	204	The University of Colorado should implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate, Student Unit Record Data System, and Exhibit K reports are accurate.	Partially Agree	9/2005
49	206	The University of Colorado should strengthen procedures to ensure that the maximum annual limits of subsidized Federal Direct Student Loans are offered to all students through additional monitoring of the original parameters set during the award determination process, or if system limitations restrict the University from establishing award levels that are compliant with federal guidelines, waivers should be obtained from the applicable awarding agency.	Agree	2/2005
50	207	The University of Colorado should strengthen procedures to provide timely supervisory reviews of the calculation of Federal Direct Student Loan draws prior to their submittal.	Disagree	N/A
51	210	Colorado State University should establish procedures to ensure that data elements calculated as a result of professional judgement are correct.	Agree	5/2005
52	211	Colorado State University should reinforce procedures and provide additional training to ensure that the Technology Charge Awards (TCA) process is properly adjusted when costs of attendance are adjusted during the second day of the TCA process.	Agree	8/2004

## RECOMMENDATION LOCATOR

<b>Rec. No.</b>	<b>Page No.</b>	<b>Recommendation Summary</b>	<b>Agency Response</b>	<b>Implementation Date</b>
53	211	Colorado State University should reinforce existing procedures and provide additional training as necessary to ensure that manually awarded loans are disbursed in equal installments.	Agree	1/2005
54	212	Colorado State University should implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate report are accurate.	Agree	9/2005
55	213	Colorado State University should include a standard clause in all purchase orders, maintain a suspended and debarred file, and document the review of the Excluded Parties List System for all vendors related to federal grants, or require certifications for all agreements related to federal grants.	Agree	12/2004
56	215	Colorado State University - Pueblo should establish procedures to ensure that the midpoint of the semester is properly calculated and that requests for Federal Family Education Loan funds and disbursements of these funds are made according to the proper calculated midpoint.	Agree	2/28/2005
57	216	Colorado State University - Pueblo should implement procedures whereby there is segregation of duties calculating the drawdowns, making the drawdowns, and reviewing the drawdowns.	Agree	10/15/2004
58	217	Colorado State University - Pueblo should implement monitoring procedures over the verification process.	Agree	2/28/2005
59	219	Colorado State University - Pueblo should implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate report are accurate.	Agree	9/2005
60	223	Colorado Community College System should ensure that Front Range Community College develops and implements a plan to improve internal control and compliance over student financial aid.	Agree	6/2005
61	225	Colorado Community College System should require Arapahoe Community College to establish procedures to ensure that declined awards are returned to the federal government in a timely manner.	Agree	2/2005

## RECOMMENDATION LOCATOR

<b>Rec. No.</b>	<b>Page No.</b>	<b>Recommendation Summary</b>	<b>Agency Response</b>	<b>Implementation Date</b>
62	226	Colorado Community College System should ensure that Front Range Community College and Trinidad State Junior College establish procedures to ensure that Return of Title IV calculations are processed correctly with accurate charges and period-end dates.	Agree	6/2005
63	227	Colorado Community College System should ensure that Trinidad State Junior College establishes procedures to ensure that the withdrawal date of students who withdraw without providing notification is determined within 30 days after the end of the term and the resulting return is made no later than 30 days after the date of this determination.	Agree	6/2005
64	228	Colorado Community College System should ensure that Community College of Denver establishes procedures to ensure that the institution's portion of a student's unearned Title IV funds are returned within 30 days after the College has determined a student has withdrawn.	Agree	6/2005
65	229	Colorado Community College System should ensure that Pikes Peak Community College establishes procedures to ensure that breaks are calculated properly on the Return of Title IV Funds calculations.	Agree	6/2005
66	230	Colorado Community College System should ensure that Front Range Community College (FRCC) establishes procedures to ensure that return calculations are made and that students are requested to repay grant overpayments, and FRCC should also repay the federal government as necessary.	Agree	6/2005
67	231	Colorado Community College System should ensure that Front Range Community College (FRCC) establishes procedures to properly verify student financial aid application information, and if necessary, FRCC should repay the federal government.	Agree	6/2005
68	232	Colorado Community College System should ensure that Pikes Peak Community College implements procedures so that the appropriate supervisor reviews cash drawdowns and entries.	Agree	6/2005
69	233	Adams State College should improve its federal funds draw procedures by identifying and correcting financial aid data errors timely and improving the authorization process so that the federal funds drawn are adequate to meet the cash flow demands for related expenses.	Agree	6/30/2005

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
70	235	Colorado Student Loan Program should continue to ensure the adequate controls are in place over default aversion fee ensuring that data input and similar errors are detected and corrected on a timely basis	Partially Agree	5/2004
71	241	The Department of Human Services should improve controls over the Food Distribution Program by (a) establishing procedures for performing monthly inventory reconciliations, including a standard format that includes, at a minimum, the previous month's ending inventory, the number of units received, the number of units shipped, the current month's ending inventory, identified discrepancies and adjustments, and comments; (b) ensuring that concerns communicated by the distributors are addressed and that commodities are allocated timely; (c) holding distributors liable for noncompliance with contractual obligations and federal regulations and immediate steps should be taken to recover the \$29,532 worth of donated foods that were destroyed; and (d) placing distributors on corrective action for cited deficiencies, enforcing the corrective action plans, and documenting the results of the corrective action plans.	Agree	a. 3/1/2005 b. 9/2004 c. 4/1/2005 d. 5/1/2005
72	244	The Department of Human Services should strengthen its review process over purchases for the Temporary Assistance for Needy Families program to ensure expenditures are correctly coded and allowable under federal grant requirements.	Agree	4/1/2005
73	246	The Department of Human Services should improve controls over sanctions for the Temporary Assistance for Needy Families (TANF) program by (a) formally incorporating reviews of sanctions as part of the current on-site county monitoring process and following up on problems as appropriate, and (b) reviewing monthly TANF sanction reports and identifying and investigating discrepancies.	Agree	a. 6/1/2005 b. 7/1/2005
74	250	The Department of Human Services should improve cash management controls by (a) ensuring federal funds are drawn in a timely manner for all federal programs, (b) identifying the reason for past duplicate federal reimbursement requests and ensuring duplicate draw requests are not made in the future, and (c) seeking clarification from the federal government regarding its responsibility for meeting the Cash Management Improvement Act requirements for the Food Stamps program.	Agree	a. 4/2005 b. 2/2004 c. 7/2004

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
75	253	The Department of Human Services should improve its administration of the Supportive Housing and Homeless Program (SHHP) by (a) discontinuing its current policy to allow local service providers to sublease rental units to SHHP clients; if the Department decides to continue the policy, it should require that all leases and subleases executed by service providers be submitted to the Department, and the Department should review them for compliance to federal regulations; and (b) taking immediate steps to recover the \$11,175 in housing assistance overpayments made to the service provider.	Agree	5/1/2006
76	256	The Department of Human Services should improve controls over travel expenditures to ensure they are appropriate and allowable under state and federal regulations, and take steps to immediately recover overpayments made by the Vocational Rehabilitation Program and repay the portion owed to the federal government.	Agree	6/2005
77	258	The Department of Human Services should comply with state and federal regulations for the Vocational Rehabilitation Program by competitively bidding for services from a single provider that exceed \$50,000 annually.	Agree	10/2005
78	261	The Department of Human Services should improve controls over the preparation of the Exhibit K at the State Veterans Nursing Home at Fitzsimons by (a) ensuring staff preparing the exhibit are adequately trained, (b) instituting a secondary review process over the Exhibit K to ensure its accuracy prior to submission, and (c) ensuring that information used to prepare the Exhibit K is accurate.	Agree	a. 6/30/2005 b. 6/30/2005 c. 1/31/2005
79	266	The Department of Human Services and the Department of Health Care Policy and Financing should work together to pilot a system for reorganizing the Older Americans and Older Coloradans' programs.	Agree	1/2007
80	267	The Department of Human Services should increase access and improve the application and eligibility determination process for Older Americans Act services by (a) working with the Area Agencies to develop a single, standardized assessment and eligibility determination form and process that eliminates the need for clients to apply with multiple service providers; (b) translating program information, including applications and assessment forms, into appropriate languages for those regions where at least five percent of the population primarily speaks a language other than English; and (c) providing training to Area Agency and service provider staff on the application and eligibility determination processes.	Agree	4/2005

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## RECOMMENDATION LOCATOR

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
81	269	The Department of Human Services should work with the Area Agencies to improve access to services and decrease inappropriate service denials by (a) increasing service provider oversight and service planning, and targeting services to those individuals with the greatest social and economic need; (b) working with the Area Agencies to issue specific guidance for improving access to transportation services for rural participants; and (c) providing training to Area Agencies and service providers on voluntary contributions.	Agree	3/2005
82	271	The Department of Human Services should work with the Area Agencies and service providers to develop standard policies for establishing and tracking waiting lists in an organized manner to ensure that individuals are not forgotten or overlooked when services become available.	Agree	9/2004
83	273	The Department of Human Services and its nutritionist should work to develop a statewide policy on the use of nutrition supplements.	Agree	3/2005
84	277	The Department of Human Services should improve overall accountability and functionality of the Social Asset Management System (SAMS) database by (a) reviewing SAMS system components to determine whether additional coding mechanisms could be implemented to better track services provided by funding source (including Parts B through E of Title III funds); (b) incorporating fiscal components, such as billing functions, into the SAMS system to enable Area Agencies to pay providers for units of service; (c) performing scheduled reviews and comparisons of service data reported in SAMS to identify outliers or inconsistencies, and following up with Area Agencies and service providers to determine possible causes; (d) including specific requirements for reviewing and reconciling service provider documentation to SAMS data during Area Agency annual on-site reviews; (e) incorporating automated system edits that eliminate inaccurate data entry and issuing specific guidance to Area Agencies and service providers to improve consistency of data entry of SAMS information; and (f) conducting surveys of Area Agencies and service providers to determine what types of reporting and system functions would improve SAMS.	Agree	6/2007

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
85	281	The Department of Human Services should establish fiscal controls to ensure that services paid for are provided and that program funds are spent appropriately by (a) requiring Area Agencies to reconcile the number of units provided and reported in the Social Asset Management System (SAMS) to the number of units in each agreement and attempt to recover funds if all services are not provided, (b) incorporating a review of service provider records and a reconciliation of those records to SAMS data into the Area Agencies' annual on-site evaluation of service providers, and (c) working with the Area Agencies to develop standardized practices for documenting and reporting services, and investigate recovery of Older Americans Act funds and state general funds paid for undocumented services, no-show services, or services that were not provided.	Agree	7/2005
86	283	The Department of Human Services and the Department of Health Care Policy and Financing should work with the United States Department of Health and Human Services (HHS) to clarify the program that is responsible for payment when participants are eligible for services under both the Older Americans Act and Medicaid programs.	Agree	7/2005
87	286	The Department of Human Services should reduce the costs of providing services to people who are ineligible by (a) training Area Agencies and service providers on correct assessment practices and methods for documenting participant eligibility, (b) reviewing participant eligibility during the Department's on-site assessments of Area Agencies and during the Area Agencies' on-site assessments of service providers, and (c) examining options for improving the objectivity of assessments and service authorizations by using independent case managers to authorize all services or reorganizing the program.	Agree	1/2007
88	289	The Department of Human Services should establish comprehensive monitoring of Area Agencies and service providers by using a risk-based schedule for conducting on-site reviews.	Agree	6/2005
89	297	The Departments of Public Safety and Local Affairs should improve controls over the administration of the Homeland Security Grant Program in order to ensure that the State is in compliance with federal requirements for the grant in the areas of allowable costs and activities, cash management, equipment management, reporting, and subrecipient monitoring.	Agree	6/30/2005

## RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
90	300	The Department of Transportation should identify all subrecipients and the amount paid to each subrecipient, and develop subrecipient monitoring policies and procedures to ensure that audit requirements are met, findings and questioned costs are followed up on in a timely manner, and all subrecipient monitoring activities are documented and problems identified are resolved.	Agree	9/30/2005
91	303	The Department of Transportation should ensure that construction projects are closed in a timely manner and that surplus funds are released for use on other projects by (a) implementing measures to expedite the submission of forms required for project closure by both contractors and region staff, and (b) establishing requirements and monitoring region practices to ensure they retain only the estimated final payment amount on projects and then release any surplus funds within six months of the date the project was accepted as complete by the Department.	Agree	12/31/2004
92	304	The Department of Transportation should improve management of the claims payment and settlement process by (a) improving its process for tracking the number, nature, total value, and final outcome of all claims that are filed with the Department; (b) holding region staff accountable for notifying the Division of Audit of all claims over \$250,000 as required by Department policy; and (c) ensuring region staff notify the Federal Highway Administration of all appropriate claims.	Agree	7/2005
93	308	The Department of Transportation should improve its management of indirect cost rates to ensure costs are reasonable.	Agree	4/2005
94	311	The Department of Transportation should adequately verify and substantiate indirect cost rates to ensure consultant fees are fair and reasonable by (a) developing requirements that consultants and subconsultants who perform work on consultant contracts over a certain dollar threshold submit a schedule of direct labor, fringe benefits, and general overhead that has been audited by an independent CPA firm; (b) developing and implementing an audit program to conduct quality assurance reviews of CPA firm audit reports and ensure that indirect cost rates are prepared in accordance with Department policy; and (c) developing and implementing an audit program to conduct, on a sample basis, actual indirect cost rate audits at regular intervals according to predetermined risk factors.	Agree	a. 12/2004 b. 12/2004 c. 6/2005

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## RECOMMENDATION LOCATOR

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Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
95	313	The Department of Transportation should ensure the selection of qualified consultants for contracts by tracking and monitoring consultant compliance with contract terms related to disadvantaged business enterprises, and include a review of consultants' progress toward meeting the disadvantaged business enterprise goals in the consultant performance evaluations.	Agree	7/2005

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## **Financial Statement Findings**

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# Department of Corrections

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## Introduction

The Department of Corrections (DOC) manages the State's adult correctional facilities, youthful offender system, and the adult parole and community corrections system. In addition, the Department operates the prison canteens and the Division of Correctional Industries. The canteens provide various personal items for purchase by inmates, including hygiene items, snack foods, and phone services. Correctional Industries operates furniture manufacturing facilities, a leather products shop, Colorado State forms production and distribution facilities, dairy and agri-business facilities, the State's license plate manufacturing facility, and the state surplus property program.

The Department's Fiscal Year 2004 appropriation was approximately \$546.6 million with 5,824 full-time equivalent staff (FTE). Of this amount, \$479.5 million, or 87 percent, was general funds. Administrative offices for the Department are located in Canon City and Colorado Springs. During Fiscal Year 2004, DOC owned and operated twenty-two of the State's twenty-six correctional facilities. State-owned correctional facilities are located throughout Colorado and include sites in Buena Vista, Canon City, Denver, Pueblo, Limon, Ordway, Delta, Rifle, Golden, Sterling, Trinidad, and Fort Lyon; some of these sites have multiple facilities. The remaining four facilities are privately owned and operated and are located in Burlington, Las Animas, Olney Springs, and Walsenburg. DOC contracts with various counties, which in turn subcontract with private firms to provide correctional services at these facilities.

The following comments were prepared by the public accounting firm of Grant Thornton LLP, which performed Fiscal Year 2004 audit work at the Department of Corrections.

## Inmate Bank Accounts at Privately Operated Correctional Facilities

DOC and privately operated facilities maintain inmate bank accounts to allow inmates to receive approved deposits, make purchases from prison canteens, and pay for other items such as restitution, child support, medical co-pays, postage, copies, and money orders. While privately operated facilities maintain their own inmate

bank accounts and records, DOC's Business Office, located in DOC's administrative offices in Canon City, is responsible for monitoring the inmate bank account program for all facilities. As part of its management and oversight, DOC has designed and implemented internal controls over inmate banking. DOC's policies require that facilities obtain and maintain complete and accurate documentation to support all inmate bank account activity, including deposits and withdrawals. At June 30, 2004, there were approximately 25,000 active and inactive inmate bank accounts at DOC-operated facilities with a total balance of about \$1.8 million, and approximately 3,000 inmate accounts at privately operated facilities with a total balance of about \$236,000.

During the Fiscal Year 2003 audit, it was determined that the Department needed to improve its monitoring of private facilities in order to ensure that all activity in inmate accounts is recorded appropriately. In order to determine the implementation status of this recommendation, we selected 15 inmate accounts at four locations for testing. For each inmate, we reviewed documentation for a two-month period during state Fiscal Year 2004. For our sample, we agreed deposit amounts to the check log for the day, agreed the total per the check log to the deposit slip, and agreed the deposit slip to the bank statement. We also performed the following procedures:

- We reviewed one canteen purchase per inmate per month and agreed the amount to the canteen purchase form signed by the inmate per DOC Administrative Regulation 200-02.
- For inmate pay earned and posted to the inmate account, we agreed the amount to timesheets and other work records and examined days worked and amount paid for compliance with DOC Administrative Regulation 850-03.
- For child support deductions, we agreed the amount to the child support order. We also agreed the amount to the summary paid to the Child Support Enforcement Division and observed the canceled warrant.
- For restitution, we recalculated the amount deducted and traced the amount to the detail of the payment to the court. We also reviewed the activity for compliance with DOC Administrative Regulation 200-15.
- For other elective withdrawals, we agreed the amount to the inmate request per DOC Administrative Regulation 200-02.
- For one month during the period, we obtained the inmate bank account reconciliation and reviewed the process for reconciling inmate bank accounts.

We identified six exceptions during our testing of inmate accounts maintained at privately operated facilities. Specifically, we found the following:

- **For two inmates, the private facility did not properly deduct restitution from the inmate's accounts.** Inmates with account balances greater than \$10 should have withdrawals made designated toward restitution per DOC Administrative Regulation 850-03.
- **For one inmate, the private facility had deducted postage from the inmate's account without the inmate's signature to support the deduction from the account.** DOC Administrative Regulation 200-15 requires the inmate's signature to authorize all withdrawals from the inmate's account.
- **For two inmates, the private facility had retained only the first page of a detail to support withdrawals from inmate's accounts.** All facilities must be able to provide evidence that deductions from inmate accounts are compliant with DOC Administrative Regulation 200-02.
- **For three inmates, the private facility had allowed the inmate to work more than 23 days.** DOC Administrative Regulation 850-03 designates the maximum number of days an inmate can work in a month is 23. The additional days worked resulted in an overpayment of \$13.80.
- **For two inmates, the private facility paid the inmate a pay rate greater than allowed under regulation.** DOC Administrative Regulation 850-03 Attachment B designates wage rates to be paid to inmates for various activities. Most inmates are paid \$0.23 per day for Grade I activity or \$0.60 per day for Grade II activity. For these two inmates a \$1.03 per day was paid, rather than \$0.60 per day they were allowed. The total overpayment due to the overstated rate was \$13.33.
- **In one instance, the private facility had incorrectly calculated the wages earned by the inmate.** This error resulted in an overpayment of \$1.61.

DOC currently has a monitoring unit in place that is responsible for reviewing inmate bank account activity at privately operated facilities to ensure the proper withholding of mandatory restitution and child support payments. DOC should expand its monitoring function to include a review of the supporting documentation related to all inmate bank account activity. Failure to maintain adequate supporting documentation for all inmate banking activity decreases the effectiveness of the Department's internal control system and increases the risk that errors or irregularities will occur and not be detected. The Department should take additional

steps to ensure that privately operated facilities are able to justify all activity that occurs in inmate bank accounts maintained at these facilities.

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### **Recommendation No. 1:**

The Department of Corrections should expand its monitoring process for privately operated facilities to ensure that complete and accurate documentation is maintained to support all activity in inmate bank accounts, Administrative Regulations are properly enforced, and appropriate internal controls are in place to ensure accurate processing of inmate account activity.

### **Department of Corrections Response:**

Agree. Implementation date: June 30, 2005.

The Department of Corrections agrees that additional monitoring will help ensure that accurate documentation is being maintained by privately operated facilities. DOC will utilize its Internal Auditor to perform the additional testing recommended. The Private Prison Monitoring Unit (PPMU) will support the Internal Auditor by requesting and gathering documents selected for the audit. DOC's Internal Auditor will schedule internal audits of at least two privately operated facilities each fiscal year. This was partially implemented during Fiscal Year 2004 and will be enhanced in Fiscal Year 2005. The DOC Internal Auditor began an audit of inmate account transactions at two private prison facilities in Fiscal Year 2004 and has substantially completed the audit in October 2004. The two private prison facilities have agreed with DOC internal audit recommendations and are implementing Plans of Action to address the findings and improve internal controls. In addition, the PPMU has increased its sample of mandatory withholding transactions for restitution and child support from three inmate accounts per month to ten inmate accounts to get a more representative sample to test for compliance.

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## **Inventory Counts at DOC Canteens**

As stated above, DOC operates canteens that provide various personal items for purchase by inmates, including hygiene items and snack foods. DOC operates two canteens which are located in Canyon City and Denver. As part of its year end procedures, DOC is required to complete a physical inventory of both canteens to

ensure that inventory balances are properly reported on the general ledger. During the Fiscal Year 2004 financial audit of the Department, we performed testwork at the Denver Canteen to ensure that DOC's inventory process adequately accounted for all items on hand at year end.

At June 30, 2004, the Denver Canteen had an inventory balance of \$160,853. We selected a total of 40 items to count from the inventory listing for the Denver Canteen. We found a total of seven, or 18 percent of the items were incorrectly counted during DOC's year end inventory. The net effect of the errors resulted in a \$13.76 overstatement of inventory balances. While the total amount of the error was small, improvements to DOC's inventory procedures over the canteens would ensure that its canteen assets are adequately safeguarded against loss and theft, and properly recorded on the general ledger.

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## **Recommendation No. 2:**

The Department of Corrections should review its policies and procedures for inventory counts at year-end and modify as deemed necessary to ensure accurate inventory counts are completed.

### **Department of Corrections Response:**

Agree. Implementation date: June 30, 2005.

The Department of Corrections agrees that errors noted in the current year inventory observation should not occur and will review its procedures to make changes where needed to ensure accurate inventory counts are made at all locations. This will be implemented during Fiscal Year 2005.

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# Department of Education

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## Introduction

Article IX of the Colorado Constitution places responsibility for the general supervision of the State's public schools with the Colorado State Board of Education (the Board). The Board appoints the Commissioner of Education to oversee the Department of Education which serves as the administrative arm of the Board by providing assistance to 178 local school districts and implementing administrative rules. The Department's Fiscal Year 2004 appropriation was approximately \$3.3 billion with 274.9 full-time equivalent staff (FTE). Of this amount, \$2.4 billion, or 74 percent, was general funds.

The following comment was prepared by the public accounting firm of Clifton Gunderson, LLP, which performed the audit at the Department of Education for Fiscal Year 2004.

## Controls Over At-Will Employees

Colorado Revised Statute 24-5-135 provides the Colorado Department of Education (CDE) exempt status from State Personnel hiring rules for certain positions. Exempt positions within the Department are referred to as at-will employees. At-will staff generally include positions such as directors, supervisors, instructors, or consultants. The Department is not required to post at-will staff positions; however, Department policy does require that the most qualified candidates be hired. The Department hires at-will employees as deemed necessary and documents the hiring process through the use of a completed application and a Request for Personnel and/or Position Action form (CDE 43). The Department also uses the CDE 43 form to document salary adjustments outside of the normal annual salary survey adjustment process. The CDE 43 form includes a signature line for approvals from Supervisors, Unit Directors, Budget personnel, Human Resources personnel, and Assistant Commissioner or Commissioner/Chief of Staff.

During the audit for the year ended June 30, 2004, we noted several areas of concern related to the Department's practices related to at-will employees. Specifically we found the following:

- **The CDE 43 form was not consistently used to document initial employee hires.** Based on our review of certain CDE 43 forms, the Department has not

consistently used the forms to document initial hires. One form contained all of the appropriate signatures while one had no signatures at all. In one instance a family member of an official within the Department of Education was hired to fill a position within the Department. Although there was a completed application in the employee's file, there was no CDE 43 documented for the hiring and, therefore, no documented approval by the appropriate CDE officials. The Commissioner of Education has subsequently indicated he was aware of the hiring, however, without proper supporting documentation, the Department cannot ensure that the hire was necessary and properly approved.

- **The CDE 43 form was not properly used to document employee salary adjustments.** The Department has not properly used the CDE 43 form to document employee salary adjustments. In two instances, the form contained all appropriate signatures. In three instances, the forms contained only the signature of the Chief of Staff and the Human Resources Director. In another instance, an at-will employee received three significant pay raises over a two-year period of time with approval limited to an immediate family member and the Human Resources Director but not the employee's immediate supervisor. Further, for the first three months of employment, only the relative approved the employee's timesheets. Although the Commissioner of Education subsequently approved the salary adjustments in writing, documentation of the approval was not included in the employee's personnel file upon initial inspection.

The Department failed to follow its formal and informal policies during the hiring of employees and when awarding subsequent pay raises. In addition, in the specific case outlined above concerning the family member of an official with the Department, the Department should require an even higher level of scrutiny to avoid the perception of a conflict of interest or possible improprieties. The Department should take immediate steps to ensure that all levels of approval are obtained related to the hiring, promotion and raises of at-will employees, and it should develop and implement policies that prevent employees from making personnel decisions that affect family members without appropriate safeguards.

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### **Recommendation No. 3:**

The Department of Education should strengthen controls over personnel processes by:

- a Enforcing its existing policy or revising the policy to ensure that all initial hires are properly approved and documented and that salary adjustment forms include all necessary approvals.
- b Establishing policies and procedures over hiring of family members to ensure that situations of nepotism and perceptions of conflicts of interest are avoided.

### **Department of Education Response:**

- a. Agree. Implementation date: May 2005.

The Department will review and disseminate its revised policy on the approval and documentation process for new hires, and for salary adjustments of current employees. The Human Resources Unit with the support of the Commissioner and Chief-of-Staff will ensure that all approvals are documented for the personnel files.

- b. Agree. Implementation date: May 2005.

The Department will establish a policy and procedure concerning the hiring of family members to ensure that there is no perception of conflicts of interest concerning family members.

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## **Controls Over Personnel and Payroll Activities**

During Fiscal Year 2004, the Department of Education was appropriated 274.9 full-time equivalents (FTE), and expended over \$17.5 million in total payroll costs. We performed testwork to determine the adequacy of the Department's controls over personnel and payroll activities and noted areas in which the controls need to be improved. Specifically:

- **Timesheets.** Currently, the Department maintains a manual timekeeping system to track employees' hours and compensated absences. According to the Human Resources Director, the employees manually prepare all timesheets. Further, compensated absences reported on the timesheets are subsequently transferred to another manual system which consists of Excel spreadsheets. For the period July 2003 to February 2004, we selected ten employees and reviewed their payroll files to determine if timesheets were

submitted timely, the employee's supervisor approved the timesheets, and the hours reported on the timesheets were mathematically accurate. Of the ten employees selected, we noted that three employees failed to submit all timesheets, a supervisor did not sign all timesheets for one employee, and two employees submitted timesheets with math errors.

Although the Human Resources Director verifies the mathematical accuracy of the timesheets, without a supervisor's signature there is no evidence that individual supervisors review and approve the timesheets to ensure accuracy and appropriateness or that documentation of approvals for leave taken was present. Establishing procedures requiring that supervisors complete a thorough review of employee timesheets prior to submission would provide assurance that payroll activities are accurate and appropriate and that all required documentation is present.

- **EMPL Access.** The EMPL system is the central Human Resources system for the State of Colorado. Its primary function is to capture and store employee and position information. Based on documentation provided and discussions with Department staff, we noted two problems. First, the Human Resources Director has access that allows her to adjust her own salary in the EMPL system. This is a lack of segregation of duties which increases the risk of errors and irregularities. We understand that a turnaround report is generated and sent directly to the payroll officer whenever a salary change is entered into the system. A sample of that report was provided, but the approval lines on the form were not signed. Second, although each Unit Director receives a monthly budget to actual report that includes salary information, management has indicated that the reports do not provide meaningful data and therefore, several of the Unit Directors do not review the report. The Department should establish procedures that ensure supervisors are reviewing monthly salary information.

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## Recommendation No. 4:

The Department of Education should strengthen its controls over personnel and payroll activities by:

- a. Establishing procedures that require supervisors to sign and approve employee timesheets to indicate that the timesheets are accurate and that leave taken has been properly documented.
- b. Limiting the Human Resources Director's access to EMPL so that adequate segregation of duties is achieved or developing compensating controls which

may include signature approval of the payroll turnaround report or other documentation.

- c. Educating Unit Directors regarding the information contained in the monthly budget to actual reports so that the review of the reports can be used as a control over payroll costs.

### **Department of Education Response:**

- a. Agree. Implementation date: May 2005.

The Department will establish a procedure that requires supervisors to sign the employee attendance/activity report which states that the report is accurate and reflects the leave used by the employee.

- b. Agree. Implementation date: May 2005.

The Department will pursue with the Department of Personnel and Administration the limiting of the Human Resources Director's access to her own payroll records, and as a compensating control will require the Department Controller to sign off on the payroll turnaround report for this activity.

- c. Agree. Implementation date: May 2005.

The Department will make available training sessions and require Unit Directors or a representative from their Unit to attend so that each Unit will have a knowledgeable person to review the Budget Monitoring Reports and the Position Cost Reports for each Unit.

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# Department of Health Care Policy and Financing

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## Introduction

The Department of Health Care Policy and Financing (HCPF) is the state agency responsible for developing financing plans and policy for publicly funded health care programs. The principal programs administered by HCPF include the Medicaid program, which provides health services to eligible needy persons, and the Children's Basic Health Plan (CBHP), which furnishes subsidized health insurance for children 18 years or younger in low-income families not eligible for Medicaid. The Medicaid grant is the largest federal program administered by the State and is normally funded by fifty percent federal funds and fifty percent state general funds. For Fiscal Year 2004, however, the Centers for Medicare and Medicaid Services (CMS), the federal agency that oversees the Medicaid and CBHP programs, temporarily increased the federal matching share for most federal Medicaid expenditures for Fiscal Year 2004 by an additional 2.95 percent. CBHP, marketed in Colorado as Child Health Plan Plus or CHP+, serves as the State's version of the federal Children's Health Insurance Program and is funded by approximately two-thirds federal funds and one-third state funds.

During Fiscal Year 2004 the Department expended in total about \$2.9 billion and was appropriated 214 full-time equivalent (FTE) staff. The public accounting firm of BKD, LLP, performed the audit work at HCPF as of and for the fiscal year ending June 30, 2004. During its audit, BKD, LLP, reviewed and tested HCPF's internal controls over financial reporting and federal programs as well as HCPF's compliance with certain state and federal laws and regulations. The following comments were prepared by BKD, LLP.

## Accounts Receivable Reconciliation

Each state agency is responsible for establishing adequate controls and procedures to ensure that accounts receivable balances reported on the State's financial reporting system, COFRS, are accurate and complete. Specifically, accounts receivable balances should be valid and represent amounts due and collectible by the agency. The agency must also monitor these receivables to ensure that they are collected within a reasonable time frame and that year-end balances are adjusted if they are over- or understated.

The Department maintains a Medicaid Management Information System (MMIS) receivable account to record amounts due to the Department for overpayments and payments of subsequently denied claims which were paid through the MMIS payment system and are generally recouped through the MMIS system. During our Fiscal Year 2003 audit, we found that the Department had not performed a reconciliation of the balance contained in the MMIS receivable account on COFRS to the balance contained on the MMIS subsidiary ledger on a consistent basis. During our Fiscal Year 2004 audit, we noted that, although the Department had identified differences between the balances on COFRS and the balances on the MMIS subsidiary ledger on a monthly basis, it did not determine the reason for all of the differences or make all necessary adjustments. We noted that, while the balance in the MMIS receivable account at June 30, 2004, on COFRS was \$4.52 million, the balance on MMIS at June 30, 2004, was about \$4.67 million, or approximately \$145,000 greater.

Additionally, we noted that the Department did not complete its reconciliation of the Prior Year Accrual Drug Rebate account in COFRS to Drug Rebate Subsidiary Ledger maintained by the Rates section of the Department for June 2004 prior to fiscal year-end. While the balance in this account at June 30, 2004, on COFRS was \$207,000, the balance on the subsidiary ledger was \$906,000, or almost \$700,000 more. This account is used to record amounts due to the Department for drug rebates from prior years that are still outstanding.

It is necessary that the Department reconcile all of its receivable accounts to its subsidiary ledgers on a regular basis and make necessary adjustments to ensure that the accounts properly reflect actual amounts receivable by the Department.

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## **Recommendation No. 5:**

The Department of Health Care Policy and Financing should ensure that it routinely reconciles accounts receivable on COFRS to subsidiary ledgers and makes necessary adjustments in a timely manner.

### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: June 30, 2005.

The Department agrees and recognizes the importance of what the auditors are recommending. The Department has made progress in making necessary adjustments, but we understand that the progress has not been adequate to

consider the recommendation fully implemented. The difficulty the Department has is the volume of activity that is transacted through these accounts during a fiscal year. In Fiscal Year 2004 in the Provider account, in excess of 5,000 individual transactions were posted to the account. These transactions may impact multiple provider accounts and may be system generated or entered manually. However, the Department is committed to making whatever effort it can under existing resources to be current and timely in making the adjustments that are identified and necessary.

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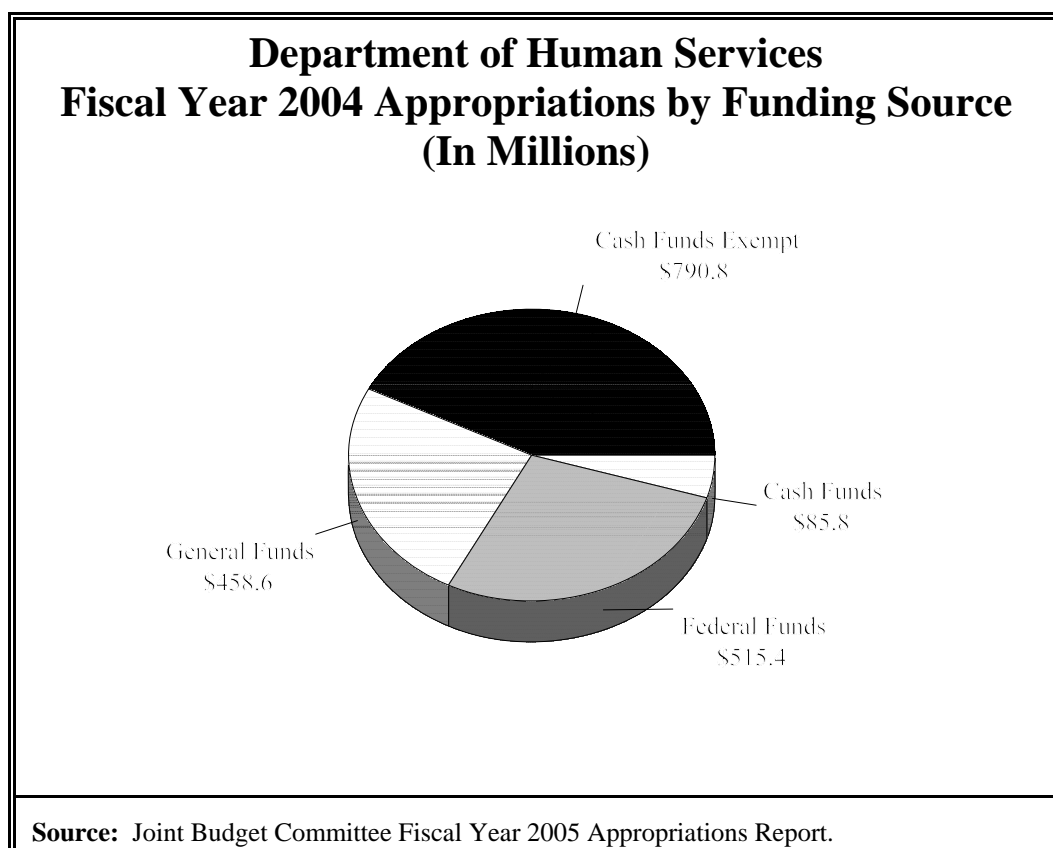
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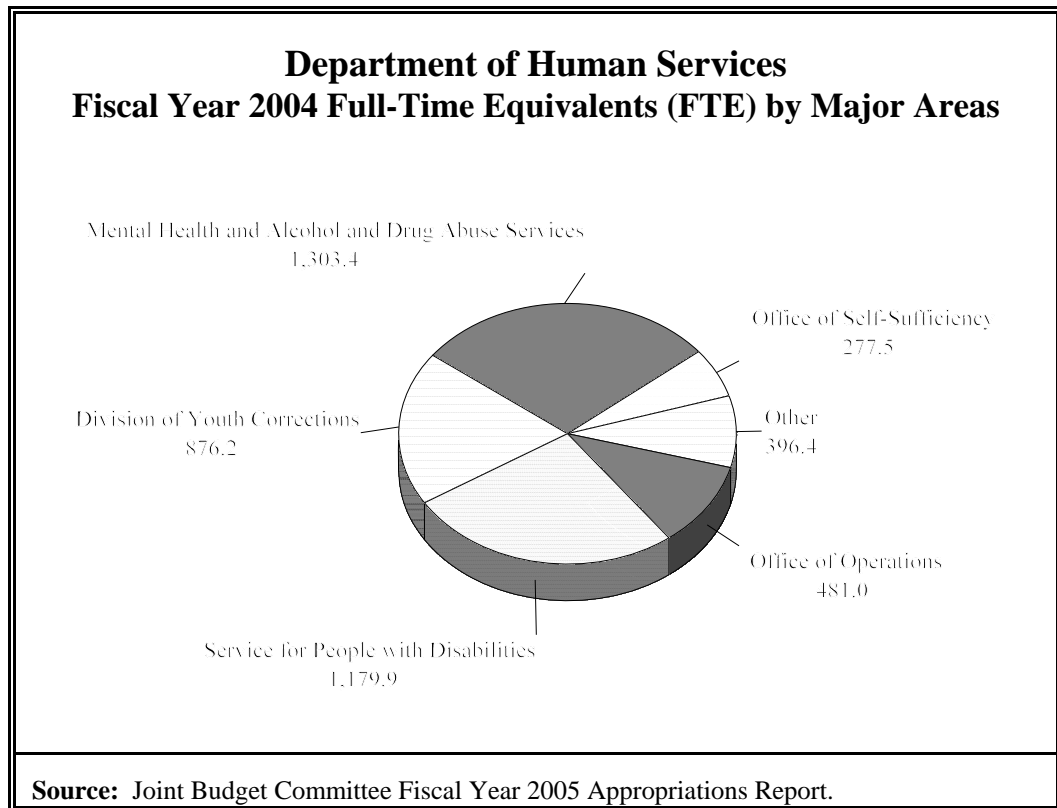
# Department of Human Services

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## Introduction

The Department of Human Services was created on July 1, 1994, to manage, administer, oversee, and deliver human services in the State. The Department supervises the administration of the State's public assistance and welfare programs throughout Colorado. Most of these programs are administered through local county departments of social services. In addition to these programs, the Department is responsible for operating a number of facilities that provide direct services, including mental health institutes, nursing homes, and youth corrections. In Fiscal Year 2004 the Department was appropriated approximately \$1.9 billion and 4,514.4 full-time equivalents, or FTE. The following charts show the appropriations by funding source and FTE by major areas within the Department, respectively, for Fiscal Year 2004.





We reviewed and tested the Department's internal accounting and administrative controls and evaluated compliance with state and federal rules and regulations. Generally, we found that the Department has adequate administrative and internal controls in place to oversee its operations and meet state and federal requirements. We identified eleven areas where improvements could assist the Department in effectively managing its responsibilities – 4 related to financial controls and 7 related to federal awards. Please refer to the Department of Human Services chapter in the Federal Awards Findings section for recommendations related to federal awards.

## Mental Health Institute Revenue

The Department of Human Services (DHS) operates two mental health institutes, the Fort Logan Mental Health Institute and the Pueblo Mental Health Institute, for the care of children and adults who have been diagnosed with a mental illness or legally determined to need mental health services. The two institutes receive payments for services provided from sources including patient payments, Medicaid, and Medicare.

Institute staff manage all financial information for institute patients within a computerized information system. On January 1, 2004, the Department replaced its existing patient management information system, Heath Information Management

System (HIMS), with a new system, AVATAR. Institute staff use AVATAR, as they did HIMS, for managing all patient financial information, including preparing itemized billings to responsible parties, recording payments received, and various other tasks. Activity contained in the patient management system is posted monthly through journal vouchers into the State's financial system, COFRS.

On a monthly basis and at year-end, institute staff must reconcile the revenue and accounts receivable amounts recorded in the patient information system to COFRS. Because of the system change that occurred during Fiscal Year 2004, the institutes reconciled information contained in HIMS to COFRS during the first half of the fiscal year and information contained in AVATAR to COFRS during the second half of the fiscal year. During Fiscal Year 2004 the Fort Logan Institute and Pueblo Institute earned total revenue of \$7.9 million and \$22 million, respectively.

For Fiscal Year 2004 we reviewed both institutes' monthly and year-end revenue reconciliation processes and their year-end accounts receivable reconciliation processes. While we did not identify any problems with the Pueblo Institute's revenue or accounts receivable reconciliation processes, we noted the following problems with the Fort Logan Institute's revenue reconciliations and revenue recording processes:

- The patient revenue and patient accounts receivable balances on COFRS at June 30, 2004, were incorrect. Specifically, the balances did not agree to HIMS/AVATAR supporting documentation. As a result of our audit, Department staff determined that amounts posted to COFRS for patient revenue and patient accounts receivable from all sources were overstated by \$537,800 and \$342,900, respectively. A correcting entry for the overstatement was recorded on the State's Fiscal Year 2004 financial statements.
- The HIMS/AVATAR to COFRS year-end revenue reconciliation was not complete. For example, the reconciliation did not include two transactions from June 2004 or any activity during the final Fiscal Year 2004 adjustment period that had been posted to COFRS. Further, various adjustments, including an adjustment for anticipated bad debts, were not included on the reconciliation. As a result, balances contained on the reconciliation for patient revenue from all sources were overstated by \$903,300.
- Fort Logan staff failed to report to the Department of Health Care Policy and Financing (HCPF) approximately \$1.45 million in Medicaid expenditures incurred by and owed to DHS at fiscal year-end for Residential Treatment Center services provided to Medicaid-eligible individuals. Senate Bill 03-197 required HCPF to use the cash basis of accounting when recording

financial activities. The Medicaid expenditure information provided by DHS at year-end is used by HCPF and the State Controller's Office to prepare an accounting entry to adjust amounts recorded on COFRS from the cash to the accrual basis of accounting for financial statement purposes. Therefore, HCPF's interagency Medicaid payable to the Department of Human Services was understated on COFRS by \$1.45 million. A correcting entry for the understatement was not recorded on the State's Fiscal Year 2004 financial statements.

According to the Department, the experienced staff member responsible for reconciling Fort Logan revenue and accounts receivable retired at the end of Fiscal Year 2003 and the staff who assumed the responsibilities was not adequately trained to complete the various HIMS/AVATAR to COFRS reconciliations. We also determined that there was no supervisory review process in place over the staff member who prepared the Fiscal Year 2004 revenue reconciliations and the staff member did not request assistance from other experienced staff to resolve differences until after the end of the fiscal year.

Reconciliation procedures, when performed adequately and timely, provide a means for an entity to identify errors and make appropriate corrections to its financial information. In addition, reconciliations may also enable an entity to identify possible inappropriate entries related to misappropriated funds. Therefore, the Department must ensure that its reconciliation processes are sufficient and timely.

The Department should ensure that staff are adequately qualified and trained to perform their assigned duties and responsibilities. Further, staff should be sufficiently supervised and instructed to seek assistance as soon as problems are identified to ensure a quick resolution. By improving controls over the reconciliation process and ensuring competent staff assignments, the Department can provide assurance that state assets are safeguarded and that financial data in its patient information system and COFRS are accurate and complete.

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## **Recommendation No. 6:**

The Department of Human Services should improve controls over the patient revenue reconciliation process at the Fort Logan Mental Health Institute by:

- a. Performing revenue reconciliations that are complete, timely, and adequately reviewed.
- b. Ensuring staff members are adequately qualified, trained, and supervised, and seek higher-level assistance when problems are identified.

### **Department of Human Services Response:**

- a. Agree. Implementation date: January 2005.

The Department consolidated the patient revenue function and is using the same revenue reconciliation process for both institutes to ensure the reconciliations are complete, timely, and adequately reviewed.

- b. Agree. Implementation date: December 2004.

The Director of Patient Accounts assigns duties, trains and supervises all staff who perform the patient revenue function.

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## **Information System Capitalization**

During Fiscal Year 2004 the Department entered the final development phase prior to implementation for the Colorado Benefits Management System (CBMS). We did not review the operations of CBMS during this audit. CBMS became operational in Fiscal Year 2005 on September 1, 2004. CBMS is intended to replace six data collection and eligibility determination systems and to streamline the delivery of public assistance and medical benefits. From Fiscal Years 1996 through 2004, the Department was appropriated approximately \$126.1 million from various state and federal funding sources to construct CBMS. As of the end of Fiscal Year 2004, the Department had expended \$118.2 million, or 94 percent, of this amount. The major programs affected by this conversion include Temporary Assistance for Needy Families (TANF), Food Stamps, Old Age Pension, Medicaid, and Children's Basic Health Plan (CBHP). Medicaid and CBHP are administered by the Department of Health Care Policy and Financing.

Generally accepted accounting principles require that costs incurred for a capital project built or acquired by an entity that meets specified criteria and cost thresholds be recorded as an asset and depreciated over the asset's useful life rather than expensed during the period of the purchase. Qualifying projects are those determined to provide an economic benefit for future years. The Fiscal Procedures Manual, published annually by the State Controller's Office, specifically requires capital assets to be recorded at historical cost, including ancillary costs necessary to place the assets in their intended location and condition for use. The Manual also requires state agencies to review expenditures for their uncompleted capital construction projects at year-end and record, or "capitalize," those costs meeting the State's \$5,000 capitalization threshold as "construction in progress."

During our Fiscal Year 2004 audit, we reviewed the amount recorded by the Department as an asset, or “capitalized,” for CBMS on the State’s accounting system, COFRS. Through June 30, 2004, the Department capitalized \$16.0 million into construction in progress for CBMS; of this amount, \$14.8 million was booked in Fiscal Year 2004. We noted that although the Department was appropriated funds for CBMS beginning in Fiscal Year 1996, no CBMS expenditures were capitalized by the Department until Fiscal Years 2002 through 2004.

Department staff indicate that they have developed a methodology for capitalizing certain information system development costs including hardware and software and that they applied this methodology to CBMS costs for Fiscal Years 2003 and 2004. However, they believe that some costs incurred for CBMS prior to Fiscal Year 2003 should have been capitalized but were not. As of the end of our audit, the Department was unable to provide us with an estimate for those costs that should have been capitalized.

Under State Fiscal Rules, the Department is required to follow generally accepted accounting principles. Therefore, the Department should institute a process for reviewing all future expenditures to determine amounts that should be capitalized. Further, in order to ensure that the CBMS system is accurately valued on COFRS, the Department should review all previously incurred CBMS expenditures to determine those costs that should have been capitalized previously and make necessary adjustments to COFRS.

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## **Recommendation No. 7:**

The Department of Human Services should ensure capital asset expenditures are appropriately recorded on COFRS by:

- a. Reviewing expenditures related to the CBMS system that were incurred prior to Fiscal Year 2003 to determine those costs that should have been capitalized as an asset rather than expensed on COFRS and making necessary adjustments.
- b. Instituting a process for reviewing expenditures for all future capital asset projects, including information systems, and recording appropriate amounts for capitalization on a timely basis.

## **Department of Human Services Response:**

- a. Agree. Implementation date: July 2005.

The Department of Human Services Division of Accounting will review all CBMS expenditures in both the capital construction fund and the CBMS operating appropriation from inception of the CBMS project to determine the proper amount for capitalization. All amounts will be recorded in the fixed assets module of COFRS and depreciation will be computed and entered for Fiscal Year 2005, the first year the system was in service.

- b. Agree. Implementation date: July 2005.

The staff assigned responsibility for accounting for capital projects will work closely with the programs/agencies constructing capital assets to monitor expenditures and ensure that all assets are capitalized as determined appropriate each fiscal year.

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## Physical Inventory of Leased Microcomputers

The Department of Human Services regularly enters into agreements with vendors to lease microcomputers for use at both the Department and the county departments of social services. The microcomputers are leased for a three-year term and are replaced with updated equipment at the end of the lease. The Department's Division of Information Technology Services (ITS) is responsible for all activities related to the leased assets, such as distributing and tracking these assets, except for the lease payments, which are the responsibility of the Department's Division of Accounting. During Fiscal Year 2004 the Department leased approximately 7,000 microcomputers at a cost of \$7.7 million. Of these, about 5,000 were located at the various county departments of social services.

The Fiscal Procedures Manual, published annually by the State Controller's Office, requires all state departments to conduct annual physical inventories of all capital assets. Capital assets are defined by the Fiscal Procedures Manual as long-lived assets owned by the State that are held primarily for use in an agency's operations and programs. The Fiscal Procedures Manual establishes a \$5,000 capitalization threshold for furniture and equipment purchases, but allows departments to use a lower threshold. Under accounting standards, leased assets that meet certain criteria are considered to be capital assets. Although the Department's microcomputers do not individually meet the \$5,000 threshold for capitalization established by the Fiscal Procedures Manual, the Department has chosen to capitalize its leased microcomputers based on these standards.

We found that the Department did not perform an annual physical inventory of the microcomputers currently under lease during Fiscal Year 2004; further, we noted that the Department has not conducted an inventory of leased microcomputers since it began leasing computers in Fiscal Year 1999.

The Department is responsible for safeguarding state assets under its control, regardless of location. Because the Department's leased microcomputers are located at decentralized locations, including county offices, the risk of misappropriation is increased. Therefore, it is imperative that the Department institute an annual physical inventory of all microcomputers to ensure that the assets are adequately monitored and any discrepancies are identified and resolved timely.

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### **Recommendation No. 8:**

The Department of Human Services should implement procedures to ensure a physical inventory is conducted at least annually of all leased microcomputers. All discrepancies should be investigated and resolved, and any necessary adjustments should be made to the State's accounting system.

### **Department of Human Services Response:**

Agree. Implementation date: June 2005.

The accountant in charge of microcomputer leases has been working with the Department's new lessor to obtain access to their inventory records. These records are now available to the accountant via the internet. Many of the computers currently in use are from another supplier that could not provide inventory detail, such as serial number and location. As computers are replaced under the new contract, effective in December 2003, inventory information on an increasing number of the Department's leased computers will become available. The annual physical inventory for all Department capital assets is conducted in May for the assets in place as of April 30. All microcomputers under the new contract will be inventoried as part of this physical count, including those computers supplied to the counties. It is estimated that 79 percent of the approximately 7,000 leased microcomputers will be inventoried in May 2005, 94 percent will be included in May 2006, and 100 percent will be part of the annual physical inventory for Fiscal Year 2007. All discrepancies between the physical counts and the accounting records will be investigated by the Department's Office of Information Technology Services. All necessary adjustments will then be made by accounting staff.

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## Purchasing Cards

In Fiscal Year 1999 the Department of Human Services adopted the use of purchasing cards for small-dollar purchases made for Department business. Purchasing cards are credit cards issued to approved staff for purchases under \$5,000. The Department cites the following advantages for using purchasing cards:

- A single electronic fund transfer payment is used by the Department to cover all small purchases made during the month.
- The process reduces the need for costly, time-consuming prepaid and miscellaneous purchase orders.
- The process reduces paperwork, thus allowing emphasis on more value-added activities.

During Fiscal Year 2004 the Department expended approximately \$6.6 million through the use of purchasing cards, issued a total of 167 new cards, and had an average of nearly 860 active cards.

Charges made with the card are a liability of the Department unless the cardholder violates the terms of the card's use. An employee becomes a cardholder by completing the cardholder account form and obtaining approval from his or her designated approving authority, typically the employee's manager. Department policy requires that at the end of each purchasing card cycle, the cardholder attach supporting documentation for the purchase(s), review the account coding, and sign and date the statement. This information is forwarded to the approving authority, who is responsible for performing a secondary review for accuracy and appropriateness and applying his or her signature and date to the statement.

As part of our Fiscal Year 2004 audit, we selected a sample of 87 purchasing card transactions for review. We found that 28 percent (24 of 87) of the transactions were either incorrectly coded, contained insufficient supporting documentation, or represented inappropriate charges. Specifically, we found the following:

- **Account Coding Errors.** Although each cardholder and approving authority is required by Department policy to review account coding assigned to his or her purchasing card transactions and to certify, in writing, to the accuracy and appropriateness of the account coding, we noted that 14 purchases, totaling \$1,940, were coded to an improper account code. For example, three catering service purchases and one copier rental purchase were coded to office supplies; we believe the purchases would more appropriately be coded as an official function and rental of equipment, respectively.

- **Cardholder Statement Errors.** During our review of monthly statements for 27 individual cardholders, we found errors on eight statements. Specifically, we found that three statements did not contain the approving authority's signature; three statements were not signed timely, with dates ranging from three to six months after the purchases were made – all of which were after the end of the fiscal year; one statement did not contain sufficient supporting documentation; and one statement was not dated by either the cardholder or the approving authority.
- **Inappropriate Purchases.** We noted one instance where a purchase was determined to be inappropriate. Specifically, a flower bouquet totaling \$49 was purchased for a TANF program staff member although the purchase was not allowable under the program.

While the amounts indicated above are small, they represent an absence of review over purchasing card transactions.

Our audit results are similar to the Department's. The Department's Division of Procurement conducts purchasing card audits throughout the fiscal year. Based on the Division's Fiscal Year 2004 audits of 155 approving authorities and 248 cardholders, Division staff noted that, on average, 21 percent of the purchases tested were improperly coded, 20 percent lacked supporting documentation, and 6 percent were deemed as inappropriate purchases. In accordance with Department policy, Division staff notified the appropriate approving authority of the errors and misuse identified through the Division's audits. However, Department policy allows for approving authorities to address identified purchasing card errors and misuse in their respective divisions, and the approving authority is not required to report subsequent steps or corrective action taken for the problems. Therefore, Division staff were unable to provide documentation that any of the offenders were reprimanded or otherwise held accountable for the errors or misuse or that additional training was provided to address areas of concern.

We also noted that the Department currently lacks a clear system for assessing consequences for cardholder violations. The *Procurement Card Program Performance Audit*, Report No. 1559, dated August 2003, conducted by the Office of the State Auditor identified a number of "best practices" related to the use and monitoring of procurement cards. In particular, the report noted that using a point system for credit card policy violations could be an effective management tool. Under the point system, violations carry various clearly defined consequences on a graduated basis, including requirements for additional training and card cancellation, depending on the recurrence or severity of infractions. The Department of Human Services' purchasing card manual currently contains general guidance for various consequences that may be taken for certain types of infractions; however, the

policies do not provide a systematic basis for specific consequences for each infraction or increased levels of consequences for recurring infractions. The Department should consider implementing this type of system to ensure cardholders are held responsible for compliance with policies and procedures.

Adequate controls over purchasing cards are important because these cards are a high-risk area for fraud and abuse. Good controls are especially important at the Department of Human Services due to the number of employees currently in possession of, and the amount expended through the use of, purchasing cards. The Department needs to take steps to improve its controls over its purchasing card program to ensure state funds are spent appropriately. Through increased training of cardholders and approving authorities and the development of a systematic and formalized follow-up and corrective action processes, the Department will have greater assurance that purchasing cards are being used appropriately, and errors are addressed and corrected, and that offenders are reprimanded.

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### **Recommendation No. 9:**

The Department of Human Services should improve controls over its purchasing card program by:

- a. Instituting and enforcing a formalized policy requiring approving authorities to address all problems identified in their areas through the Division of Procurement's purchasing card reviews.
- b. Establishing a system for tracking actions taken by approving authorities to address problems identified through the Division of Procurement's purchasing card reviews.
- c. Providing periodic training as determined necessary in problem areas identified through the Division of Procurement's purchasing card reviews.
- d. Considering the use of a graduated point system with defined consequences for cardholder violations.

### **Department of Human Services Response:**

- a. Agree. Implementation date: July 1, 2005.

The Department's purchasing card policy will be updated and strengthened with a recommendation to the Executive Management Team

(EMT) for adoption. It will clearly state the responsibility of approving authorities to address problems identified in the purchasing card reviews. The new policy, if approved by EMT, will be effective July 1, 2005.

- b. Agree. Implementation date: April 2006.

The policy recommended to EMT will use individual performance objectives in the employee evaluation process to track improvements made by cardholders and approving authorities where persistent problems exist. Changes to the Performance Measurement And Pay (PMAP) forms themselves would occur in April 2006. The Exceptions Noted in Purchasing Card Audits will be used to document actions taken by approving authorities in response to the findings in the audit. This will become the tool used to identify any issues for follow up.

- c. Agree. Implementation date: October 1, 2005.

On a periodic basis, participation in training will be required for all current procurement card users and approving authorities that have had a problem identified. Training will be targeted to areas reported in the Exceptions Noted in Purchase Card Audits report. Correct account coding will be part of the training.

- d. Agree. Implementation date: June 30, 2006.

The Department believes increased training efforts and clear appointing authority responsibility will reduce the number of purchasing card problems identified. If department-wide problems persist and are not reduced by the end of Fiscal Year 2006, the use of a graduated point system with defined consequences for cardholder violations will be evaluated by considering the effectiveness demonstrated by other state agencies as well as the additional costs and resources that would be needed for such a program.

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# Judicial Department

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## Introduction

Established by the State Constitution, the Judicial Department is a separate branch of the State's government. The Chief Justice of the Supreme Court is the head of the branch and is responsible for establishing administrative procedures for the following:

- Supreme Court
- Court of Appeals
- Trial Courts and Probation
  - 22 district courts
  - 64 county courts
  - 7 water courts
  - 22 probation departments
  - Denver Juvenile Court
  - Denver Probate Court

The Supreme Court appoints the State Court Administrator to assist the Chief Justice. The State Court Administrator's Office provides administrative support and services to the trial and appellate courts to assist them in providing the citizens of Colorado forums to resolve disputes. The office also supports the management of probation services to enhance public protection and offender rehabilitation. Several offices and committees within the Department operate outside the direction and control of the State Court Administrator to provide services under the Judicial Department. The Office of the Public Defender provides legal representation for the indigent. The Office of Alternate Defense Council provides representation for the indigent when there is a conflict of interest for the Public Defender to represent the defendant. The Office of the Child's Representative ensures the provision of legal representation to children involved in judicial proceedings in Colorado.

In Fiscal Year 2004 the Department was appropriated approximately \$273.2 million and 3,222.1 full-time equivalent staff (FTE). The Department receives approximately 76 percent of its funding from the State's General Fund.

The following was prepared by the certified public accounting firm of Gelfond Hochstadt Pangburn, P.C. (GHP), which performed the Fiscal Year 2004 audit work at the Judicial Department.

## Office of the Child's Representative

During the 2000 legislative session, the General Assembly passed House Bill 00-1371 which created the Office of the Child's Representative (Office) within the Judicial Department. The Office is responsible for ensuring legal representation and non-legal advocacy for children involved in judicial proceedings in Colorado. This includes enhancing the legal representation of children, establishing compensation for services, setting minimum practice and training standards, determining maximum caseloads, establishing oversight committees throughout the State, and working collaboratively with the state court-appointed special advocate (CASA) to develop local CASAs in each judicial district. The Office has four full-time equivalent administrative staff and twenty full-time contract employees that include attorneys and case workers. The Office receives its funding from general funded appropriations.

<b>Office of the Child's Representative</b> <b>Schedule of General Funded Expenditures - Budget Basis</b> <b>Years Ended June 30, 2003 and 2004</b>		
<b>Expenditure</b>	<b>2003</b>	<b>2004</b>
Attorney services - by type of case:		
Dependency and neglect	\$ 5,516,225	\$ 6,305,285
Juvenile delinquency	981,246	842,540
Domestic relations	488,916	623,407
Truancy	113,082	84,480
Paternity	57,974	58,007
Probate	51,560	66,707
Other	14,600	16,455
Counsel expenses	6,773	12,029
Subtotal: Attorney services	7,230,376	8,008,910
Administrative and operating costs	434,927	510,587
Training	22,991	
CASA services	20,000	20,000
<b>Total general funded expenditures - actual *</b>	<b>7,708,294</b>	<b>8,539,497</b>
<b>Total general funded expenditures - appropriations</b>	<b>7,763,264</b>	<b>8,867,714</b>
Variance - over (under) appropriations	\$ (54,970)	\$ (328,217)
* Does not include accrued payroll for June 2004 and 2003 of \$109,115 and \$98,886, respectively.		
<b>Source:</b> Data obtained from the Office of the Child's Representative.		

Pursuant to House Bill 00-1371, GHP performed certain procedures at the Office of the Child's Representative, including the following:

- We obtained the Office's accounting policies and procedures for cash disbursements related to attorney payments and vendor payments, which cover the review and approval of disbursements, segregation of duties, use of purchase orders for goods over \$5,000 and services over \$25,000, and contracts required for all purchases exceeding \$50,000 and certain employment arrangements. These office policies and procedures also provide that attorney payments are to be based on the terms of written contracts and fee schedules mandated by Chief Justice Directive 04-06.
- Using a statistical sampling method, we selected 34 cash disbursements totaling about \$12,339 from a population of 18,982 disbursements totaling \$6,734,552. The sample included 28 attorney payments totaling \$12,076 and 6 general vendor disbursements totaling \$263. We found that the invoices were in compliance with Chief Justice Directive 04-06. The invoices were recorded correctly on the Court-Appointed Counsel and State's accounting systems. We recalculated hourly bills and agreed contract billings to supporting documentation. We found that invoices had proper evidence that they were reviewed and approved for payment. For attorney disbursements, we reviewed supporting documentation for contract disbursements, noted written verification of appointment, and noted specific written approval for fees required over the maximum threshold for the type of case. For contracted attorneys, we noted that Form W-9s were maintained by the Office.
- We compared Fiscal Year 2004 payroll expenditures of \$1,337,150 as reported on a schedule of wages by employee with salary expenditures as reported on the State's accounting system and determined that amounts in these reports were in agreement. In addition, we selected 12 employees and agreed these employees' wages (which represented 63 percent of total wages) to contracts or authorization documents.
- We reviewed employee expense reimbursement reports and determined that expenses were within agency guidelines.
- Office's "Fiscal Policies and Procedures Manual" states that the Office's goal is to process attorney payments within 30 days of receiving the invoice, under normal circumstances. We recalculated the timeliness of 21 attorney payments made. We noted that all payments were made in accordance with the Office's policy of 30 days.

For attorney disbursements, we agreed attorney name, disbursement amount, case number and contract billings to appointment records (i.e., Guardian Ad Litem (GAL) employment contracts) and recalculated hourly bills. No exceptions were noted. For GAL employment contracts obtained above, we noted that only one out of 28 contracts obtained were signed by authorized Office personnel.

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### **Recommendation No. 10:**

The Office of the Child's Representative should ensure that all contracts are signed by all parties to the contract.

### **The Office of the Child's Representative Response:**

Agree. Implementation date: October 1, 2004.

The Fiscal Year 2003 Guardian Ad Litem (GAL) employment contracts were not signed due to an administrative error. The Office of the Child's Representative has implemented controls to ensure proper completion of GAL employment contracts. All contracts are now received directly by the agency's Office Manager and forwarded to the Executive Director for signature. The contract is then reviewed by the Office Manager to ensure that it has been signed by all parties and is properly completed.

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# Department of Labor and Employment

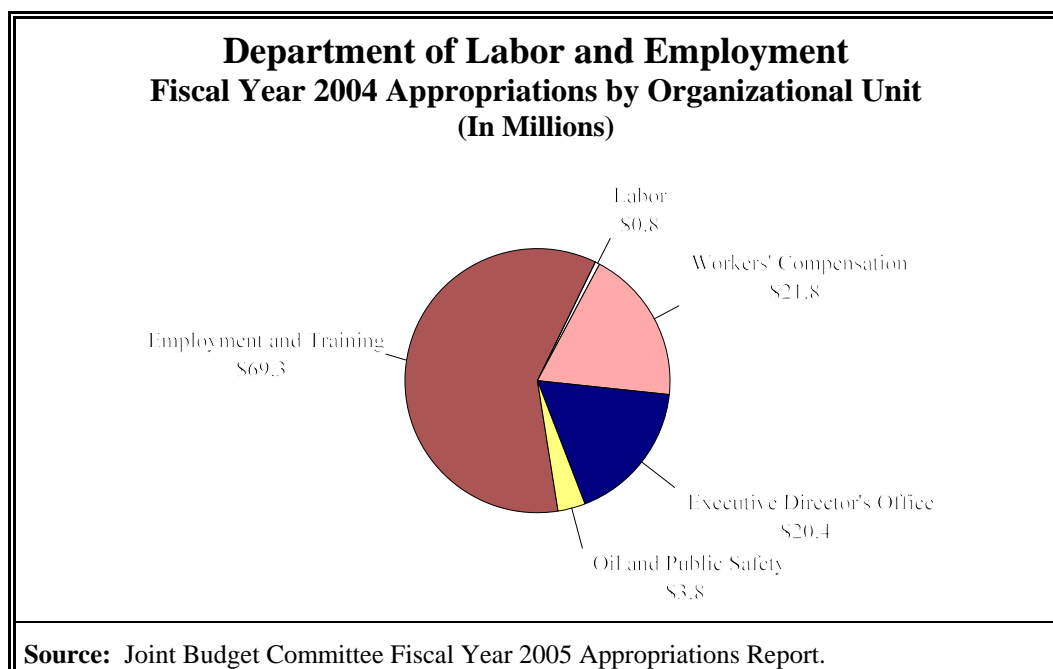
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## Introduction

The Department of Labor and Employment (DOLE) is responsible for providing services to employers and job seekers and enforcing laws concerning labor standards, unemployment insurance, workers' compensation, public safety, and consumer protection. The Department is comprised of the following major organizational units:

- Division of Employment and Training
- Division of Workers' Compensation
- Division of Oil and Public Safety
- Division of Labor
- Executive Director's Office

The Department was appropriated \$116.1 million and 1,076.4 full-time equivalent staff (FTE) for Fiscal Year 2004. Approximately 36 percent of the Department's funding is from cash funds and the other 64 percent is from federal funds. The following chart shows the operating budget by major organizational unit during Fiscal Year 2004.



The following comments were prepared by the public accounting firm of Clifton Gunderson LLP, which performed the Fiscal Year 2004 audit at the Department of Labor and Employment.

## **Review Process for Estimates**

The Department prepares several estimates relating to key revenue and expenses of the Department at year-end, including unemployment benefits, unemployment tax revenue, and related receivables and allowances for doubtful accounts. Under generally accepted accounting principles, the Department must estimate the amount of taxes or surcharges to be received in subsequent months, as well as the doubtful accounts, because the actual amounts are unknown at year-end. In addition, the Department's information system cannot produce a report for unemployment benefits payable, and this amount must therefore also be estimated.

For Fiscal Year 2004, we found the following errors in the Department's year-end estimates:

- The unemployment benefits payable at year-end was understated by approximately \$3 million due to a staff calculation error.
- The allowance for doubtful accounts on overdue unemployment insurance tax owed by employers was understated by \$1.3 million. It was determined that the collections methodology to be used for calculating this estimate was not properly communicated to the staff person preparing the estimate for Fiscal Year 2004.
- The worker's compensation surcharge revenue at year-end was understated by \$2.1 million due to an underestimation of premium increases at year-end.
- An invoice for construction work performed in June 2004 but not paid until August 2004 totaling approximately \$765,000 was not accrued at year-end. Staff report that they did not include the amount due in their accounts payable calculation at year-end due to not receiving the invoice prior to the closing process. However, an estimate should have been recorded for the liability at year-end.
- Information on major estimates initially submitted to the State Controller's Office on a standard form, or exhibit, was incomplete due to staff error in preparation. A revised exhibit was submitted with the corrections.

As a result of the above errors, several of the Department's revenue or expenses were misstated at year-end. The first two adjustments above related to unemployment were materially misstated. These accounts were subsequently corrected through submission of an exhibit for post closing entries to the State Controller's Office.

The errors appear to be the result of a significant amount of turnover of key positions prior to year-end and a lack of procedures in place to carefully review estimates by staff knowledgeable of the estimates and calculations.

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### **Recommendation No. 11:**

The Department of Labor and Employment should implement procedures for a more thorough review of estimates at year-end, including the following:

- a. Comparison of the current year major estimates exhibits to the prior year and investigating significant fluctuations.
- b. Review of previous year's post closing entries to determine if there are changes which affect current year calculations.
- c. Discussion of any changes in methodology of the calculation with the statistician or individual responsible for the calculation on each estimate to determine if the change is reasonable.
- d. Assignment of review responsibilities for estimates to individuals knowledgeable of facts and assumptions for the estimate and review of year-end adjustments to ensure that ending account balances are correct.
- e. Review of significant capital construction activity to ensure year-end accruals are recorded and that estimates are made for invoices not yet received.

### **Department of Labor and Employment Response:**

- a. Agree. Implementation date: June 30, 2005.

The Department already compares current year major estimates to prior year estimates and investigates significant fluctuations. In addition, major estimates are compared to actual results and discussions are held with program managers in an attempt to keep up with current trends in the economy that would have an impact on the estimates. The

Department will expand its review to include reviewing prior year exhibits and financial statement adjustments to identify possible estimate revisions done subsequent to the original computation.

- b. Agree. Implementation date: June 30, 2005.

The Unemployment Insurance Tax Division has been using a methodology to estimate its allowance for doubtful accounts that was established by a CPA firm several years ago. For the Fiscal Year 2003 audit, the Finance Office was asked to actually compute the amount of prior year collections and use those percentages to estimate the allowance. The Department complied and found that the allowance was understated. A post-closing adjustment was submitted and the Department agreed to use the actual collection methodology in future years. The change in methodology was not implemented when closing Fiscal Year 2004 and a post-closing adjustment was again necessary. The allowance will be properly computed using the actual collections methodology for Fiscal Year 2005 and future time periods.

- c. Agree. Implementation date: June 30, 2005.

In the past, the Finance Office has not seen back-up documentation for some of the major estimates supplied by statisticians or program managers. In the future, the individual responsible for calculating each estimate will be required to submit documentation indicating how he arrived at the estimate. The Finance Office can then recalculate the estimate to ensure mathematical accuracy and add another layer of review.

- d. Agree. Implementation date: Implemented.

Review responsibilities for estimates are assigned to individuals with the Finance Office who are knowledgeable of the facts and assumptions underlying those estimates. Every effort is made to ensure that any estimates are accurate. However, there are times when external factors such as changing economic conditions, increasing insurance costs, and system constraints cause the actual to vary from our estimates.

- e. Agree. Implementation date: Implemented.

The Department has already changed the procedure for processing capital construction invoices. When the invoices are received and sent to State Real Estate for signature, an unsigned copy is also sent to the Accounts

Payable Office. If the signed invoice has not been returned to the agency by the time the accounting period closes, Accounts Payable still has the information necessary to do an accrual.

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## Unemployment Insurance Tax Refundable Detail Listing

The Department collects unemployment insurance tax from employers on a quarterly basis during the year based upon an employer's tax rate and employee wages. Unemployment insurance taxes collected for the year ended June 30, 2004 totaled approximately \$335 million. The Department records a liability for unemployment insurance tax owed to employers for overpayments of unemployment insurance tax. Refunds to employers arise mainly due to mathematical errors by employers in the calculation of taxes due, such as misplacing a decimal point or multiplying the rate times the wages incorrectly. These amounts are recorded based on actual amounts due to employers.

Currently, the Department is able to produce a summary report of the unemployment insurance tax refund account. The Department produced several boxes of detail related to this account but was unable to provide a document with a comprehensive detailed listing of amounts owed to individual employers to support the balance in this account. Therefore, we were unable to substantiate the \$4.3 million balance in this account.

According to Department staff, the new information system, *genesis!*, is expected to be able to produce a detail report. This system is scheduled to be fully implemented during Fiscal Year 2005. However, for Fiscal Year 2004 the Department is unable to determine the accuracy and legitimacy of detailed amounts owed to employers, at a given point in time. Adequate records must be maintained to support year-end balances.

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### Recommendation No. 12:

The Department of Labor and Employment should ensure amounts recorded as refunds due to employers for overpayment of unemployment insurance tax are accurate and complete. In addition, the Department should ensure that the *genesis!* system will generate reports listing the detail on refunds owed to individual employers for unemployment insurance tax refunds.

## Department of Labor and Employment Response:

Agree. Implementation date: December 2005.

The UI Division ensures that credit balances on employer accounts for overpayment of UI taxes are accurate and complete. The UI Tax system produces 3 reports: a summary accounts receivable/payable report, individual credit report by examiner, and a detail report of all transactions (both credit and debit). Each tax examiner is responsible for reconciling the balances on his or her accounts. The individual credit report by examiner is distributed to all examiners. The reports are “worked” each month; the examiners issue refunds or apply credits taken on the employers’ returns. The individual credit reports by examiner had already been distributed, worked, and discarded for the month in question and the information had been overlaid by the subsequent month’s UI Tax activity. Because the individual credit reports were not available, the auditors were unable to tie the balance of those reports to the summary totals. In addition, the detail report produced by our current UI Tax system is not conducive to reconciling the detail to the summary totals (it fills several boxes and contains no totals or subtotals). The new UI Tax system (*genesis!*) will be rolled out in 2005 and will contain information in a much more user-friendly format.

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## Fixed Assets

Since Fiscal Year 2002, the Department has been in the process of implementing a new information system, called *genesis!*, which is a redesign of the Unemployment Insurance Program. In addition, *genesis!* will link the Unemployment Benefits and Unemployment Tax software programs and gain other efficiencies within the Unemployment Insurance Program.

According to the Fiscal Procedures Manual published by the State Controller’s Office, departments with capital construction not completed by the end of the year are to record expenditures incurred to date that meet the State’s capitalization criteria into construction in progress. During the audit we determined the Department had capitalized approximately \$1.1 million of hardware purchases made for *genesis!*, but it did not capitalize software-related expenditures, such as customized programming. As of the end of Fiscal Year 2004, these software expenditures totaled approximately \$26.3 million.

The Department explained that it was concerned with overstating capital assets if the capitalization was done based on the total costs incurred. However, the Department

did not seek guidance on this issue until nearly a month after the end of the Fiscal Year.

The Department is responsible for ensuring that all capital assets, either purchased or constructed, are properly recorded on the State's accounting system. Therefore, the Department should ensure all capital assets are recorded in accordance with Fiscal Procedures.

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### **Recommendation No. 13:**

The Department of Labor and Employment should consult with the State Controller's Office or others on a timely basis to ensure proper recording of transactions prior to year-end close. Further, the Department should ensure future direct purchases or constructed capital assets are properly capitalized according to the Fiscal Procedures Manual.

### **Department of Labor and Employment Response:**

Agree. Implementation date: Implemented.

The *genesis!* Project incorporates the entire redesign of the UI Program. The system associated with the redesign (SUPER) was begun at the very end of Fiscal Year 2002. Costs associated with designing and building the system were incurred in Fiscal Year 2003 and Fiscal Year 2004. This was just after the implementation of Governmental Accounting Standards Board No. 34 that required governmental entities to capitalize the costs incurred for SUPER in Fiscal Year 2003. At the end of Fiscal Year 2004, the auditors asked that we do a prior period adjustment to restate Fiscal Year 2003 and also capitalize and software costs incurred in Fiscal Year 2004. The Controller did not agree that all costs associated with the system should be capitalized as that would overstate the Department's fixed assets. The auditors supplied the Controller with a Statement of Position on September 8, 2004, that assisted the Controller in determining the appropriate costs to be capitalized. In addition, the contract payment schedule identified the parts of the system that were in use (capital asset) as of June 30 versus those that were still in the design phase (work in progress). Once we were able to identify those components, the Controller agreed to capitalize the system in the proper categories. The same process will be used to capitalize the costs incurred during Fiscal Year 2005.

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# Department of Natural Resources

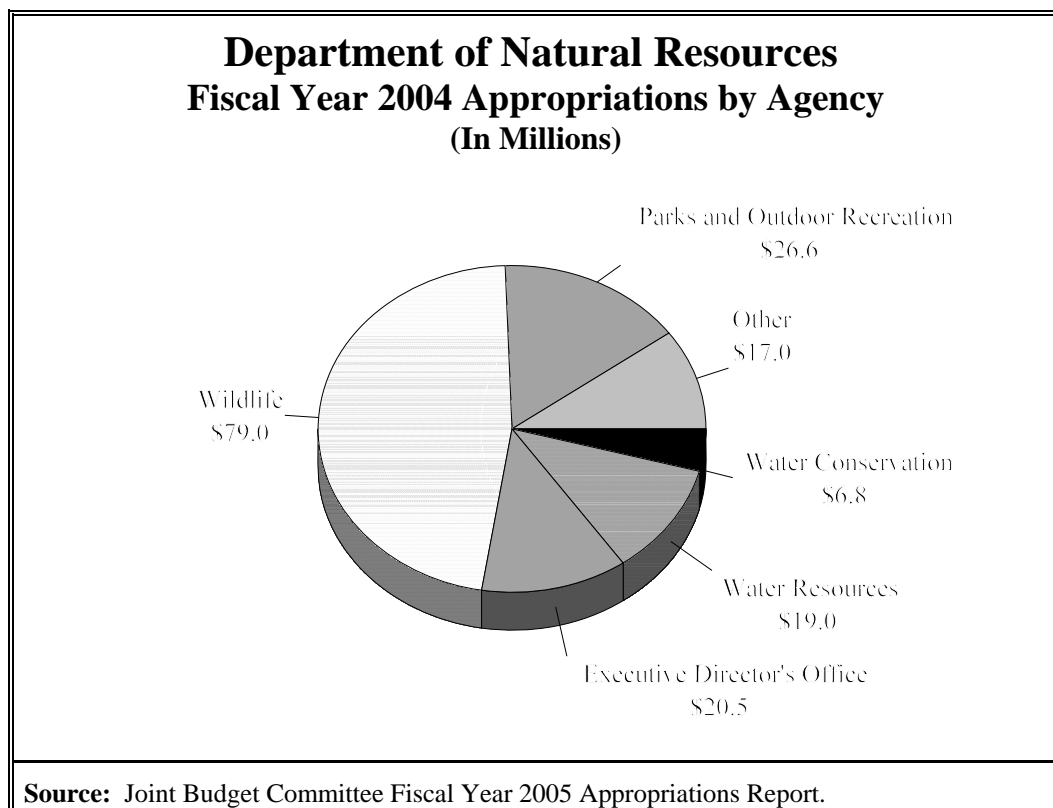
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## Introduction

The Department of Natural Resources is responsible for encouraging the development of the State's natural resources. Resources include land, wildlife, outdoor recreation, water, energy, and minerals. The Department comprises the Executive Director's Office, which is responsible for the administration and management of the overall Department, and the following eight sections:

- Wildlife
- Water Resources
- State Board of Land Commissioners
- Parks and Outdoor Recreation
- Oil and Gas Conservation Commission
- Minerals and Geology
- Water Conservation Board
- Geological Survey

In Fiscal Year 2004 the Department was appropriated about \$168.9 million with 1,532 full-time equivalent staff (FTE). The Department is primarily cash-funded. Revenue sources include hunting, fishing, and other licenses, as well as royalties, rents, interest, and other sources. The following chart shows the Department's appropriations for Fiscal Year 2004.



## Capital Asset Controls

The Department is responsible for ensuring that its capital assets are properly recorded, inventoried, and safeguarded. Most of the Department's \$364.8 million in capital assets are located at various parks and wildlife facilities throughout the State. These assets include land, improvements to land, buildings, leasehold improvements, equipment, library books, historical treasures, and infrastructure such as roads, bridges, and dams.

Lack of controls over capital assets has been an ongoing issue at the Department. In Fiscal Years 1994 and 1997, we recommended that the Department improve its controls by completing annual physical inventories and properly adjusting accounting records based on the results of these inventories. During Fiscal Years 2002 and 2003, we found problems with physical inventories and reconciliations to account records. In our current audit we continue to find similar problems as follows.

## Disposal of Capital Assets

During our audit we found that the Department did not require sufficient documentation prior to removing an asset from its internal database. We found that 6 of the 33 items deleted during Fiscal Year 2004, or 18 percent, were removed without evidence of disposal, trade, or sale. Specifically:

- **The Department's central accounting office removed five items, totaling about \$78,000, from its internal database of capital assets without adequate documentation.** These items were one large-bed plotter, one large-bed scanner, one central server unit, one large-format reducing copier and one large-format copier. The source of these adjustments came from the Department's equipment disposition request form with comments stating "took to surplus property, did not get a copy of the form after signing it," "in disposal process," and "both items traded-in." Adequate documentation should include a receipt evidencing the item was disposed of or traded in, or include confirmation from the receiving agency for assets transferred.
- **One asset was removed from the database because it could not be located.** One eight-year-old computer, with an original purchase price of \$5,450, was removed from the database. The Division informed the central accounting office that the item was missing but did not provide any other supporting documentation.
- **One asset reported as missing in the prior year was listed as a capital asset in the current year, although it had not been recovered.** A digital camera, valued at \$5,454, was reported as missing in the prior year but not removed from the internal database. As a result, the Department's capital assets on the State's accounting system are overstated.

The Department does not have a policy on what type of documentation is required. When the disposal of assets occurs, documentation should include evidence of receipt by Surplus Property for items disposed of, a sales receipt, or a purchase order with documentation confirming that a trade-in has occurred. Adequate documentation provides a means to safeguard assets and prevent fraud and misuse.

Additionally, the Department's equipment disposition request form instructs users to report any lost or stolen equipment to the Police Department and obtain a police report for stolen equipment. Fiscal Rule 1-9 requires that any suspected theft or embezzlement of state funds should be immediately reported to the chief executive officer, or delegate, and the chief financial officer of the state agency or institution of higher education. In addition, Fiscal Rule 1-9 requires that a theft or

embezzlement of state funds or assets totaling \$5,000 or more per incident shall be reported in writing to the State Controller.

While the Department does not believe that the two missing items were stolen, there was no documentation to support this decision. The Department believes that the items were missing months or maybe years before they were reported as missing. In addition, we found that the missing items were not reported to the police in accordance with the Department's written instructions. It appears that the reason the internal policy was not being followed was due to staff turnover and poor record keeping at the Division level.

The significant amount of capital assets held by the Department and the disbursement of these assets throughout the Department's various locations make it important that the Department have adequate controls in place to ensure that assets are safeguarded and that the risk of errors or irregularities is minimized. If the Department does not investigate missing assets and take appropriate action on a timely basis, there is a greater chance that theft or embezzlement will go unchecked.

## **Reconciliation Process**

During our prior year audit, we recommended that the Department complete periodic reconciliations between the internal database of capital assets and the State's accounting system, and implement independent review procedures over the reconciliation process. The Department agreed and implemented the reconciliation process in April 2004. However, we have not found any evidence of an independent review process. When independent reviews of the reconciliations are not performed, the risk increases that errors will go undetected.

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## **Recommendation No. 14:**

The Department of Natural Resources should continue working to improve controls over capital assets and ensure assets are recorded accurately on the State's accounting system by:

- a. Specifying what type of documentation is required before an asset will be removed from the Department's capital asset database and communicating this requirement to staff.
- b. Enforcing its policies requiring the timely reporting of missing items as well as investigating potential theft or embezzlement in accordance with the Department's internal policy and State of Colorado Fiscal Rules if sufficient

documentation regarding the disposal of the asset is not presented in a timely manner.

- c. Implementing independent review procedures over the reconciliation process.

### **Department of Natural Resources Response:**

- a. Agree. Implementation date: June 30, 2005.

The Department will continue to improve controls over capital assets to ensure assets are recorded accurately on the State's accounting system. We will develop and distribute more specific guidelines regarding the documentation required to remove an asset from the capital asset database. It is our intention to remove from the database all assets not in the Department's possession to avoid misstatement of the value of capital assets on the State's financial records.

- b. Agree. Implementation date: June 30, 2005.

We will review with individuals responsible for inventory control the importance of timely reporting of lost assets with proper reporting to local law enforcement and the State Controller all instances of potential theft or embezzlement.

- c. Agree. Implementation date: December 31, 2004.

The quarterly capital asset reconciliation will be reviewed by the Department Controller or the employee's supervisor.

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## **State Board of Land Commissioners**

The five-member volunteer State Board of Land Commissioners is responsible for managing 2.6 million surface acres and 4.5 million mineral acres of state lands for the benefit of eight separate trusts. For Fiscal Year 2004 the Board was appropriated approximately \$3.4 million and 34 FTE. Sources of funding included leases, timber production, land sales, mineral royalties, bonuses, and interest.

## Surface Leases

The Board rents lands to private parties for agricultural, recreation, tower sites, and commercial purposes. The leases typically last for 10 years, and the original lessee often renews the lease for another 1 to 10 years. For Fiscal Year 2004 the Division collected rents totaling about \$11.1 million on 2,692 active surface leases.

In 2002 we reviewed the Board's process for billing lessees and recording rental income. We found that the Board did not bill lessees in those instances where the lease expired but the lessee continued to utilize the land. The Board's policy was to bill for these back rents once the lease was renewed, which could be two or more years later. Also in 2002, the Board obtained informal legal guidance indicating that it could bill the "hold-over tenants" at the old lease rate until the lease had been renewed. We recommended that the Board bill for back rents on expired leases based upon this "hold-over tenant" concept. The Board agreed to implement the recommendation. During Fiscal Year 2003 the Board put a new lease management system in place, the State Asset Management (SAM) system, and was in the process of analyzing system reporting capabilities.

In our current Fiscal Year 2004 audit, we found that the Board had not implemented our recommendation. The Board did not bill lessees for back rents on 64 surface leases, totaling \$112,378 for Fiscal Year 2004. We also found that the Board did not bill lessees for back rents on 55 surface leases, totaling \$270,000 for Fiscal Year 2002. The Board was unable to provide us with this information for Fiscal Year 2003. The Board is concerned that lessees will be confused if a bill or refund arrives identifying adjustments based on the new lease terms, which could go back several years.

If the Board does not bill tenants in a timely manner, there is a risk that the Board will be unable to collect back rent, especially if the lease is not subsequently renewed. We believe that the majority of leaseholders understand the lease bid and award process. The small number of revised bills and refunds should not provide an additional burden for the Board or the lessees.

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### Recommendation No. 15:

The State Board of Land Commissioners should continue to improve its surface lease procedures by billing hold-over tenants while the renewal is under consideration.

### **Department of Natural Resources Response:**

Agree. Implementation date: February 2005.

The State Land Board will continue to improve billing for surface leases. As of the date of this response the backlog that has existed for the past few years no longer exists. By continuing to improve the surface leasing procedures through automation of processes, delegation of authority to the District Offices, and implementation of technology improvements, this situation should not occur again.

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# Department of Personnel and Administration

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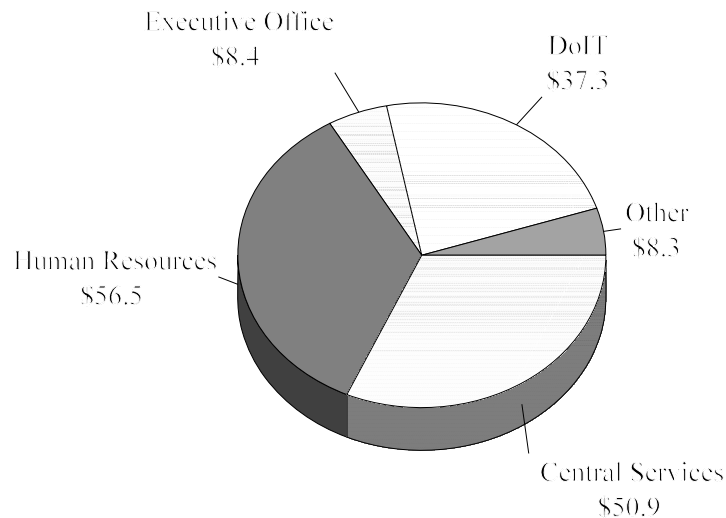
## Introduction

The Department of Personnel and Administration's primary function is to support the business needs of state government. The Department administers the classified personnel system, which includes approximately 27,700 full-time employees (excluding the Department of Higher Education), and provides general support services for other state agencies. The Department of Personnel and Administration includes the following divisions:

- Executive Office
- Human Resources
- Personnel Board
- Central Services
- Finance and Procurement
- Information Technologies (DoIT)
- Administrative Hearings

The Department was appropriated total funds of \$161.5 million and 570 full-time equivalent staff (FTE) for Fiscal Year 2004. Approximately 5 percent of the funding is from general funds and 95 percent is from cash funds. Cash funds include, but are not limited to, vehicle and building rentals, copying, printing, graphic design, and mail services. The following chart shows the operating budget by division during Fiscal Year 2004.

**Department of Personnel and Administration  
Fiscal Year 2004 Appropriations by Funding Source  
(In Millions)**



**Source:** Joint Budget Committee Fiscal Year 2005 Appropriations Report.

## HUTF Transfers: Statutory Compliance

The State Controller is appointed by the Executive Director of the Department of Personnel and Administration. The duties of the State Controller include examining and approving all financial statements and reports of state government prior to their release. The State Controller's Office conducts all central accounting and fiscal reporting, manages the financial affairs of the State, and coordinates procedures for financial administration and financial control. The State Controller's duties also include making certain transfers required under statutes.

Under Section 24-75-218 (1), C.R.S., on July 1, 2003, and on July 1 in each succeeding fiscal year, any surplus in the General Fund shall be transferred to the Highway Users Tax Fund (HUTF) and the Capital Construction Fund. Statutes require that two-thirds of the amount transferred be distributed to the HUTF and one-third be distributed to the Capital Construction Fund.

We found two problems related to this transfer. The first problem is that the transfers are being made later than the date designated in statute. The June 30, 2003, surplus of \$8.3 million that should have been transferred on July 1, 2003, was transferred on January 13, 2004. The June 30, 2004, surplus of \$121.8 million that

should have been transferred on July 1, 2004, was transferred in two phases. The initial transfer of \$111 million was made on November 16, 2004, and the final amount of \$10.8 million was made on January 4, 2005. The second problem we found with the transfers is that there appears to be conflicting language in the statutes with respect to how the General Fund reserve should have been calculated for Fiscal Year 2003. This reserve must be determined in order to calculate the amount of surplus available for transfer in Fiscal Year 2004.

## **Timing of Transfers**

The first problem that we identified related to the timeliness of the transfers. Section 24-75-201 (1), C.R.S., states that “[A]ny unrestricted balance remaining in the general fund at the end of any fiscal year shall be designated as the general fund surplus.” Therefore, the General Fund surplus as of June 30, 2003, is the amount that should be transferred the next day, or on July 1, 2003.

The State Controller’s Office has expressed concern about the timing of the statutory transfer requirements. Specifically, the State’s books do not close until 35 days after the June 30 fiscal year-end, or until early August. Subsequently, the State’s financial information is audited and adjustments are made.

The State Controller’s Office needs either to comply with the time frame prescribed in the statute using estimated information or work with the General Assembly to revise the statutory requirements for the timing of the transfer. Possible options could include:

- Requiring that a preliminary transfer be made based on a percentage of the estimated General Fund surplus as of September 20, which is the date statutes require that the State Controller issue the State’s basic financial statements. Any remaining balance could be transferred when the audited Comprehensive Annual Financial Report (CAFR) is finalized in late November/early December.
- Changing the transfer date from July 1 to year-end close in early August with an allowance for material adjustments in January.

Under either option, consideration could be given to requiring that interest be paid by the General Fund on the amounts due to the HUTF and Capital Construction Fund from July 1 until the time of distribution.

## Statutory Requirements Subject to Interpretation

The second problem we identified related to the transfer is that there appears to be conflicting language in the statutes with respect to how the General Fund reserve should have been calculated for Fiscal Year 2003. This reserve must be determined in order to calculate the General Fund surplus available for transfer to the HUTF and the Capital Construction Fund. Statutes allow the General Fund to retain a reserve based on a percentage of the amount appropriated for expenditure for the fiscal year.

In particular, Section 24-75-218 (1), C.R.S., which specifically addresses the transfers to HUTF and the Capital Construction Fund, states in part that “on July 1, 2003, and on July 1 in each succeeding fiscal year, the general fund surplus designated in accordance with section 24-75-201 (1), **less the four percent reserve required by section 24-75-201.1 (1) (d) (III) . . .**” [emphasis added] shall be credited and allocated to the HUTF and Capital Construction Fund. On the other hand, Section 24-75-201.1 (1) (d) (III), C.R.S., states that **except for certain fiscal years, 4 percent** of the amount appropriated for expenditure from the General Fund should be set aside as a reserve, and Section 24-75-201.1 (1) (d) (VII), C.R.S., states that for Fiscal Year 2003, the reserve should be “**three percent** of the amount appropriated for expenditure from the general fund for that fiscal year reduced by thirty-one million one hundred seventy-five thousand dollars . . .,” or by about \$31.2 million. Thus, the question is whether to use the 4 percent or the alternative percentage specified, in this case the approximately 3 percent for Fiscal Year 2003, for the calculation of the reserve.

The State Controller’s Office was aware of the conflicting language and interpreted statutes to mean that 4 percent stated in the transfer statute, Section 24-75-218 (1), C.R.S., should be used to calculate the reserve for Fiscal Year 2003. However, this statute references the reserve statute, Section 24-75-201.1 (d) (VII), C.R.S., which contains the 3 percent requirement for Fiscal Year 2003. We discussed these statutory provisions with the Office of State Planning and Budgeting, which indicated that it had used the same interpretation as the State Controller’s Office. Staff at the Office of Legislative Legal Services indicated that the language in the statutes appeared to be conflicting and could result in a different interpretation, i.e., that the 3 percent language should have been used to calculate the Fiscal Year 2003 reserve. As a result, the intent of the General Assembly is not entirely clear with respect to the calculation of the Fiscal Year 2003 reserve and, thus, the amount of the transfer that should have been made in Fiscal Year 2004.

For Fiscal Year 2003, had the reserve been calculated using 3 percent of the amount appropriated less \$31.2 million, the amount transferred would have been \$93.7 million instead of the \$8.3 million actually transferred, or an increase of \$85.4 million. In turn, this would have decreased the amount in the General Fund for Fiscal Year 2004 and hence the amount available for appropriation and the

surplus at June 30, 2004, available for transfer in Fiscal Year 2005. In other words, the \$121.8 million transferred during Fiscal Year 2005 would have been reduced by \$85.4 million. The State Controller's Office should seek clarification with respect to the correct calculation of the reserve for Fiscal Year 2003. It should also seek such clarification in the future, should statutes appear to have conflicting requirements affecting these transfers.

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### **Recommendation No. 16:**

The State Controller's Office should ensure compliance with statutory requirements for transfers of General Fund surplus to the Highway Users Tax Fund and the Capital Construction Fund by:

- a. Complying with the statutory date for making these transfers or developing options for the timing of these transfers and working with the General Assembly to revise the statutory transfer date.
- b. Seeking legal guidance from the Attorney General's Office regarding the correct manner for calculating the Fiscal Year 2003 reserve and in the future in cases where statutes have conflicting requirements that affect the amounts of these transfers.

### **State Controller's Office Response:**

- a. Partially agree. Implementation date: September 2005.

The State Controller's Office is unable to comply with the statutory date for the transfers because the available fund balance in the General Fund cannot be computed on July 1. The State Controller's Office has reached an agreement with the Department of Transportation to do a partial transfer to the Highway Users Tax Fund and the Capital Construction Fund on September 20 when the State's Basic Financial Statements are issued per statute. The balance of the funds will be transferred when the State's Comprehensive Annual Financial Report is issued on or before December 31. The State Controller's Office supports a statutory revision of the transfer date.

- b. Partially agree. Implementation date: September 2005.

The State Controller's Office will seek legal guidance from the Attorney General's Office regarding the correct manner for calculating the reserve.

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## **Division of Information Technologies**

The Division of Information Technologies supports the State's business functions with information technology and telecommunications tools through such areas as computing services, customer support, state archives, and technology management. The Technology Management Unit (Unit) is within the Division of Information Technologies. The Unit's services encompass application development and maintenance, including project management, requirements management, systems analysis and design, programming, implementation, enhancement, systems assurance, and documentation. One of these applications is the Colorado Financial Reporting System (COFRS), the State's primary accounting software, which is directly overseen by the Financial Systems Team (FST) within the Unit.

## **Access to the Colorado Financial Reporting System**

In March 2004 we reviewed the access privileges to sensitive program libraries and restricted data tables for COFRS. We found 13 employees and one contractor with access privileges. However, two of the employees and the contractor were no longer working for FST at that time. These profiles were not suspended or changed when the contractor's engagement ended or employees transferred out of FST. Specifically:

- One contractor's access remained active for at least a month after the engagement ended. An automated process exists that suspends access on a predetermined date. However, management did not provide an end date to suspend access. Subsequently, access was manually suspended after the auditors notified the FST manager.
- Two employees' access was not changed when they transferred to other teams outside of FST: one employee transferred five months earlier and the other transferred nine months earlier. Although limited COFRS access privileges were required for their new assignments, their previous sensitive and restricted access was not changed until the auditors brought it to management's attention.

As part of a prior year audit, the Division partially implemented a recommendation to ensure access to systems and data is limited, based on specific job responsibilities. However, as stated above, we found problems when employees changed job responsibilities. Access privileges to COFRS were not properly changed by the FST manager, who has sole authority to authorize, suspend, and change access to sensitive program libraries and restricted data tables.

It is important that the Technology Management Unit maintain adequate access controls to provide reasonable assurance that the State's financial information is protected against unauthorized modification, disclosure, loss, and fraud. In addition, information system auditing standards require that management maintain internal controls to ensure access privileges are appropriate for an employee's job responsibilities.

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### **Recommendation No. 17:**

The Department of Personnel and Administration should ensure that the Technology Management Unit improve its controls over COFRS access by:

- a. Requiring Financial System Team management to provide end dates enabling the automated process to suspend contractors' access.
- b. Implementing a process to ensure Financial System Team management reviews access privileges in a timely manner when employee and contractor assignments change.

### **Department of Personnel and Administration Response:**

- a. Agree. Implementation date: February 2005.

The Top Secret Administrator within Technology Management Unit (Unit) grants access to COFRS for Financial Systems employees and contractors after receiving written/email approval from the Financial System Team manager. If the request is for temporary access, an expiration date is required. The Top Secret Administrator will enter this end date into the system, enabling the automated process to suspend access. If additional time is needed, a new request is required.

- b. Agree. Implementation date: February 2005.

The Financial Systems Team manager has developed a checklist for when an employee or contractor leaves the team. One item on the checklist is for Top Secret access. The Financial System Team manager notifies the Top Secret Administrator within the Unit of the end date for the employee or contractor. The Top Secret Administrator can then enter the end date into the system prior to the actual end date.

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# Department of Public Health and Environment

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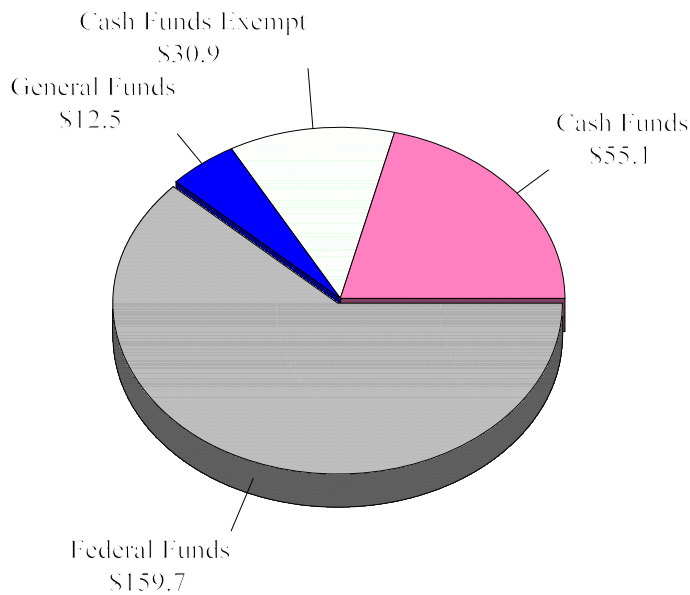
## Introduction

The Department of Public Health and Environment is responsible for improving and protecting the health of the people of Colorado, maintaining and protecting the quality of Colorado's environment, and ensuring the availability of health and medical care services to individuals and families. The Department is composed of the following major organizational units:

- **Administrative Divisions**
  - Administration and Support
  - Center for Health and Environmental Information
  - Laboratory and Radiation Services
  - Local Health Services
- **Environmental Divisions**
  - Air Quality Control
  - Water Quality Control
  - Hazardous Materials and Waste Management
  - Consumer Protection
- **Health Services Divisions**
  - Health Promotion and Disease Prevention
  - Disease Control and Environmental Epidemiology
  - Health Facilities
  - Prevention and Intervention Services for Children and Youth

The Department was appropriated \$258.3 million and 1,094.6 full-time equivalent staff (FTE) for Fiscal Year 2004. The following chart shows the operating budget by funding source during Fiscal Year 2004.

**Department of Public Health and Environment  
Fiscal Year 2004 Appropriations by Funding Source  
(In Millions)**



**Source:** Joint Budget Committee Fiscal Year 2005 Appropriations Report.

The following comments were prepared by the public accounting firm of Terry & Stephenson, P.C., which performed the Fiscal Year 2004 audit work at the Department of Public Health and Environment.

## Colorado Children's Trust Fund

In accordance with Section 19-3.5-105(1)(I), C.R.S., certain procedures were performed related to the Colorado Children's Trust Fund.

During the 1989 legislative session, the General Assembly passed House Bill 89-1216 which created the Colorado Children's Trust Fund (CCTF). In 2000, House Bill 00-1025 allocated the Trust Fund to the Colorado Department of Public Health and Environment. The purpose of the Trust Fund is to help prevent child abuse and neglect. This includes reducing the incidence of child abuse and neglect for Colorado's children and reducing the need for state intervention in child abuse and neglect prevention and education. In lieu of issuing grants during Fiscal Year 2004, the Trust Fund joined with the Kempe Children's Foundation and developed a

beneficial social marketing campaign to increase public awareness and empathy surrounding the issues of child abuse and neglect in Colorado and its prevention. For Fiscal Year 2004 the Trust Fund was appropriated 1.5 full-time equivalent staff and received its funding from the dissolution of marriage docket fee and interest.

<b>Colorado Children's Trust Fund</b> <b>Schedule of Revenues and Expenditures</b> <b>For the Fiscal Years ending June 30, 2004 and 2003<sup>1</sup></b>		
	<b>2004</b>	<b>2003</b>
<b>Revenue</b>		
Dissolution of Marriage Docket Fee	\$ 315,000	\$ 338,985
Interest Income	7,619	46,191
Donations	-	2,972
Reimbursement Prior Year <sup>2</sup>	15,322	-
Federal Grants	-	101,990
<i>Total Revenue</i>	337,941	490,138
<b>Expenditures</b>		
Grants and Contracts	175,000	390,828
Personal Services	49,150	148,379
Operating Expenses	1,638	7,743
Professional Services	687	7,000
Indirect Costs	8,600	36,355
<i>Total Expenditures</i>	235,075	590,305
<b>Excess of Revenue Over/(Under) Expenditures</b>	102,866	(100,167)
Intergovernmental Transfer	-	(980,396)
Increase (Decrease) in Fund Balance	102,866	(1,080,563)
Total Unrestricted Fund Balance, beg.	200,432	1,280,995
Total Unrestricted Fund Balance, ending	\$ 303,298	\$ 200,432
<b>Source:</b> Terry & Stephenson, P.C. compilation of data obtained from COFRS subsequent to recommended adjustments.		
<b>Notes:</b>		
<sup>1</sup> See narrative for explanation of the \$18,655 difference from certain information in Fiscal Year 2003 Report.		
<sup>2</sup> Reimbursement funds from The Prevention and Intervention Service for Children and Youth Division for prior year retirement payouts.		

We conducted an analytical variance analysis on all accounts by comparing the balances as of June 30, 2004, and June 30, 2003. We noted a significant variance between June 30, 2004 and June 30, 2003 due to an Intergovernmental Transfer of

\$980,396 from the Trust to the General Fund per Senate Bill 03-191. There was no such transfer in Fiscal Year 2004. We also noted that \$24,396 of Grants and Contracts Expenditures accrued for Fiscal Year 2003 were not properly reversed in Fiscal Year 2004. As a result, both revenues and expenditures were overstated by \$24,396 on the Colorado Financial Reporting System (COFRS) for Fiscal Year 2004. The Schedule of Revenues and Expenditures in this report has been corrected for this error. There was no effect on the Net Revenue/Fund Balance for the Trust Fund.

We also noted the Total Unrestricted Fund Balance as of June 30, 2003 Agreed Upon Procedures Report was \$219,087, or \$18,655 greater than the \$200,432 reported as of June 30, 2003 on COFRS. The difference was due to the fact that expenditures for the Colorado Youth Grant in the amount of \$18,655 were excluded from the Fiscal Year 2003 Agreed Upon Procedures Report because the Department of Public Health and Environment (Department) reported that the expenditures should not have been recorded in the Colorado Children's Trust Fund. However, when performing our procedures for Fiscal Year 2004 we determined that \$18,655 in revenue for the Colorado Youth Grant had previously been recorded in the Colorado Children's Trust Fund in Fiscal Year 2001. Therefore, the correct Total Unrestricted Fund Balance as of June 30, 2003 was \$200,432 as reported on COFRS. The Schedule of Revenues and Expenditures in this report reflects the corrected amounts for Fiscal Year 2003 Grants and Contract expenditures and ending Total Unrestricted Fund Balance and Fiscal Year 2004 beginning Total Unrestricted Fund Balance.

We reviewed the procedures applicable to internal controls over revenue and cash disbursements for the Colorado Children's Trust Fund. In addition, we tested compliance with internal controls over revenue and cash disbursements, including a review of the total salary and related benefit costs, and a review of contractor and grant disbursements. Two revenue receipts, two cash disbursement payment vouchers, and one employee were selected for testing. There were no exceptions noted in the review of internal controls.

We evaluated the implementation status of the two recommendations in our 2003 report. During our 2003 Agreed Upon Procedures we found that CCTF expenditures for Fiscal Year 2003 exceeded revenue by about \$81,000, or about 17 percent. We recommended that the Department evaluate administrative expenditures and reduce them as appropriate to eliminate deficit spending. During 2004 we found that the Department partially implemented this recommendation. Although the Department eliminated the deficit spending in Fiscal Year 2004, administrative expenditures were 26 percent of total program expenditures compared to 28 percent in Fiscal Year 2003. While the 26 percent in administration expenditures for Fiscal Year 2004 represents a 2 percent reduction from the prior year, this still appears excessive for the program. Our second recommendation in 2003 addressed the need to repay the Trust Fund for Prevention and Intervention Services for Children and Youth Division

retirement payouts; the Department implemented this by reimbursing the Trust Fund in Fiscal Year 2004.

Finally, we reviewed the Colorado Children's Trust Fund's Non-Contractual Expenditures and Grant and Contract Expenditures and compared them to total revenues and total expenditures for reasonableness. We noted that program grant and contract expenditures equaled \$175,000, or about 74 percent of total program expenditures; the remaining \$60,075, or 26 percent covered non-contractual costs such as personal services, operating expenses, professional services and indirect costs. These costs included about \$49,000 for .78 FTE and the remaining \$11,075 is for indirect costs, office supplies, and information technology. As noted earlier, the Non-Contractual Expenditures, or administrative expenditures, still appear excessive for the program.

No new recommendation is made in this area.

# Department of Regulatory Agencies

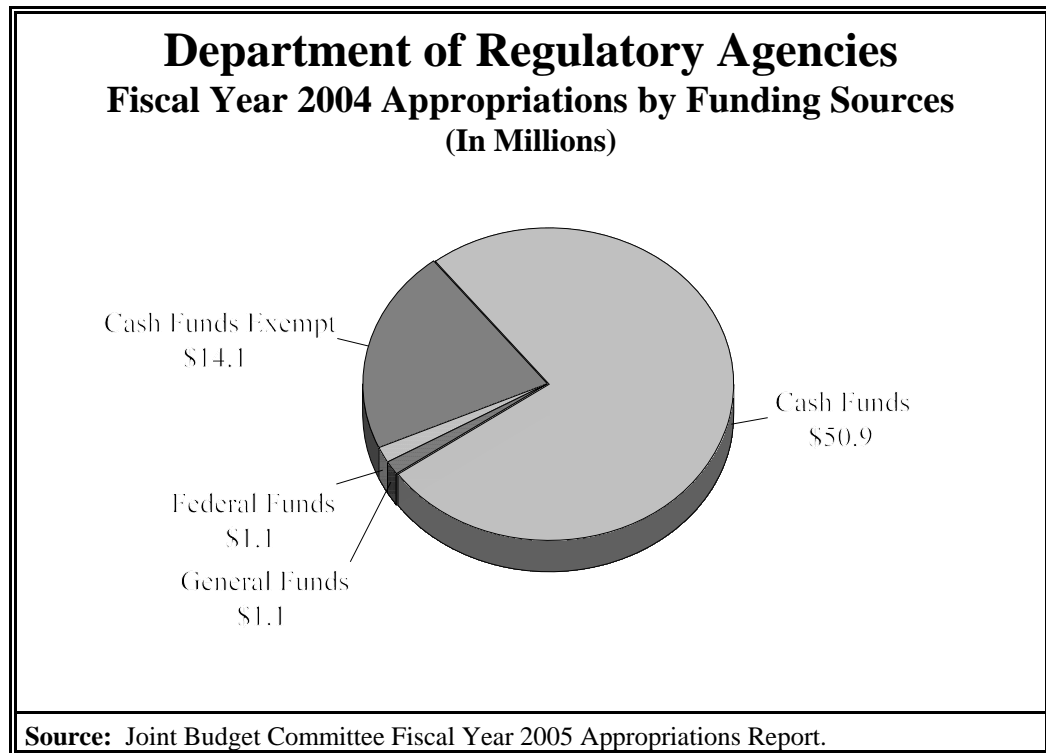
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## Introduction

The Department of Regulatory Agencies oversees various professions and industries and includes the following:

- Executive Director's Office
- Division of Banking
- Civil Rights Division
- Division of Financial Services
- Division of Insurance
- Public Utilities Commission
- Office of Consumer Counsel
- Division of Real Estate
- Division of Registrations
- Division of Securities

The Department of Regulatory Agencies was appropriated \$67.2 million and 518 full-time equivalent (FTE) staff for Fiscal Year 2004. Approximately 97 percent of the funding is from cash funds and cash funds exempt sources, as shown in the following chart.



## Cash Funds Revenue Recognition

The Department is primarily funded from cash fees, and it is important that it establish and maintain strong management controls over revenue. Each division and commission within the Department is responsible for collecting, depositing, and recording its fee revenue. The Department accounts for the different licenses and fees it administers in various cash funds.

In our prior audit, we found that the Department did not recognize revenue in a manner consistent with generally accepted accounting principles (GAAP) among all of the Department's divisions and commissions, specifically within the Division of Registrations Cash Fund. We recommended that the Department perform an analysis of revenue, deferred revenue, and fund balance for each board and commission and make adjustments as needed. During our current year audit, we found that the Department has made appropriate adjustments to the Division of Registrations Cash Fund. However, the Department did not record revenue related to the Personal Injury Protection (PIP) program within the Division of Insurance Cash Fund in accordance with GAAP.

Section 10-3-207 (1)(d), C.R.S., requires that every insurance company authorized to write private passenger automobile insurance pay an annual fee not to exceed \$400

to cover the costs of establishing and administering the PIP program. The fees collected under this section must be deposited in the Division of Insurance Cash Fund as authorized under Section 10-1-103, C.R.S. The PIP program's purpose is to provide timely investigation and resolution of disputed personal injury claims through an independent medical examination from a licensed medical provider who participates on a review panel. The panel is responsible for determining if the treatment was reasonable and necessary, and if the injury arose from the use of an automobile. The PIP program was established in 1996 under Section 10-4-706, C.R.S., and was repealed on July 1, 2003. However, the Division is still authorized to collect fees from all insurance companies that write private passenger automobile policies in order to cover the costs of handling claims related to injuries that occurred before the State changed from no-fault insurance. The Department estimates that claims could continue to be reported for several years.

During Fiscal Year 2004 the Division collected about \$187,000 in fees from approximately 50 insurance companies and expended \$100,000 to administer the PIP program. However, the Department recorded only \$100,000 in current year revenue and deferred the remaining \$87,000 into future fiscal years. The Department's policy has been to record revenue based upon the amount of expenditures incurred rather than upon the amount of revenue earned. GAAP requires that revenue be recorded when it is earned regardless of the amount of related expenditures during the fiscal year. Any excess of revenue over expenditures should be shown as an increase in the fund balance.

As a result of our audit, the Department submitted adjustments to correct the misstatements and correctly recognized revenue in accordance with GAAP as of June 30, 2004. If the adjustments had not been made, Fiscal Year 2004 revenue would have been understated by about \$87,000. Revenue was understated by about \$105,000 in Fiscal Year 2003 and by about \$390,000 in prior fiscal years. Therefore, fund balance was increased by about \$495,000 at June 30, 2004, to correct the Fiscal Year 2003 and prior fiscal year misstatements.

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### **Recommendation No. 18:**

The Department of Regulatory Agencies should record revenue in accordance with generally accepted accounting principles.

**Department of Regulatory Agencies Response:**

Agree. Implementation date: June 30, 2005.

As indicated, adjustments were submitted to the State Controller's Office in the month of September 2004. The Department will ensure the funds remaining for this program stay in the Division of Insurance Cash Fund over the course of the program's wind down. All such deferred revenue balances departmentwide have been reviewed to ensure GAAP compliance.

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# Department of Revenue

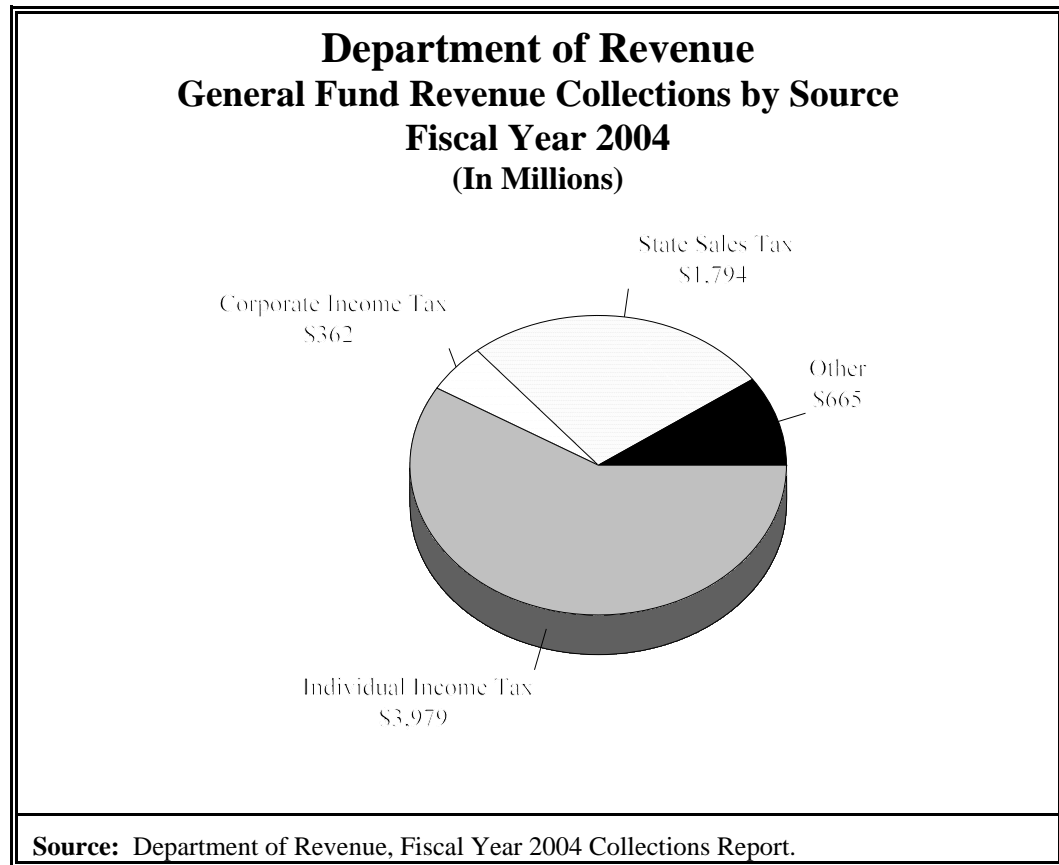
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## Introduction

The Department of Revenue is responsible for managing the State's tax system. Tax collections totaled about \$8 billion in Fiscal Year 2004. Of this amount, about \$6.8 billion represents collections for the General Fund; the remainder represents collections made on behalf of entities such as local governments and for the Highway Users Tax Fund. In addition, the Department is responsible for performing various other functions as follows:

- Administer the State Lottery, which grossed over \$401 million in ticket sales in Fiscal Year 2004. Of this amount, about \$104 million was available for conservation as well as for wildlife, parks, open space, and outdoor recreation projects.
- Act as a collection agent for city, county, RTD, and special district taxes. The Department received over \$796 million in taxes and fees on behalf of other entities.
- Collect taxes and fees for the Highway Users Tax Fund (HUTF), which is primarily for the benefit of highway maintenance projects in the State. In Fiscal Year 2004, amounts collected for the HUTF totaled approximately \$787 million.
- Regulate the limited stakes gaming activities in Cripple Creek, Black Hawk, and Central City. Adjusted gross proceeds totaled about \$711 million during Fiscal Year 2004, on which the Limited Gaming Division collected about \$98.6 million in gaming taxes.
- Enforce tax, alcoholic beverage, motor vehicle, and emissions inspection laws.
- Operate the State's 20 Ports of Entry.

The following chart shows the breakdown in General Fund collections by source for Fiscal Year 2004.



In Fiscal Year 2004 the Department was appropriated total funds of \$517.2 million and 1,456 full-time equivalent staff (FTE). Approximately 17 percent of the funding is from general funds, 82.6 percent is from cash funds (including 3 percent comprising monies from the Highway Users Fund), and 0.4 percent from federal funds.

## TABOR Tax Credits

The Taxpayer's Bill of Rights (TABOR) was added as Article X, Section 20, of the Colorado Constitution as a result of the November 1992 general election. TABOR limits increases in the State's revenue to the annual inflation rate plus the percentage change in the State's population. Revenue in excess of this limitation must be refunded to taxpayers in the following fiscal year unless voters approve a revenue change that allows the State to keep the excess. TABOR also allows the State to use tax credits as a mechanism to refund the excess revenue.

For Fiscal Year 2002, the last year in which a TABOR refund was due to taxpayers, there were 15 credits used to refund about \$927.2 million in Fiscal Year 2001

TABOR excess revenue. These included the state earned income credit; the business personal property tax credit; the dividend, interest, and capital gains exemption; the capital gains modification; the rural health care provider credit; increased child care credits; the foster parent credit; the health benefit plan credit; reductions in motor vehicle registration fees; interstate commerce sales and use tax exemption; income tax reduction for charity; agriculture value-added account credit; individual developments account credit; the highway-technology scholarship credit; and the state sales tax refund.

Many of the credits require submission of documentation in addition to the standard return that shows the taxpayer is eligible to take the credit. Others restrict eligibility on the basis of the amount of a taxpayer's federal adjusted gross income.

During our Fiscal Year 2001 and 2002 audits, we found problems with the Department of Revenue's controls over TABOR credits. We found ineligible taxpayers taking credits, specifically relating to the rural health care provider credit, the health benefit plan credit, the capital gains modification credit, and the child care tax credit. We recommended that the Department bill individuals who were ineligible to claim TABOR credits and develop controls to ensure that future TABOR credits are claimed and received only by eligible individuals. The Department responded that it would bill taxpayers whenever an improper claim was identified. However, we found that the Department is not timely billing taxpayers who improperly claimed a credit.

During our Fiscal Year 2004 audit, we found that the Department had not billed taxpayers identified during our Fiscal Year 2002 audit as ineligible for the TABOR credits claimed except for those taxpayers who claimed the rural health care credit. The Fair Share section within the Department is responsible for billing individuals who improperly claimed credits other than the rural health care provider credit.

Out of the sample of 205 tax returns we tested during our Fiscal Year 2002 audit, we found that 54 tax returns had claimed credits the taxpayer was either not eligible for or had failed to provide required documentation to support the credit. During our 2004 audit we found that 35 of those ineligible taxpayers had not been billed as of the close of our audit.

- **None of the 13 ineligible taxpayers in our sample who claimed health benefit plan credits totaling \$4,980 had been billed.** These individuals had federal adjusted gross income in excess of the threshold. Only individuals with a prior year federal adjusted gross income of less than \$35,000 are eligible to take the health benefit plan credit. Taxpayers are allowed to claim a credit for the health benefit plans not paid for by an employer or deducted from federal adjusted gross income.

- **None of the 10 taxpayers who claimed the capital gains modification credits totaling \$59,977 had not been billed.** The taxpayers did not file a Colorado Source Capital Gain Affidavit to claim the credit. The schedule is required by the Department to provide detail to support the tax credit claimed; however, the Department does not enter the information from this form into its accounting system. Without this documentation, the Department cannot verify the eligibility of taxpayers who take the credits. The Department will process returns without the required Affidavit.
- **None of the 12 taxpayers in our sample who claimed child care tax credits totaling \$8,858 had been billed.** These taxpayers were ineligible because they did not submit dependent information or submitted inaccurate information on the Colorado Individual Credit Schedule. There are three different child care credits that may be claimed by a taxpayer with an adjusted gross income of less than \$64,000. All three of these credits require that the taxpayers submit information about the eligible child, including date of birth and social security number.

The Department of Revenue is responsible for enforcing the State's tax laws and ensuring only eligible taxpayers receive credits. We estimate that, in total, the State may be owed as much as \$241,813 as a result of the improperly claimed credits we identified, not including interest and penalties. The longer the Department waits to bill the taxpayers, the more interest and penalties the taxpayer will owe. The Department may also have difficulty collecting the money after so much time has passed.

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## **Recommendation No. 19:**

The Department of Revenue should timely bill taxpayers identified as owing taxes to the State.

### **Department of Revenue Response:**

Agree. Implementation Date: March 2005.

As a result of the original audit findings, the Department expanded existing automated programs to include a more detailed analysis of TABOR credits. To date we have billed \$4,917,192 for erroneous capital gains modifications, \$2,048,960 for erroneous child care credits, and \$1,151,211 for health care credits claimed in error. Additional child care credit billings for \$1,646,273 are in process.

The Department's policy is to make a reasonable determination that a true liability exists before billing a taxpayer. The credits and modification identified by the auditors require information from the Internal Revenue Service (IRS) or additional information from the taxpayer to make that determination. Actions taken by the Department to address specific taxpayers identified by auditors are described below.

**Health Benefit Plan Credit:** Billing of these taxpayers was delayed because IRS data was not available at the time of the audit. IRS information is required to confirm that the credit was claimed in error. As of this date, 10 of the 13 taxpayers have been billed and one taxpayer filed an amended return to correct the error. We have requested required federal information from the IRS for the remaining two taxpayers and will bill them when this information is received, providing the credit is confirmed as claimed in error.

**Child Tax Credits:** The Department uses federal information from the IRS to confirm dependent information necessary to qualify for any of the three Colorado child care credits. Based on our analysis of federal information, 6 of the 10 taxpayers were eligible for the credit, and therefore they will not be billed. Three were confirmed as claiming the credit in error and have been billed. We did not receive necessary federal information for three others; that information has been requested from the IRS. When we receive the information from the IRS, we will bill the taxpayers if appropriate.

**Capital Gains Modification:** The capital gains modification is very complex and to validate often requires information from the taxpayer in addition to the Affidavit. We sent a request to each of the taxpayers requesting the Colorado Source Capital Gain Affidavit, and to date all but 3 have been received and the credit validated. When the Affidavits are received from the remaining 3 taxpayers, we will make a determination whether the modification is appropriate, whether the taxpayer should be billed, or whether additional information from the taxpayer is needed. As soon as we have the necessary information to make a determination that billing is appropriate, or if the taxpayer does not respond, we will bill the taxpayer.

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## Compliance With Password Usage Policies

The Department of Revenue's Information Technology Security Standards and Policy document provides guidelines for protecting the Department's data from unauthorized access, distribution, modification or disclosure. The password usage section states that password protection must be active on all computers and that employees are not allowed to leave their computers logged on when unattended. Department employees acknowledge their responsibility by signing a Statement of Compliance before they are granted access to the Department's network.

During our audit we evaluated compliance with the password usage policy by reviewing 17 unattended computers located in the State Annex Building. We found that 12 of the 17 unattended computers, or 71 percent, were not properly secured with passwords. This allowed us to gain access to the Department's network.

Specifically, we found:

- Confidential taxpayer information was displayed on three computers.
- Desktop applications, such as MS Word, MS Excel, and MS Outlook were accessible in all 12 instances. Access to such items as interoffice memorandums, interoffice mail, and similar documents could have been obtained.

In addition, we interviewed 14 employees about the Department's password usage policy. We found seven employees, or 50 percent, who stated that they lacked the technical knowledge to activate password protection, did not comply with Department policy prohibiting that unattended computers be left logged on and unprotected, and/or did not understand the policy as written. Based on discussions with the employees, wording such as "password protection must be active on PC's, set to activate after 15 minutes of inactivity" did not provide clear direction and contributed to noncompliance.

The Department is responsible for protecting taxpayer and other confidential information from unauthorized access. According to a survey conducted by the Computer Security Institute, an organization specifically dedicated to serving and training security professionals, a large number of information security breaches originate from inside an organization. Fraud and theft of proprietary information are ranked as the most costly types of computer crime.

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## **Recommendation No. 20:**

The Department of Revenue's Information Technology Division should improve its password usage policy to prevent unauthorized access to the Department's network and confidential information by:

- a. Instructing and assisting employees on setting up password protection on their computers.
- b. Training employees on the importance of password protection and securing their computers.
- c. Clarifying the password usage policy.

## **Information Technology Division Response:**

Agree. Implementation date: March 2005.

- a. The Department's Information Technology Division will implement procedures requiring all Department employees to implement password protected lockdown after 15 minutes of inactivity on all personal computers. The Division will communicate written guidelines on how to set up the password protection function and make Help Desk assistance available if needed.
  - b. The guidelines discussed in Part a. above will also include information to help employees understand the importance of password protection and the need to secure all Department computers. In addition, the Department recently installed a new building security system in its main offices. New procedures limit access to non-public areas to authorized Department employees and require that non-Department personnel be escorted at all times while in these areas.
  - c. The password usage policy will be clarified. In addition, current policy requires Department employees to annually certify that they have read and understood all Department policies. We also updated the annual certification form to provide a contact for employees to get policy clarification if needed and posted the updated form on the Department's Intranet site.
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## Severance Tax Revenue Collections Overview

The Department of Revenue oversees the collection of severance taxes as part of its overall responsibility for administration and enforcement of the State's tax laws. Severance taxes are a special excise tax imposed on nonrenewable natural resources that are removed from the earth. The five natural resources subject to severance taxes in Colorado are oil and gas, coal, metallic minerals, molybdenum ore, and oil shale. The largest single source of severance tax revenue is from oil and gas. For example, in Fiscal Year 2004 the Department's severance tax revenue was \$119.1 million, of which \$110.4 million was from oil and gas. The Department of Revenue is responsible for the collection of severance taxes, which involves processing quarterly and annual oil and gas withholding returns, estimated payment returns, and annual Colorado severance tax returns.

We obtained and reviewed information about the State's current severance tax structure, taxpayer profiles, and economic data impacting severance tax revenue. Our review focused on revenue from oil and gas, since this is the primary source of severance taxes. We reviewed the internal controls over severance tax returns and tested compliance with those controls, as well as year-end estimates of accruals related to severance tax.

Severance taxes, with respect to oil and gas, are collected during the year through either withholding or estimated tax payments. Under state law, producers are required to withhold a portion (currently 1 percent) of the royalties paid to the interest owners. Each quarter, producers must submit a quarterly return to the Department along with the amount withheld on behalf of the interest owners, similar to the manner in which employers submit income tax withholding on behalf of employees on a periodic basis. No later than March 1 of each year, the production companies must send each interest owner a summary report of all withholding paid to the State during the previous calendar year. The summary shows the interest owner's share of gross income from royalties and of the ad valorem tax credit and the amount withheld from gross income during the year. If an interest owner holds an interest in more than one well, the owner will receive a summary report for each well. For those not subject to withholding, which is generally the producers, estimated taxes must be submitted quarterly based upon the gross income from production during the quarter, less a credit for ad valorem taxes paid to the counties.

At the end of each tax year, severance taxpayers (both producers and interest owners) must file an annual return and pay any additional tax due or request a refund. Anyone who receives taxable income from oil or gas produced in the State must file

the Colorado severance tax oil and gas return. Exceptions to the filing requirement include:

1. Taxpayers whose total gross oil and gas income for any calendar year is less than \$500.
2. Instances in which the producer has withheld sufficient royalty or production payments to cover the taxpayer's severance tax liability.

Once the returns are received by the Department, several divisions may be involved in processing depending on the type and complexity of the return. These divisions and their roles are described below:

- **Cash and Document Processing.** Severance tax returns flow through the normal "pipeline" process within this Division, which encompasses the entire process from the time a return is received until it is ready to be archived on microfilm or as an imaged document.
- **Taxpayer Services.** Severance tax returns with refund requests over certain dollar thresholds are flagged and reviewed by the Taxpayer Services Division. Staff review the returns for reasonableness and may refer certain returns to Mineral Audits within the Field Audit Section for further follow-up with the taxpayer.
- **Field Audit Section.** Mineral Audits within the Field Audit Section, located in the Tax Auditing and Compliance Division, is responsible for conducting on-site audits of companies that have a severance tax liability to the State. In 1982, under Section 205 of the federal Gas Royalty Management Act, the federal government delegated authority to the states to conduct mineral audits. These audits are focused on larger taxpayers and performed on a three-year cycle.

During our audit we found several problems with controls over severance tax returns as described below.

## Controls Over Severance Tax Returns

Annual severance tax returns must be submitted by the 15<sup>th</sup> day following the fourth month after the close of the taxable year, which is April 15 for most taxpayers. Similar to other taxes, if a taxpayer files a late return, the taxpayer is subject to penalty and interest on the balance of severance tax due. The penalty is 30 percent of the total tax due or \$30, whichever is greater. The interest is calculated based on

the statutory rate of accrual, as listed in the severance tax return instructions. Both interest owners and producers are required to file an annual severance tax return unless they meet one of the exception criteria described earlier.

On the annual severance tax return, interest owners are required to report their share of gross income, ad valorem tax paid to or assessed by the county, the ad valorem tax credit (87.5 percent of the ad valorem tax paid), and the calculated tax liability less the amount withheld by the producer. Interest owners are also required to submit the withholding forms supplied by the producer. Producers file severance tax returns with similar information and report the estimated tax payments made during the year.

We reviewed 33 severance tax returns and found one or more problems with 18 (55 percent) of the returns tested. Specifically, we found the following:

- For one return, we found that a taxpayer made three math errors resulting in a total overpayment of about \$186,000. As of the end of our fieldwork, the Department had not taken any action to contact the taxpayer or refund the overpayment. The Department reports that it plans to follow up with the taxpayer by performing an on-site audit during Fiscal Year 2006. Delays in refunding of an overpayment will result in additional interest accruing to the taxpayer.
- For four returns that were filed late, we found that the taxpayers did not pay the correct amount of interest, and the Department did not detect the error. In three cases, the taxpayers underpaid by a total of about \$2,500. For the fourth return, the taxpayer overpaid by about \$18,000. After we notified the Department, it billed for the underpayments and refunded the overpayment.
- For one return, we found that a taxpayer improperly deducted a stripper well credit, which resulted in an underpayment of about \$16,000. Because stripper wells are exempt from severance taxes, stripper well owners may not take credits for stripper well ad valorem taxes. As of the end of our fieldwork, the Department had not taken any action to contact or bill the taxpayer for the underpayment but instead reported that it was scheduled to perform an on-site audit during Fiscal Year 2006. Delays in billing the taxpayer will result in penalties and additional interest accruing to the State during this time.
- For nine returns, we found there was not adequate documentation to support information on the return. For three returns, the required schedule of withholding was not attached. For six returns, the required supporting schedules were attached, but amounts on the schedules did not agree to the

withholding or ad valorem amount claimed on the return. The Department had not noted these problems during processing.

- For eight returns, the producers withheld less than the statutorily required 1 percent of gross income. This resulted in a total underwithholding of about \$823,000 for the eight returns. According to the Department, the underwithholding was made up through estimated payments or cash paid with the annual return. We also found that 14 producers paid more than the required 1 percent.

These errors indicate there are weaknesses in internal controls over the Department's processing of severance tax returns:

- **Supporting documentation is not data-entered or reviewed.** While taxpayers are required to file detailed supporting documents with returns, the Department does not take action if documents are not submitted, and when documents are sent, it does not enter information provided—such as gross income, amounts withheld, and ad valorem credits claimed—into its internal tax system. Therefore, the Department is unlikely to identify instances in which the supporting documents are lacking or do not agree to amounts reported on the return.
- **Not all key data from returns are entered and only limited math edits are performed.** The Department enters the amount of severance tax liability, withholding, estimated tax payments, severance tax refund, interest, penalty, and severance tax owed into its internal tax system from the submitted returns. According to the Department, math edits are in place to check that the estimated payments claimed equal the estimated payments made and that the amount paid with the return equals the taxpayer-reported balance due. However, the Department does not enter other key elements, such as the total gross income and the ad valorem tax. These two figures are needed in order to calculate the tax liability. Therefore, if errors are made in this calculation by the taxpayer, the Department does not have a control in place to detect these errors.
- **Reviews of returns with refunds are limited.** The Department reviews returns with refunds. We found that only a cursory review is performed, which involves scanning the return to determine if the amounts reported by the taxpayer are similar to the prior year's return. Severance tax revenue can vary significantly from year to year. Therefore, comparing severance tax returns to prior year's returns may not be beneficial. Staff do not trace the tax liability, withholding, or ad valorem credits claimed on the return back

to the supporting schedules or recalculate the tax liability or any interest and penalties if applicable.

- **No follow-up is performed with producers who fail to withhold the statutory amount.** Section 39-29-111 (1), C.R.S., requires that producers withhold, on a quarterly basis, an amount equal to 1 percent from interest owners' total gross payments. According to staff, if a producer fails to submit the quarterly return with payment of the amounts withheld from interest owners, a penalty will be assessed. Under statutes the penalty is equal to 30 percent of the tax due or \$30, whichever is larger. However, the Department does not follow up with producers who do not withhold the full statutorily required 1 percent. The Department reports that as long as the producer remits the full amount withheld on behalf of the interest owners, it does not have statutory authority to issue penalties to producers who withhold less than the required 1 percent.

The Department should make improvements to its control procedures for processing severance tax returns in order to ensure that all severance taxes owed are collected timely and that refunds due to taxpayers are issued promptly. Additionally, the Department should seek statutory change that would enable it to enforce the 1 percent withholding requirement.

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## **Recommendation No. 21:**

The Department of Revenue should improve controls over processing severance tax returns by:

- a. Following up with taxpayers who do not submit required supporting documents with returns.
- b. Entering all critical data from returns and supporting documents such as gross income, amounts withheld, and ad valorem credits claimed, into the internal tax system.
- c. Implementing additional math edits to match information from supporting documents to that reported on returns and to recalculate the tax liability owed as well as penalties and interest due.
- d. Establishing more rigorous review procedures for returns that exceed the Department's internal threshold for refund requests.

- e. Seeking statutory change to allow enforcement of the withholding requirement in cases where the producer fails to withhold and submit the statutorily required 1 percent of gross income from interest owners on a quarterly basis.

### **Department of Revenue Response:**

- a. Agree. Implementation date: October 2005.

The Department currently reviews the vast majority of severance tax returns to ensure that the required documents are filed and the withholding amount matches the withholding amount claimed on the return. The Department will review all returns to ensure that the required documents are filed with the return. On returns lacking the required documents, taxpayers will be contacted.

- b. Agree. Implementation date: June 2006.

The Department will identify and enter all critical data from the return and required documents. A number of years ago, the Department captured certain data elements from the DR 21D worksheet, "Colorado Oil and Gas Severance Tax Schedule," and compared that data to the amount reported on the return. Over the two-year review period, we found that the error rate was low, that the review resulted in only a few hundred dollars in both years, and that the review did not justify the cost of data entry and programming. However, the Department will review this area again by sampling taxpayer returns and the supporting DR 21D filed in 2005 and then evaluate the cost-benefit of data entry, programming, and review work. After completing that analysis, the Department will take corrective action as appropriate.

In addition, the Department's Mineral Audit Unit has developed an audit plan to audit 100 percent of the 28 largest taxpayers on a three-year audit cycle. As stated in the audit report, only 28 out of the approximately 7,500, or 0.4 percent of, taxpayers account for about 90 percent of severance tax revenue. Therefore, even in the absence of additional data entry, the returns representing 90 percent of severance tax revenue will be reviewed in detail on a regular basis, and any deficiencies will be assessed. It is important to note that this is a substantial level of audit coverage, and it is in excess of the level for most other taxes. Finally, the Department contacted the two producers cited in the audit report (\$186,000 error and stripper well error). Both companies will be audited in the 2005 calendar year.

- c. Agree. Implementation date: June 2006.

Based on the results of the review in (b) above, the Department will implement appropriate math edits and calculations.

- d. Agree. Implementation date: May 2005.

The Department will reevaluate its review procedures for returns that exceed the Department's internal threshold and will take corrective action as appropriate.

- e. Agree. Implementation date: June 2005.

Based on results of the evaluation requested in Recommendation No. 23, the Department will seek a statutory change to create a withholding penalty for producers failing to withhold the required 1 percent of gross income if appropriate.

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## Controls Over Withholding Returns

As part of their annual severance tax return, producers must reconcile the actual amounts withheld from interest owners during the year to the quarterly withholding returns previously submitted to the Department. Producers are required to attach copies of the quarterly withholding forms provided to the interest owners and pay any additional withholding due with the annual return or be subject to penalties and interest.

During Calendar Year 2002, producers submitted 231 quarterly withholding returns. If a quarterly return is filed, an annual reconciliation must be filed. We compared the Department's listing of quarterly returns submitted with the listing of annual reconciliations submitted by producers for Calendar Year 2002. In addition, we tested a sample of 25 annual reconciliations to determine if the producers had submitted the required interest owner withholding forms. We found the following problems:

- For 33 (14 percent) of the of 231 quarterly returns, while the producer had submitted the required quarterly withholding forms with payment, the required annual reconciliation was not filed. Without the annual reconciliation, the Department cannot determine if the proper amounts were submitted for the year.

- For 3 of 25 (12 percent) annual reconciliations tested, the Department could not locate the supporting interest owner withholding forms that producers are required to submit with the annual reconciliations. Therefore, we were unable to verify if the producers had withheld and paid the correct amount to the State.

The Department does not perform any comparisons or edits to ensure that if a producer files at least one quarterly return, the producer also submits the required annual reconciliation. In addition, the Department does not verify that the supporting interest owner withholding forms submitted with the annual reconciliation agree to the information on the reconciliation. If either the annual reconciliation or the supporting documentation is not filed, and supporting documentation is not agreed to the reconciliation, the Department cannot ensure that producers have paid all monies withheld from interest owners to the State. As a result, the State may not be collecting all severance taxes and penalties owed.

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## **Recommendation No. 22:**

The Department of Revenue should improve controls over severance tax quarterly withholding and annual reconciliations by:

- a. Identifying all producers who file quarterly withholding returns but fail to file annual reconciliations and taking appropriate action, including assessing penalties and interest.
- b. Reviewing annual reconciliations to ensure that supporting documentation is submitted and agrees to the reconciliation and following up as appropriate.

## **Department of Revenue Response:**

- a. Agree. Implementation date: June 2005.

The Department will identify producers who file quarterly returns, but who fail to file annual reconciliation forms, and will contact them to obtain this document. Based on an analysis of the reconciliation forms received, the Department will assess taxes, penalties and interest in cases of underpayment, as appropriate.

- b. Agree. Implementation date: June 2006.

The Department will institute procedures to reconcile the amounts reported on the annual reconciliation form to the supporting form DR 21W. In response to auditor inquiries during the audit, the Department reviewed in greater detail the variances between amounts reported on the form DR 21W and the annual reconciliation form. We reviewed 14 percent of the accounts and found no variances between the amounts claimed on the two forms. Since it does not appear to be cost beneficial at this time to perform reconciliations on a 100 percent basis, the Department will perform reconciliations on a sample basis, and institute more comprehensive reconciliations as needed.

## Withholding Requirements

As the previous two findings indicate, the Department currently does not have adequate controls in place to ensure that all state severance taxes are collected and remitted on a timely basis. During our review we noted that there may be opportunities to streamline the process for collecting severance taxes and to reduce the number of refunds that must be processed. Specifically, we found that relatively few taxpayers pay the vast majority of the severance taxes collected by the State on oil and gas production, and in addition, many taxpayers file a refund for a relatively small amount. For example, almost 7,400 taxpayers filed severance tax returns on oil and gas income in Calendar Year 2002. However, only 28 of these (0.4 percent) accounted for almost 90 percent of the severance taxes owed to the State. This is illustrated in the table below.

<b>Department of Revenue Oil and Gas Severance Taxpayers Calendar Year 2002</b>				
<b>Number of Taxpayers</b>	<b>% of Total Taxpayers</b>	<b>Tax Liability</b>	<b>% of Total Liability</b>	<b>Average Liability</b>
28	0.4%	\$17,185,000	89.9%	\$613,750
7,348	99.6%	\$1,927,000	10.1%	\$262
<b>7,376</b>	<b>100.0%</b>	<b>\$19,112,000</b>	<b>100.0%</b>	<b>\$2,591</b>
<b>Source:</b> Office of the State Auditor analysis of Department of Revenue data. Data are reported on a calendar year basis, not on a state fiscal year basis.				

Additionally, we found that about 6,400 taxpayers had overpaid and filed for a refund. Of those, over 6,000 (95 percent) requested a refund of \$1,000 or less, as shown in the table below.

<b>Department of Revenue Oil and Gas Severance Tax Refunds Calendar Year 2002</b>		
<b>Amount of Refund</b>	<b>Number of Refunds</b>	<b>% of Total</b>
\$1 ≤ \$1,000	6,069	95%
Greater than \$1,000	344	5%
<b>Total</b>	<b>6,413</b>	<b>100%</b>
<b>Source:</b> Office of the State Auditor analysis of Department of Revenue data.		

We were unable to determine from data provided by the Department whether producers were in fact responsible for the majority of oil and gas severance taxes owed to the State. However, the collection process could potentially be streamlined if the 1 percent withholding requirement was eliminated and all owners, whether producers or interest owners, were required to file estimated severance taxes on a quarterly basis if their anticipated liability was over a certain threshold. For example, Section 39-29-112 (2), C.R.S., requires a corporation to make estimated tax payments if it expects to owe more than \$1,000 in severance taxes for the year. The required amount of the corporation's total estimated payments is 70 percent of the current year's liability or 100 percent of the preceding year's liability, whichever is less. If the estimated payments do not meet these requirements, interest is assessed on the additional amount due. This requirement could be extended to all owners who owe severance tax. Alternatively, interest owners could be allowed to opt out of the 1 percent withholding requirement if they anticipated that their liability was going to be under a certain threshold, with penalties and interest charged on any excess owed at the end of the year. Making electronic filing available is another option that could increase efficiencies.

It is burdensome and costly for the Department to process so many low-dollar refunds. The Department should investigate ways in which to streamline the collection process and seek statutory change if necessary.

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**Recommendation No. 23:**

The Department of Revenue should investigate more effective ways to collect oil and gas severance taxes owed to the State. Options considered should include:

- a. Allowing interest owners to opt out of having 1 percent withheld if the anticipated liability is below a specific threshold.
- b. Considering imposing estimated quarterly payments on all taxpayers with significant severance tax liabilities and eliminating the 1 percent withholding requirement.
- c. Evaluating the feasibility of quarterly electronic filing for taxpayers with liabilities over a certain amount.

The Department should consider statutory change as appropriate.

**Department of Revenue Response:**

Agree. Implementation date: June 2005.

The Department will identify and evaluate alternatives to improve the effectiveness of collecting oil and gas severance taxes and seek legislative change as appropriate.

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# Office of the State Treasurer

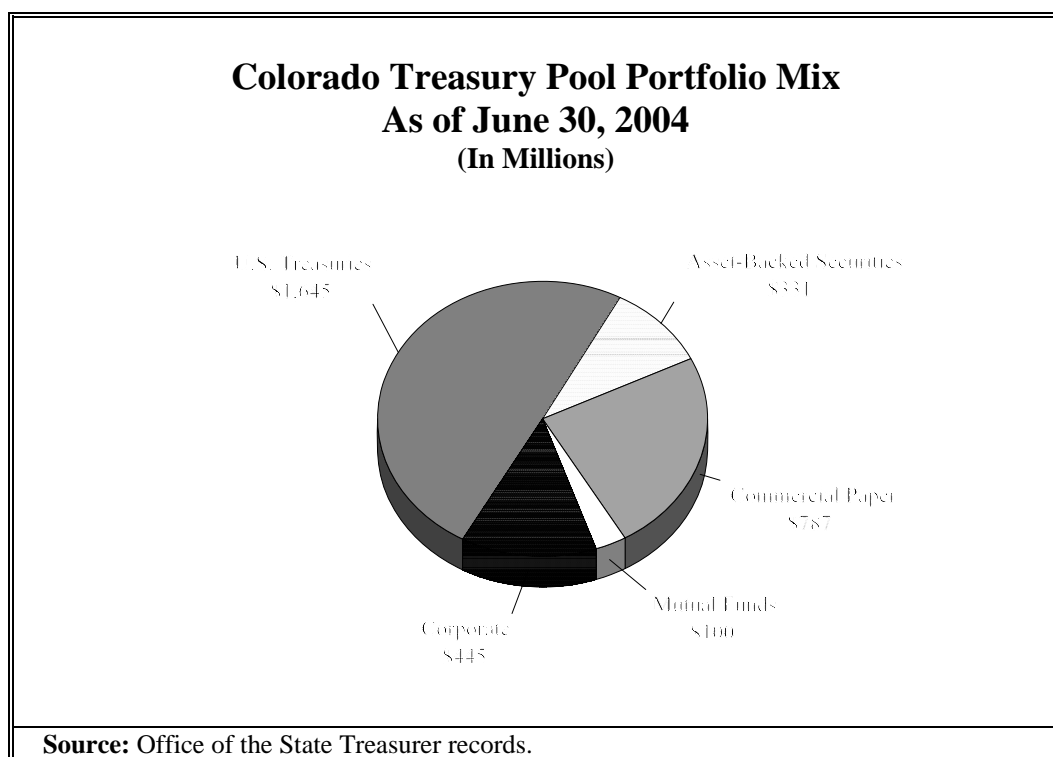
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## Introduction

The Office of the State Treasurer (Treasury) is established by the State Constitution. The Treasurer is an elected official who serves a four-year term. The Office manages the State's investments and implements and monitors the State's cash management procedures. Other duties and responsibilities include:

- Receiving, managing, and disbursing the State's cash.
- Safekeeping the State's securities and certificates of deposit.
- Managing the State's Unclaimed Property Program, the School District Loan Program, and the Elderly Property-Tax Deferral Program.

The State's pooled investments are made up of a variety of securities as shown in the following chart:



In Fiscal Year 2004 the Department was appropriated approximately \$261.8 million and 25.5 full-time equivalent staff. The Department receives approximately 1.5 percent of its funding from general funds; 97.5 percent from cash funds exempt, and 1 percent from cash funds.

The following was prepared by the public accounting firm of Grant Thornton LLP, which performed the Fiscal Year 2004 audit work at the Treasury.

## **Compliance With Colorado Funds Management Act**

The Colorado Funds Management Act (the Act) under Section 24-75-901, C.R.S., was enacted to allow the State to finance temporary cash flow deficits caused by fluctuations in revenue and expenditures. Under the Act, the State Treasurer is authorized to sell Tax and Revenue Anticipation Notes (TRANS). TRANS are short-term notes payable from the future anticipated pledged revenue.

The Office of the State Auditor reviews information relating to tax and revenue anticipation notes and reports this information to the General Assembly as directed by Section 24-75-914, C.R.S. The following discussion provides information about the Treasurer's July 1, 2004, issuance of \$650 million in General Fund Tax and Revenue Anticipation Notes (hereafter referred to as the General Fund Notes) and the July 9, 2004, issuance of \$225 million in Education Loan Program Tax and Revenue Anticipation Notes (hereafter referred to as the Education Loan Program Notes).

### **Terms and Price**

The General Fund Notes have a maturity date of June 27, 2005, and the Education Loan Program Notes have a maturity date of August 9, 2005. Neither is subject to redemption prior to maturity. The maturity of the General Fund Notes comply with the Act, which requires the maturity date to be at least three days prior to the end of the fiscal year. The maturity date of the Education Loan Program Notes complies with House Bill 03-1274, which allows the TRANS to mature any date on or before August 31 of the fiscal year immediately following the fiscal year in which the Notes were issued. In addition, according to HB 03-1274, on or before the final day of the fiscal year in which the Education Loan Program Notes are issued, there shall be deposited, in one or more special segregated and restricted accounts and pledged irrevocably to the payment of the Education Loan Program Notes, an amount sufficient to pay the principal and interest related to the Education Loan Program Notes on their stated maturity date.

<b>State of Colorado</b> <b>Details of the General Fund and</b> <b>Education Loan Program Note Issuances</b>	
Issue Amount:	
General Fund Notes	\$650,000,000
Education Loan Program Notes	\$225,000,000
Denomination (both series)	\$5,000
Date of Issuance:	
General Fund Notes	July 1, 2004
Education Loan Program Notes	July 9, 2004
Premium on Sale:	
General Fund Notes	\$4,326,750
Education Loan Program Notes	\$8,989,800
Face Interest Rate:	
General Fund Notes	2.50-3.00%
Education Loan Program Notes	3.50%
Average Interest Cost to the State:	
General Fund Notes	1.576%
Education Loan Program Notes	1.869%
<b>Source:</b> Office of the State Treasurer records. <b>Note:</b> The average interest cost to the State was calculated by Treasury based upon the net interest cost on each issue.	

Notes in each series are issued at different face interest rates. These are the rates at which interest will be paid on the Notes. The average interest cost to the State differs from the face amount because the Notes are sold at a premium, which reduces the interest expense incurred.

## Security and Source of Payment

In accordance with the Act, principal and interest on the General Fund Notes are payable solely from any cash income or other cash receipts recorded in the General Fund for Fiscal Year 2005. General Fund cash receipts include those that are subject to appropriation in Fiscal Year 2005 and any pledged revenue, including the following:

- Revenue not yet recorded in the General Fund at the date the Notes were issued.
- Any unexpended Note proceeds.
- Proceeds of internal borrowing from other state funds recorded in the General Fund.

The State Treasurer records monies reserved to pay the principal and interest of the Notes in the 2004 Note Payment Account on the State's accounting system. The holders of the Notes are secured by an exclusive first lien on assets in the Account. The State Treasurer holds, in custody, the assets in the 2004 Note Payment Account.

If the balance in the Account on June 15, 2005, is less than the principal and interest of the General Fund Notes due at maturity, the Treasurer must deposit into the Account all general fund revenue then available and borrow from other state funds until the balance meets the required level.

According to HB 03-1274, interest on the Education Loan Program (ELP) Notes is payable from the General Fund. Principal on the ELP Notes is payable solely from the receipt of property taxes received by the participating school districts on and after March 1, 2005, that are required to be deposited to the general fund of each school district. Statutes require the school districts to transfer funds for the entire principal on the ELP Notes into the State Treasury by June 25, 2005. The State Treasurer uses these funds to repay the principal on the ELP Notes.

If, on June 25, 2005, the balance in the Education Loan Program Notes Repayment Account is less than the principal of the ELP Notes at maturity, the Treasurer shall deposit from any funds on hand that are eligible for investment an amount sufficient to fully fund the ELP Account. The Treasurer intends to use amounts from the State Education Fund, if necessary, to meet this obligation.

The amount due at maturity for the General Fund Notes is \$669,233,889, consisting of principal of \$650,000,000 and interest of \$19,233,889. The amount due at maturity for the ELP Notes is \$233,531,250, consisting of principal of \$225,000,000 and interest of \$8,531,250. To ensure the payment of the General Fund and ELP Notes, the Treasurer has agreed to deposit pledged revenue into both the General Fund Notes and ELP Notes Repayment Accounts so that the balance on June 15, 2005, and June 30, 2005, respectively, will be no less than the amounts to be repaid. The Note agreements also provide remedies for holders of the Notes in the event of default.

## Legal Opinion

Becker Stowe & Bieber LLP and Kutak Rock LLP, bond counsels, have stated that, in their opinion:

- The State has the power to issue the Notes and carry out the provisions of the Note agreements.
- The General Fund and Education Loan Program Notes are legal, binding, secured obligations of the State.

- Interest on the Notes is exempt from taxation by the United States government and by the State of Colorado.

## **Investments**

Both the Colorado Funds Management Act and the General Fund and Education Loan Program Note agreements allow the Treasurer to invest the funds in the General Fund and Education Loan Program Notes Repayment Accounts in eligible investments until they are needed for Note repayment. Interest amounts earned on the investments are credited back to the Accounts. The State Treasurer is authorized to invest the funds in a variety of long-term and short-term securities according to Article 36 of Title 24, C.R.S. Further, Section 24-75-910, C.R.S., of the Funds Management Act states that the Treasurer may:

- Invest the proceeds of the Notes in any securities that are legal investments for the fund from which the Notes are payable.
- Deposit the proceeds in any eligible public depository.

## **Purpose of the Issue and Use of Proceeds**

The General Fund Notes are being issued to fund the State's anticipated general fund cash flow shortfalls during the fiscal year ending June 30, 2005. The proceeds of the sale of the General Fund Notes were deposited in the State's General Fund. Note proceeds will be used to alleviate temporary cash flow shortfalls and to finance the State's daily operations in anticipation of taxes and other revenue to be received later in Fiscal Year 2005.

The Education Loan Program Notes are issued to fund a portion of the anticipated cash flow shortfalls of the school districts during the State's fiscal year ending June 30, 2005. The net proceeds of the sale of the Notes will be use to make interest-free loans to the school districts in anticipation of the receipt of property tax revenue by the individual districts on and after March 1, 2005, to and including June 25, 2005.

## **Additional Information**

The General Fund Notes and the Education Loan Program Notes were issued through competitive sales. A competitive sale involves a bid process in which notes are sold to bidders offering the lowest interest rate.

The Notes issuance is subject to the Internal Revenue Service's (IRS) arbitrage requirements. In general, arbitrage is defined as the difference between the interest

earned by investing the Note proceeds and the interest paid on the borrowing. In addition, if the State meets the IRS safe harbor rules, the State is allowed to earn and keep this arbitrage amount. The Office of the State Treasurer is responsible for monitoring compliance with the arbitrage requirements to ensure that the State will not be liable for an arbitrage rebate.

## **State Expenses**

The State incurred expenses as a result of the issuance and redemption of the TRANS. These expenses were approximately \$221,138 in total for the General Fund and Education Loan Program Notes. The expenses include:

- Bond legal counsel fees and reimbursement of related expenses incurred by the bond counsel.
- Disclosure counsel fees and expenses.
- Fees paid to rating agencies for services.
- Costs of printing and distributing preliminary and final offering statements and the actual Notes.
- Travel costs of state employees associated with Note issuance and selection of a financial advisor.
- Redemption costs, consisting of fees and costs paid to agents to destroy the redeemed securities.

No recommendation is made in this area.

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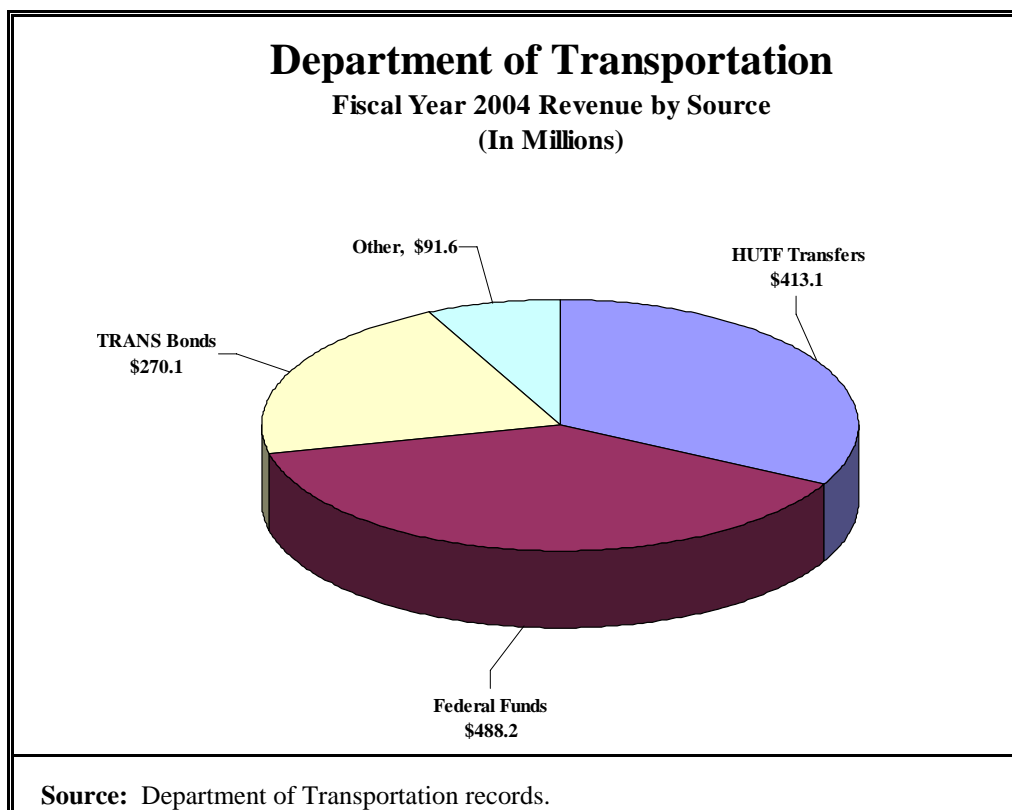
# Department of Transportation

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## Introduction

The Colorado Department of Transportation is responsible for programs that impact all modes of transportation. The State Transportation Commission governs its operations.

In Fiscal Year 2004 about 80 percent of the Department's expenditures were related to construction. Funding for construction and other expenditures come from the Federal Highway Administration (FHWA), the Department's portion of the State Highway Users Tax Fund (i.e., the State Highway Fund), local entities and aviation-related taxes. The Department also receives monies from other federal agencies that it passes through to local governments and other entities for highway safety and transportation improvement programs. In addition, the Department recorded interest earnings of \$15.4 million on Transportation Revenue Anticipation Notes (TRANS) proceeds during Fiscal Year 2004. The Department was appropriated about 3,297 full-time equivalents for Fiscal Year 2004. The Department's Fiscal Year 2004 revenue totaled \$1,263.0 million as shown in the following chart.



The following comments were prepared by the public accounting firm of Grant Thornton LLP, which performed Fiscal Year 2004 audit work at the Department of Transportation.

## General Ledger Account Reconciliation

As a result of auditing procedures performed, we found that the Department had not adequately reconciled its general ledger accounts during its June 30, 2004 year-end closing procedures. The errors found included the following:

- Infrastructure and “invested in capital assets” were understated by \$100.5 million on the government-wide level. Projects that were completed in prior years were not reflected on the State’s accounting system.
- Federal receivables and the related revenue were understated by \$1.6 million in the operating fund because cash that was received in July 2004 was erroneously recorded as received in June 2004 and the entry to correct the error affected the wrong accounts.
- Deferred revenue was overstated and interest income was understated by \$10 million in the operating fund. Interest income related to a loan receivable was deferred until the loan and interest accrued on the loan were paid in full. The loan and accrued interest from E-470 Public Highway Authority were paid in full in Fiscal Year 2004 but the Department did not report the interest as earned or decrease deferred revenue.
- Interest payable and interest expense of \$2.7 million were recorded in the debt service fund rather than recorded at the government-wide level.
- Revenue bond proceeds and bond issuance costs in the operating fund were overstated by \$300,000 because an error was made in the entry to record the bond issuance.
- Interest expense and interest payable were understated by \$1.3 million at the government-wide level. The Department accrued interest through year-end on one bond issue outstanding but not on a second bond issuance.
- Interest income was overstated and other long-term liabilities were understated on the government-wide level by \$15 million because the arbitrage liability to the federal government on earnings related to tax exempt bonds had not been accrued.
- Debt service expenditure accounts were understated and other financing uses accounts were overstated by \$2.4 million in the debt service fund because interest expense was accrued in the debt service fund instead of on the government-wide level.
- Construction in progress and construction expense were overstated by \$25 million on the government-wide level. Miscalculations were made related

to bridges and demolition costs and errors were made in the determination of the balance in construction in progress at June 30, 2004.

These errors were all subsequently corrected by the Department for the Fiscal Year 2004 financial statements. The errors occurred because account reconciliations performed during the year-end closing process were not reviewed by knowledgeable personnel before posting to the general ledger. When account reconciliations are not reviewed, errors may be posted to the general ledger without being detected. A staff accountant (rather than a supervisor) should be assigned to reconcile account balances on a routine basis. This would allow supervisors to perform review activities, thereby improving the control system in the accounting department. In addition, a specific individual should be designated to perform reviews of all reconciliations to ensure accuracy and completeness and to verify that reconciled items have been properly handled. This should be evidenced by having the reviewer initial the reconciliation.

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### **Recommendation No. 24:**

The Department of Transportation should implement adequate controls over year-end reconciliations by:

- a. Establishing a realistic schedule for the completion of reconciliations of significant balance sheet accounts in the operating fund and all accounts in the debt service fund and at the government-wide level on a monthly basis.
- b. Assigning staff to perform the reconciliations.
- c. Designating a supervisor to monitor compliance with the schedule, review all reconciliations, and sign off on the reconciliations to evidence review.

### **Department of Transportation Response:**

Agree. Implementation date: June 30, 2005.

All accounts will be reconciled in timely manner with supervisory review and approval to assure accurate recording in the books and records.

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## Infrastructure Disposals

As of June 30, 2004, the Department had \$7.8 billion and \$728 million recorded as roads and rights of way land, respectively, as part of its infrastructure capital assets. The State Transportation Commission (Commission) approves abandonments of roads and sales and relinquishments of rights of way land at various times throughout the year as documented in the Commission minutes. Abandonments can occur for several reasons, such as construction of an alternate route that makes an existing road no longer desirable or necessary, an effort to alleviate maintenance responsibilities, and situations where a highway may no longer connect to any other state or federal funded road. Typically when a roadway is abandoned the related right of way is sold or relinquished.

At the time the abandonment, sale, or relinquishment occurs, under generally accepted accounting principles the Department should determine the value of the disposed assets and remove the capital assets from its general ledger. During Fiscal Year 2003, approximately \$28 million of roads were abandoned and properly deducted from the general ledger. However, the Department did not record abandonments, sales, or relinquishments of roads and rights of way land on the general ledger during Fiscal Year 2004 because the information was not forwarded to accounting personnel, as it had been in 2003. As a result, accounting staff did not determine the dollar amount of the disposed assets or make the appropriate entry on the financial system. As a result the State's total capital assets are overstated by an undetermined amount on the State's financial statements as of June 30, 2004.

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### Recommendation No. 25:

The Department of Transportation should determine the value of assets abandoned, sold, and relinquished in Fiscal Year 2004 and make the appropriate entries on the general ledger. In addition, the Department should establish procedures to ensure disposals of roads and rights of way approved by the State Transportation Commission are communicated to accounting staff on a timely basis. Accounting staff should then obtain the required detail needed to determine the value of the capital assets that were disposed and remove the asset from the general ledger.

### Department of Transportation Response:

Agree. Implementation date: June 30, 2005.

Roads or rights of way disposed of during Fiscal Year 2004 have been identified. The appropriate transaction will be processed to properly adjust

the asset record. All such disposals are approved and documented in the State Transportation Commission minutes. Copies of these minutes will be reviewed to identify the disposal of infrastructure assets.

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## Infrastructure Estimated Maintenance and Preservation Costs

Governmental Accounting Standards Board (GASB) 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, allows governments to report infrastructure capital assets under the modified approach. The modified approach is an alternative to depreciation that may be applied for eligible infrastructure capital assets. Under the modified approach, depreciation expense is not recorded for these assets. Rather, costs for both maintenance and preservation of these assets are expensed in the period incurred. Additions and improvements are capitalized. The Department uses the modified approach on its bridges, tunnels and roadways. These assets total about \$9.4 billion at June 30, 2004.

One of the requirements that must be met in order to use the modified approach is that the Department's asset management system should estimate each year the annual amount to maintain and preserve the bridges, tunnels, and roadways at the condition level established and disclosed by the government in the financial statements. The Department has established a condition level for roadways of 54 percent, meaning that 54 percent of roadways will be in the good and fair categories. As of the Department's most recent assessment of the roadways in February through July 2003, the condition level of roadways was 58 percent in the good and fair categories, which is the same condition level as existed during the February through July 2002 assessment period. The Department has established a condition level for bridges of 25 percent, meaning that no more than 25 percent of the bridges shall be rated as structurally deficient. As of the Department's most recent assessment of the condition level of bridges in June 2004, 6.5 percent were structurally deficient, compared to 6.3 percent in June 2003.

The Department's asset management system currently cannot produce the information to estimate maintenance and preservation costs needed to maintain roadways and bridges at the specified condition levels. Instead the Department uses budgeted amounts for maintenance and preservation costs in the required supplementary information disclosures in the State's financial statements. We noted two problems with the Department's approach of using budget amounts as opposed to determining the actual amount of expenditures needed to maintain and preserve

established condition levels. First, the Department does not have a systematic method for determining if budgeted amounts are a reasonable proxy for amounts needed to maintain established condition levels. However, the Department believes that, over time, its annual condition assessments of the roadways and bridges will indicate whether the amounts budgeted for maintenance and preservation are adequate. For example, if the conditions of the roadways and bridges deteriorate over time, that will indicate that the Department did not budget enough for roadway and bridges maintenance and preservation. Second, budgeted amounts for a fiscal year do not necessarily correspond to amounts spent within the period. According to the Department, infrastructure maintenance projects span multiple years and the related budgets do not lapse at year-end. As a result, the amount spent in any fiscal year may vary from amounts that were budgeted in the current and/or previous years. For example, in Fiscal Year 2004 the Department was budgeted \$554 million for maintenance projects but expended \$530 million. In Fiscal Year 2003 approximately \$631 million was budgeted but \$1.5 billion was expended.

The Department needs to develop an asset management system that will estimate the annual maintenance and preservation costs needed to maintain established condition levels. This would provide a reader of the financial statements with a more meaningful analysis between the annual amount estimated to maintain infrastructure assets at the established condition levels and the amount expended. In addition, the Department believes that the modified approach is the better method for reporting its bridges, tunnels, and roadways. If the Department does not maintain an adequate asset management system and document that the infrastructure assets are being preserved approximately at (or above) the condition levels established and disclosed in the State's financial statements, it could be required to depreciate its infrastructure assets in future years. GASB Statement No. 34 was effective beginning with Fiscal Year 2002, which means that the Department has had two years to develop an asset management system. The Department's engineers should assist in determining the information since they are best able to estimate the amount of labor and materials involved in maintaining and preserving bridges, tunnels, and roadways at a certain condition level.

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## **Recommendation No. 26:**

The Department of Transportation should develop a system to estimate the annual amount required to maintain and preserve state bridges, tunnels, and roadways at the condition level established and disclosed by the Department. This estimate should be reported each year to the State Controller's Office for disclosure in the State's annual financial statements.

## **Department of Transportation Response:**

Agree. Implementation date: June 30, 2005.

The Department does have management systems in place to measure the condition of its infrastructure assets. A recent interpretation by GASB will simplify the identification of preservation and maintenance costs. The Department's infrastructure maintenance functions are budgeted as part of the maintenance and operations budget, and preservation activities by definition are costs incurred as part of the Department's construction budget.

As stated, preservation activities may overlap fiscal years. Budget or expected expenditures for a preservation activity are identified in total at the beginning of the project. Therefore, it is difficult to specifically identify the fiscal period in which the budget and/or expenditure will be made. The Department's staff representing executive management, management system managers, and accounting will review the current disclosure to better communicate the estimated annual preservation costs compared to actual expenditures incurred.

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## **Federal Award Findings**

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# Department of Health Care Policy and Financing

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## Introduction

The Department of Health Care Policy and Financing (HCPF) is the state agency responsible for developing financing plans and policy for publicly funded health care programs. The principal programs administered by HCPF include the Medicaid program, which provides health services to eligible needy persons, and the Children's Basic Health Plan (CBHP), which furnishes subsidized health insurance for children 18 years or younger in low-income families not eligible for Medicaid. Please refer to the introduction in the Department of Health Care Policy and Financing chapter within the Financial Statement Findings section for additional background information.

The following comments were prepared by the public accounting firm of BKD, LLP, which performed the Fiscal Year 2004 audit work at the Department of Health Care Policy and Financing.

## Eligibility Oversight

During Fiscal Year 2004 the Department expended over \$2.8 billion for the Medicaid program. Our audit reviewed the Department's procedures for complying with federal requirements for determining the eligibility of the individuals who receive benefits and the providers who receive reimbursements under the Medicaid program. During Fiscal Year 2004, beneficiary eligibility continued to be managed by either the Client Oriented Information Network (COIN) or the Colorado Trails system. Both systems reside within and are administered by the Department of Human Services (DHS). While Colorado Trails tracks Medicaid eligibility for children within DHS' Child Welfare programs, including those within foster care homes and residential treatment centers, and for individuals within the Division of Youth Corrections, COIN tracks Medicaid eligibility for all other individuals. The information in COIN and Colorado Trails is used by HCPF's Medicaid Management Information System (MMIS) to determine whether or not a claim should be paid on the basis of the individual's eligibility. All Medicaid claims are paid through the MMIS system. During Fiscal Year 2004 the Department was in the final stages of development and testing of a new eligibility management system, Colorado Benefits Management System (CBMS). CBMS subsequently became operational during

Fiscal Year 2005 on September 1, 2004. CBMS replaced eligibility systems at DHS including the COIN system.

Although we have recommended in our three prior fiscal years' audits that the Department perform random testing of eligibility determination accuracy across all program areas, the Department has continued to report that it will not develop a sampling methodology for testing eligibility until the CBMS system is fully implemented. Instead, through a federally-approved pilot project, the Department has chosen to perform eligibility testing targeted toward program areas considered to be of high risk. For example, as reported in our prior year's audit, during Fiscal Year 2003 the Department was to perform a pilot review which targeted Elderly, Blind, and Disabled/Home and Community Based Services 300 percent cases. These are cases in which the individual's income does not exceed 300 percent of the social security insurance (SSI) needs standard for the designated category of assistance.

Although this pilot was projected to begin in June 2002 and be completed by November 2002, we determined at the end of our Fiscal Year 2003 audit and again at the end of Fiscal Year 2004, the Department still had not submitted a final report on the Elderly, Blind, and Disabled/Home Community Based Services 300 percent case that was deemed acceptable by the Centers for Medicare and Medicaid Services (CMS). We also determined that the Department did not initiate a new pilot project targeting a new program area for the current year; this means that eligibility determination reviews have not been completed in two years.

Because the Department is not effectively completing the pilot project initiated to test Medicaid eligibility, the State is at risk of losing federal dollars for noncompliance. Further, as in prior years, we continue to recommend that the Department initiate a more comprehensive, random sampling methodology for testing Medicaid eligibility so all program areas are periodically tested and the risk of benefits being paid on behalf of ineligible individuals is reduced. Since the CBMS system will be jointly administered by HCPF and the Department of Human Services as a single source for Medicaid and other federal program eligibility determinations, HCPF should consider coordinating peer reviews of eligibility determinations with DHS to gain efficiency in completing reviews.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Eligibility.)

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**Recommendation No. 27:**

The Department of Health Care Policy and Financing should improve oversight of Medicaid eligibility systems to ensure that benefits are paid only to individuals eligible for the Medicaid programs by:

- a. Performing random testing of eligibility information determinations.
- b. Coordinating periodic peer reviews of eligibility determinations with the Department of Human Services.
- c. Completing existing reviews to the standards expected by CMS and in a timelier manner.

**Department of Health Care Policy and Financing Response:**

- a. Agree. Implementation date: July 2005.

The Department began work on the Payment Accuracy Measurement (PAM) project in January 2004. PAM is a federal pilot program where one hundred randomly picked claims are reviewed for eligibility determinations. Of this sample, eligibility was in error in two of the claims reviewed. The pilot has been renamed Payment Error Rate Measurement (PERM). Work will begin in January or February 2005 and will again entail review of one hundred randomly picked claims, half of them Medicaid and half of them Children's Basic Health Plan. PERM is currently scheduled to become a permanent federal requirement beginning October 1, 2005.

- b. Agree. Implementation date: July 2005.

The Department will coordinate peer review of eligibility determinations with the Department of Human Services.

- c. Agree. Implementation date: July 2005.

The Department will submit pilots to CMS in a timely manner. The deadlines for the Needy Newborn pilot report and the Legal Immigrant pilot report are January 2005 and February 2005, respectively.

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## Allowable Costs

Under the federal Medicaid program, expenditures must meet established allowability requirements in order to qualify for reimbursement by the federal government. As noted earlier, for Fiscal Year 2004, the Department reported total Medicaid program expenditures of over \$2.8 billion, representing a federal share of about \$1.48 billion. The audit tested a stratified sample of 75 program expenditures and credits with a net value of \$11,887,586 (federal share \$6,325,931) for allowability under Medicaid regulations.

Our evaluation identified one payment made to a Mental Health Assessment and Service Agency (MHASA) for Child Placement Agency (CPA) expenditures, in the amount of \$282,749 (federal share \$149,716), that did not comply with the allowable cost criteria for the Medicaid program. All MHASA and CPA services are overseen by the Department of Human Services. Therefore, DHS is responsible for determining the amount and timing of payments made to MHASAs for CPA services and providing that information to HCPF for payment. During our review, neither DHS nor HCPF was able to supply documentation for the methodology utilized to determine the amount paid to the MHASA for this claim. As a result, we could not substantiate that the amount paid to the MHASA was appropriate and allowable under the State Plan.

Under federal regulations, as the primary recipient of federal Medicaid funds, the Department maintains primary responsibility for administering the Medicaid program. Further, federal regulations require the Department to maintain adequate documentation to support the appropriateness and allowability of program expenditures. Therefore, the Department should ensure that adequate expenditure supporting documentation is maintained in all cases, including those for programs administered by other entities.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed.)

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### Recommendation No. 28:

The Department of Health Care Policy and Financing should ensure that adequate documentation is maintained to support the methodology on which Child Placement Agency payments to Mental Health Assessment and Services Agencies under the Medicaid program are based.

## **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: December 1, 2004.

While the Department agrees with this recommendation, this may no longer be an issue. The Department received a letter dated November 19, 2004, from CMS informing it that federal financial participation (FFP) is not allowable for the Child Placement Agency payments to Mental Health Assessment and Services Agencies (MHASAs) as such payments are not part of the actuarial certified capitated rate. CMS has instructed the Department to “immediately stop the supplemental payments.” CMS has advised that the Department’s contracts with MHASAs to provide mental health services to all Medicaid clients will not be approved, and thus not qualify for FFP. As of December 1, 2004, the Department will discontinue these payments to MHASAs.

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## **Provider Eligibility**

Because Medicaid payments are made to providers on behalf of eligible individuals, controls over provider eligibility are a critical part of the Department’s responsibilities in the Medicaid program. The Department has contracted with Affiliated Computer Services (ACS), its fiscal agent, to determine provider eligibility to receive reimbursement for services provided under the Medicaid program. As part of this contract, the fiscal agent is required to maintain documentation to support that the medical providers are licensed in accordance with federal, state, and local laws and regulations. Under federal regulations, as noted previously, as the primary recipient of federal Medicaid funds, the Department remains ultimately responsible for the Medicaid program. This means that the Department must have controls in place to ensure compliance with state and federal regulations for all aspects of the Medicaid program, whether performed directly by the Department, or by another entity through contractual or other formal agreements.

For our Fiscal Year 2004 audit, we reviewed a sample of 30 provider files maintained by ACS. We determined that only 7 of the 30 provider files (23 percent) had required documentation supporting licensure in the State to provide services, electronic data interchange agreements and provider agreements. In other words, 77 percent of the files tested were missing one or more of the documents needed to ensure the provider was eligible under the program and had agreed to certain program requirements. We previously found documentation problems with Medicaid provider files maintained at ACS during each of our past five years’ audits.

If payments are made to ineligible providers, the Department would be required to refund any monies previously reimbursed to the State by the federal government. Therefore, the Department should continue efforts to ensure that the fiscal agent meets requirements related to provider eligibility. Further, because we continue to find problems with documentation of provider eligibility, the Department should reassess its policies for ensuring providers are properly licensed and have the proper documentation supporting their eligibility to provide services to Medicaid beneficiaries.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Special Tests and Provisions-Provider Eligibility.)

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### **Recommendation No. 29:**

The Department of Health Care Policy and Financing should improve controls over provider eligibility by continuing to monitor the fiscal agent's review of all provider files. Reviews should ensure each file includes a current provider agreement and that provider licenses are consistent with the dates of services for which claims payments are made.

### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: July 1, 2005.

Through the SAS 70 audit, ACS was made aware of this deficiency and has begun formulating an action plan to address this requirement. One of the options being considered is an automated letter to the provider when the license end date is coming due.

The fiscal agent completed the provider audit for dates 12/1/1998 to 1/1/2003 and 8787 files were audited and updated where appropriate. The audit was stopped due the Health Insurance Portability and Accountability Act (HIPAA) workload. The Department will notify the fiscal agent to resume the review with another transmittal. Invalid or missing license information was updated. Internally, the Department follows a process to review licensure of providers and update when verified through the Department of Regulatory Agencies. The fiscal agent continues to conduct quality assurance activities over provider enrollment documents.

Additionally, with the implementation of HIPAA transactions, providers were reenrolled with Electronic Data Interchange for submission of the new transactions, and a new provider agreement was signed. Implementation of the National Provider Identifier (NPI) in May 2007 will allow for an automated update of this information.

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## Subrecipient Monitoring

The Department operates a statewide long-term care system consisting of Single Entry Point agencies (SEPs), representing geographic districts throughout Colorado. The Department contracts with these SEPs to provide a single access point within a local area where a current or potential long-term-care client can obtain care information, screening, assessment of need, and referral to appropriate care programs and case management services. In 2004, the Department had contracts with 25 SEP agencies and paid approximately \$17.3 million (about \$9.2 million in federal funds) to these agencies.

The Department is the primary recipient of federal Medicaid funds and, in turn, provides the Medicaid funds to the SEPs, the subrecipients, for qualifying expenditures incurred to carry out the program. Per the federal Single Audit Act of 1996, as amended, and Office of Management and Budget (OMB) *Circular A-133*, the Department, as the primary recipient of the federal funds, is responsible for monitoring these subrecipients' activities to ensure that they are complying with federal requirements.

We found several areas in which the Department did not properly monitor the SEPs as required by federal and state regulations and contractual provisions during Fiscal Year 2004. Following is a summary of problems identified in each area:

**On-Site Certification Reviews.** Although Colorado Medical Assistance State Rules and provisions contained in the Department's contracts with the Single Entry Points require that each agency be certified annually by the Department or its designee, we noted that only 10 of the 25 SEP agencies received an on-site certification review during the current fiscal year. Further, while the 10 reviews performed were completed in January and February 2004, the Department did not begin follow-up on the issues identified during the reviews until just prior to fiscal year-end, or four to five months later. These reviews are intended to evaluate the quality of services provided by the agency, compliance with program requirements, performance of administrative functions, the agency's financial accountability, and maintenance of qualified personnel.

**Federal Award Letters.** Although the Department, as a federal pass-through entity, is responsible for informing each subrecipient of specific information for federal awards that have been passed-through to them by the Department, we noted that the Department was unable to provide documentation that it had provided the required information to the SEPs during the fiscal year. The disclosures HCPF is required to provide include the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year, and the name of the federal agency providing the funds. This information assists in the tracking and reporting of expenditures of federal funds.

**OMB Circular A-133 Audit Requirements and Findings.** Federal regulations require any subrecipient expending more than \$500,000 in federal awards during its fiscal year to undergo an audit conducted under OMB Circular A-133 (A-133) audit requirements. These audits must be completed within nine months of the entity's fiscal year-end. In order to fulfill its monitoring responsibility in this area, HCPF contracted with the Department of Human Services (DHS) to review the SEPs' most recent A-133 audits to identify related findings and report any issues noted in the reports to HCPF. Although DHS staff noted in their Fiscal Year 2004 report to HCPF that they had identified one SEP for which a required Fiscal Year 2002 A-133 audit had not been completed as of June 30, 2004, HCPF staff were unable to provide documentation that it had taken any action on this deficiency.

In addition, DHS noted three audits in which the SEPs had questioned costs of \$7,245 with a projected total of \$27,987 related to the Medicaid program. DHS staff also forwarded copies of these questioned cost findings to HCPF. Although HCPF has the responsibility to issue management decisions on any audit findings of subrecipients' A-133 audits and ensure that corrective action is taken on a timely basis, HCPF staff were unable to supply any documentation that a management decision was made as of June 30, 2004 regarding the questioned costs.

**Monitoring of SEP Program Expenditures.** Colorado Medical Assistance State Rules require each SEP to reconcile Medicaid expenditures incurred to Medicaid payments received from HCPF under the SEP program at year-end. If a SEP has received more funds than it spent during the year under the SEP program, it is required to remit these overpayments to HCPF. We noted that HCPF staff was unable to supply any documentation that it had received or reviewed reconciliations for any of the 25 SEPs to identify overpayments and ensure that all overpayments are recouped.

In addition, the contract between the Department and SEP agencies requires that the agencies submit to the Department monthly statements of expenditures using Department-approved formats. In our audit we noted that the Department recognized that approximately half of the 25 SEPs did not submit these statements during Fiscal

Year 2004. We also noted that there was no documented evidence that the statements submitted were being reviewed by Department personnel.

**Monitoring of Client Satisfaction.** In order to determine levels of satisfaction with the Single Entry Point system, the Colorado Medical Assistance State Rules require that a survey of clients from each SEP be conducted at least annually. The Department is to utilize the results of these client satisfaction surveys to develop the quality assurance and resource efforts of the SEPs. We noted that the Department was unable to document that it performed a client survey during the fiscal year.

**On-Site Financial Compliance Reviews.** During the year, HCPF contracted with DHS to perform Financial Compliance Reviews (FCR) of the SEPs on behalf of HCPF. These reviews focused on the appropriateness of SEP program expenditures and reimbursements in relation to federal regulations, the provisions of state statutes and regulations, and the SEP contract. The number of FCRs to be performed during the year is agreed upon by HCPF and DHS and is determined by taking in to account agencies that have not been reviewed recently and the available funding to pay for the reviews. In Fiscal Year 2004, DHS performed FCRs on 4 of the 25 SEPs. As a result of these FCRs, DHS identified \$305,797 in disallowed costs under the SEP program. HCPF, however, was unable to provide support documenting that it had taken action to recover these disallowed costs.

In addition, HCPF reports that because adequate funding has not been available to allow DHS to perform the FCRs on a more frequent basis, DHS has been reviewing multiple years for the SEPs selected for review. Of the reviews conducted in Fiscal Year 2004, two extended as far back as Fiscal Year 1996. The statute of limitations as provided for in the SEP contract states that HCPF may only audit the SEPs records for a period of three years subsequent to the expiration of the contract. As these contracts are renewed on an annual basis, HCPF is contractually bound to review records going back only three years. As a result of the methodology HCPF is using to perform FCRs, there is the potential that it will be unable to recover disallowed costs outside of the three-year window. For example, of the \$305,797 in disallowed costs identified during Fiscal Year 2004 reviews, \$255,561 may be unrecoverable as it is from years beyond the statute of limitations. Therefore, HCPF should reconsider the frequency and timing of DHS-conducted FCR reviews to ensure identified disallowances can be recovered before the statute of limitations expires.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Special Tests and Provisions-Subrecipient Monitoring.)

**Recommendation No. 30:**

The Department of Health Care Policy and Financing should ensure that it is fulfilling its responsibilities as a pass-through entity for the Medicaid program and that Single Entry Point (SEP) agencies are properly monitored by:

- a. Conducting on-site certification reviews of all SEP agencies on an annual basis and following up on compliance issues identified in a timely manner.
- b. Issuing annual award letters informing SEP agencies of federal awards received during the year and ensuring the letters contain all required information.
- c. Requiring all SEP agencies to undergo an OMB Circular A-133 audit within nine months of fiscal year end as required by federal regulations, following up on SEP agencies not in compliance with the requirement, and taking corrective action as necessary.
- d. Issuing management decisions on a timely basis regarding Medicaid program questioned costs identified in SEP agency OMB Circular A-133 audits, and taking corrective action as necessary.
- e. Conducting reviews of SEP annual unexpended Medicaid funds reports and taking steps to recover any unexpended amounts.
- f. Requiring all SEP agencies to submit monthly statements of expenditures and consistently reviewing these statements for propriety.
- g. Performing a client satisfaction survey as outlined in the State Rules on an annual basis.
- h. Completing on-site Financial Compliance Reviews on all SEP agencies on a more frequent, revolving basis, and investigating and requesting repayment of identified disallowed amounts in a timely manner within the statute of limitations period.

**Department of Health Care Policy and Financing  
Response:**

- a. Agree. Implementation date: May 31, 2005.

The Department has scheduled on-site certification reviews for Fiscal Year 2005 to begin in November 2004 and be completed by May 31, 2005. Additionally, the Department has developed SEP agency On-Site Review Protocols that include time line requirements for the issuance of the on-site certification review draft report, the final report including corrective action for compliance issues and follow-up for corrective action resolution.

- b. Agree. Implementation date: May 31, 2005.

The annual award letters for Calendar Year 2003 were issued November 17, 2004. The annual award letters will be issued by January 31, 2005, for Calendar Year 2004 on years thereafter.

- c. Agree. Implementation date: May 31, 2005.

The Department has implemented protocols to issue a yearly letter to SEPs regarding the requirement to comply with Circular A-133. This letter will be sent this year and each following year by December 31. For those SEPs to which the requirement applies, audit reports are required by March of the following year.

- d. Agree. Implementation date: May 31, 2005.

The Department will issue management decisions regarding questioned Medicaid program costs, including corrective action requests, by April 30 of each year. Follow-up will occur within 60 days of the issuance. Continued non-compliance by the SEP will result in progressive action as indicated by the nature of the non-compliance, leading to withholding of funds, non-payment of funds, recovery of funds, contract cancellation and other legal remedies as necessary.

- e. Agree. Implementation date: May 31, 2005.

A reconciliation of Medicaid expenditures to Medicaid payments for each SEP for the Fiscal Year 2004 will be completed in the next quarter (January 1 through March 31, 2005.) Future reconciliations will be completed before the end of the first quarter following the contract end-date. Follow-up to recover on overpayment, including progressive remedies as necessary, will be conducted within thirty days of any findings within thirty days.

- f. Agree. Implementation date: May 31, 2005.

The Department has issued a letter to all SEP agencies requiring submission of a monthly statement of expenditures and indicating that any SEP payment shall be made only upon receipt of the statement of monthly expenditures. The Department shall approve no payment until a review of the statement of monthly expenditures is completed.

- g. Agree. Implementation date: May 31, 2005.

The survey requirement was completed for Fiscal Year 2004. Annual SEP client surveys will be sent to agencies in January 2005 with a completion and due date of May 2005. The Department will document the tracking and filing of submitted survey results. The surveys will be available to the SEP Case Management Monitors and the SEP Program Manager.

- h. Agree. Implementation date: May 31, 2005.

The Department will conduct on-site Financial Compliance Reviews to the extent and frequency allowed by available funds. A protocol to identify high-risk SEPs will be developed by March 31, 2005, and those SEPs demonstrating a high risk will receive more frequent preliminary reviews to determine the necessity of a full review. Any findings will be followed up on within 30 days of the issuance of findings. Findings involving repayment will receive the highest priority for follow up and will be pursued through all legal remedies.

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## Medicaid Drug Rebate

One component of the federal Medicaid program is coverage of prescription drugs. In Fiscal Year 2004 the Department paid approximately \$266 million in pharmacy claims under the Medicaid program. For eligible individuals Colorado's Medicaid program covers outpatient prescription drugs; drugs provided to individuals in hospitals, doctor's offices, and other institutional settings; and, in certain instances, selected over-the-counter medicines. Since 1991, under federal regulations state Medicaid programs have been able to recover a portion of their prescription drug payments by requesting rebates from drug manufacturers. Specifically, state Medicaid programs reimburse pharmacies for dispensing prescription drugs to Medicaid recipients and recover a portion of these expenditures by then submitting invoices to drug manufacturers for rebates.

Responsibility for the Medicaid drug rebate program is shared among the drug manufacturers, the federal Centers for Medicare and Medicaid Services (CMS)

within the U.S. Department of Health and Human Services (HHS), and the states administering the program. In order to participate in the Medicaid program, a drug manufacturer is required to have a rebate agreement in effect with CMS and to adhere to certain reporting requirements. In turn, each participating state is responsible for developing an accounting system capable of properly recording and tracking rebate monies owed or paid and interest due on aged accounts. Each state is also required to provide drug utilization data to the manufacturer and CMS on a quarterly basis in order to obtain reimbursement for the federal share for Medicaid drug expenditures.

The federal Office of the Inspector General (OIG) within HHS is mandated by Public Law 95-452, as amended, to protect the integrity of HHS programs. As such, the OIG performs audits, investigations, and inspections of HHS programs, including Medicaid, nationwide. The OIG conducted an audit of Colorado's administration of the Medicaid drug rebate program during Fiscal Year 2003. The OIG report, entitled "Audit of the Medicaid Drug Rebate Program in Colorado," was issued on October 7, 2003, during Fiscal Year 2004. The audit objective was to evaluate whether HCPF had established adequate accountability and internal controls over the Medicaid drug rebate program.

Under federal Medicaid regulations, the Medicaid drug rebate program invoices submitted by a state to the manufacturer must not reflect pharmaceuticals paid for under state-funded general assistance programs, other state-only programs, or other federal (non-Medicaid) drug rebate programs. During its audit, the OIG noted that HCPF was unable to distinguish on the Medicaid Management Information System (MMIS) between federal rebate drugs and drugs provided under the state-funded Old Age Pension (OAP) program. Therefore, the Department's invoices to manufacturers inappropriately included pharmaceuticals related to the OAP program that were not eligible for the Medicaid drug rebate program. As a result, the Department most likely received greater rebate payments from drug manufacturers than it was entitled to under the Medicaid program. Further, for reporting purposes to CMS, the Department deducted 2.3 percent from Medicaid drug rebate collections for estimated collections related to OAP drug usage. The OIG report noted that the estimated rate was based on outdated information, perhaps from before the Medicaid drug rebate program was implemented in 1991, and that the rate had not been approved by CMS. Therefore, the OIG concluded that the Department's reporting of Medicaid drug rebate collections to CMS was inaccurate.

Subsequent to the Department's discussions with the OIG regarding the audit findings, the Department conducted an analysis of drug claims. The Department determined that state-only drug claims actually represented only 1.3 percent of total Medicaid drug expenditures during Fiscal Year 2003, rather than the 2.3 percent used previously. Based on this determination, we estimate that the Department underreported to CMS the amount of collected drug rebates by approximately \$194,000 during Fiscal Year 2003 alone. This in turn means that the Department underpaid CMS by approximately \$102,800 for the federal share of Medicaid drug rebates. The Department incorporated the 1.3 percent deduction into its federal reporting process beginning in July 2003, at the beginning of Fiscal Year 2004.

As a result of the OIG audit, the Department has initiated necessary system changes on MMIS to identify and separate the state-only portion of the drug rebate from the federal drug rebate program. Although the system change request was initiated on August 2, 2004, the change is not expected to be completed until October 31, 2005, or during Fiscal Year 2006. The Department reports that, until the system changes are complete, it will continue to include the state-only prescription drug usage data in its calculations and billings to drug manufacturers for Medicaid drug rebates earned. For CMS-reporting purposes, however, the Department will manually calculate the percentage that the OAP drug claims represent of the total Medicaid drug expenditures on a quarterly basis and exclude the OAP amounts from the reports to CMS.

Until some time in Fiscal Year 2006 when MMIS changes are completed, by continuing to bill drug manufacturers for expenditures unallowed under the Medicaid drug rebate program the Department is out of compliance with Medicaid program requirements and may continue to receive excess payments from the manufacturers. Therefore, the Department should identify a means of segregating actual state-only claims from federal rebate and total drug claim expenditures until MMIS changes are implemented.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed)

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### **Recommendation No. 31:**

The Department of Health Care Policy and Financing should ensure full compliance with the Medicaid Drug Rebate Program requirements by:

- a. Implementing a method for identifying the state-only portion of its prescription drug usage and excluding that portion from the federal Medicaid drug rebate calculations.

- b. Working with the Centers for Medicare and Medicaid Services (CMS) to determine whether some portion of drug rebates received by the Department are due back to participating Medicaid drug manufacturers and, as necessary, repaying any overpayments.
- c. Requesting advance approval from CMS for future rate changes related to its Medicaid Drug Rebate Program to ensure rebates are being properly invoiced to manufacturers, collected by the State, and reported to CMS.

### **Department of Health Care Policy and Financing Response:**

- a. Agree. Implementation date: October 31, 2005.

The Department has initiated the necessary system changes to the Medicaid Management Information System to identify and separate the state-only portion of the drug rebate from the federal drug rebate program. The system change request was initiated on August 2, 2004, and is expected to be completed by October 31, 2005. Until the system changes are completed, the Department will continue to manually calculate the percentage that the state-only drug claims represent of the total Medicaid drug expenditures on a quarterly basis and exclude the state-only amounts from the reports to CMS by January 1, 2005.

- b. Partially agree. Implementation date: October 31, 2005.

Department does not view the recalculation of the state-only portion of the drug rebate implemented on July 1, 2003 as an error or as an underpayment to CMS for the prior state fiscal year. The Department has notified CMS that the necessary system changes to the Medicaid Management Information System to identify and separate the state-only portion of the drug rebate from the federal drug rebate program were initiated. Once the necessary system changes to the Medicaid Management Information System to identify and separate the state-only portion of the drug rebate from the federal drug rebate are completed, the Department will examine the feasibility of negotiating a separate drug rebate with each drug manufacturer for the state-only program.

- c. Agree. Implementation date: February 1, 2005.

The Department has notified CMS that the necessary system changes to the Medicaid Management Information System to identify and separate the state-only portion of the drug rebate from the federal drug rebate

program were initiated. The Department will follow-up with CMS concerning the timeline for completion of these system changes. In addition, the Department will notify CMS of the protocol to manually calculate the percentage that the state-only drug claims represent of the total Medicaid drug expenditures on a quarterly basis and exclude the state-only amounts from the reports to CMS.

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## Internal Controls over MMIS

As mentioned earlier, all Medicaid payments to service providers are made through HCPF's Medicaid Management Information System (MMIS). HCPF contracts with Affiliated Computer Services (ACS) to serve as the State's fiscal agent for the Medicaid program. ACS is responsible for claims processing through MMIS and ensuring payments are appropriate. Due to the complexity and volume of Medicaid payments MMIS processes on a daily basis, and subsequent new interfaces for implementation of CBMS, strong internal controls over the system are vital. In order to determine whether the internal controls in place over the system are adequate, periodic reviews must be conducted of the system's internal controls.

We have recommended in the past that the Department ensure that an independent assessment of the internal controls over MMIS is performed on a regular basis. ACS annually undergoes a review of its processing internal controls at its main processing center in Pittsburgh, Pennsylvania. Based on our review of the independent auditors report issued on ACS' Pittsburgh Data Center-Mainframe Environment, *Report of Controls Placed in Operation and Tests of Operating Effectiveness for the Period October 1, 2002 through September 30, 2003*, no procedures were performed to evaluate the effectiveness of the controls at individual user organizations, such as the MMIS in Colorado.

Based on the volume and complexity of transactions processed through MMIS as well as the required implementation of new interfaces between MMIS and the State's new major system, CBMS, and ultimately, COFRS, the Department should incorporate language into its contract with ACS that requires the contractor to obtain an independent assessment of controls over payments processed through MMIS at its Colorado location on a periodic basis. Such reviews are required under the American Institute of Certified Public Accountants Statement on Auditing Standards (SAS) No. 70, Reports on the Processing of Transactions by Service Organizations. Under the Standard, there are two types of SAS 70 audits, Type 1 and Type 2. In a Type 1 engagement, the auditor issues a report on a description of the controls that is prepared by the service organization. The purpose of a Type 2 review is to determine if the external service provider has adequate controls in place to meet

control objectives and to test the operating effectiveness of the controls. The Department should require ACS to undergo a SAS 70 Type 2 audit of controls at the Denver location.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Special Tests and Provisions – ADP Risk Analysis and System Security Review.)

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### **Recommendation No. 32:**

The Department of Health Care Policy and Financing should require that the fiscal agent obtain a SAS 70 Type 2 audit of the Medicaid Management Information System at the Denver site.

#### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: Implemented.

The MMIS contract was amended in (March) Fiscal Year 2004 to include the SAS 70 audit requirement. The SAS 70 Type 2 audit was conducted October 18 - November 5, 2004. The written report is due the end of November or early December. ACS has received preliminary results and has already taken steps to remediate identified deficiencies.

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## **Medicaid Claims Overview**

Medicaid (Title XIX of the federal Social Security Act) is a federal-state program that provides health care coverage to low income individuals and families. Medicaid is an entitlement program, meaning that any state participating in the program must serve all eligible and enrolled individuals.

As noted earlier, by statute, the Colorado Department of Health Care Policy and Financing (Department) is the single state agency responsible for administration of the Medicaid program in Colorado. County departments of social services are responsible for determining an individual's eligibility for Medicaid. Individuals who are eligible for benefits under Medicaid may choose a provider from any institution, agency, or health professional who has agreed to serve Medicaid recipients.

Medicaid services are generally provided through one of two systems—managed care or non-managed care—as described below.

***Managed Care.*** Those within the managed care system participate in either the Primary Care Physician Program (PCPP) or are part of a Health Maintenance Organization (HMO). The services and payment mechanisms for these two programs are as follows.

**Primary Care Physician Program (PCPP).** Under this coverage option, individuals choose a primary care provider from a list of participating Medicaid service providers. When health care services are required, a PCPP-covered individual visits a primary care provider first, with the exception of medical emergencies. The role of the primary care provider is to serve as a medical case manager by coordinating and monitoring all Medicaid services. Reimbursement to PCPP providers is processed through the Medicaid fee-for-service system, which provides a separate payment amount for each Medicaid claim. As of August 2004, there were about 1,100 Primary Care Physician practices contracting with the Department.

**Health Maintenance Organizations (HMO).** An HMO is a health care plan in which a designated organization is responsible for providing comprehensive health care services to Medicaid-covered individuals. An HMO is reimbursed by Medicaid through a flat monthly rate per eligible participant (called a capitation payment) rather than for each service provided.

Each HMO maintains a risk-based contract to provide health care services to enrolled individuals. The term risk-based indicates that the HMO accepts the contractually set, fixed monthly capitation payment in return for providing all contractually covered services to Medicaid clients. A detailed summary of covered and non-covered services is included as an appendix to each HMO contract. An HMO is permitted to offer additional covered services in its contract, at its own expense, to differentiate itself from other HMOs, enhance its ability to enroll additional Medicaid clients, and control costs. One example of an additional product or service offered by an HMO is specialty eyeglasses for adults.

In Fiscal Year 2004, the Department contracted with two fully capitated HMOs to provide Medicaid services, one of which began contracting with the Department in May 2004.

***Non-Managed Care.*** Medicaid clients may also obtain services from providers who are not in the managed care system. Medicaid pays these providers for the covered services they provide to eligible participants. Providers must submit a completed

billing form, referred to as a Medicaid claim, in order to receive payment for covered Medicaid health services.

In addition, clients who are enrolled in an HMO may obtain non-managed care services that are not covered by their HMO's contract and have those services paid for as fee-for-service claims. These are referred to as wrap-around services. Examples of wrap-around services include:

- Certain auditory services for children, including hearing aids, auditory training, audiological assessment, and hearing evaluation.
- Dental assessment, care, and treatment for children.
- Drug/alcohol treatment for pregnant women, including assessment and treatment.
- Private Duty Nursing (PDN), nursing services only.

In Fiscal Year 2004, about 16,600 non-managed care providers contracted with the Department to provide Medicaid services.

The following comments were prepared by the public accounting firm of Clifton Gunderson LLP, which performed audit work under contract with the Office of the State Auditor at the Department of Health Care Policy and Financing. The comments were contained in the *Department of Health Care Policy and Financing, Medicaid Claims Performance Audit*, Report No. 1636, dated November 2004.

## **Claims Processes and Payments Review**

The purpose of this audit was to review Medicaid claims processes and payments to determine whether the Department, and its fiscal agent, process and pay such claims effectively. Four specific areas were targeted for review in this audit, including hospital outliers, fee-for-service claims paid for HMO enrollees, payments for service dates after a beneficiary's date of death, and Medicaid rate changes. We interviewed staff at the Department and worked with the Department's fiscal agent, ACS, to obtain Medicaid eligibility information and paid claims data. The audit did not include a review of the new Colorado Benefits Management System (CBMS).

### **Hospital Outlier Payments**

The primary methodology used by the Medicaid program to reimburse hospitals for inpatient health care services is the Prospective Payment System. In this system,

payment levels are set in advance of each year. Each hospital is assigned a base rate that is used to calculate the Medicaid reimbursement for an inpatient stay. When the hospital files a claim for reimbursement with the Medicaid program, the claim indicates the diagnosis and surgical procedure for the inpatient services provided. The Department uses this diagnosis and surgical procedure information to assign one of over 500 Diagnosis Related Grouping (DRG) codes, each with an associated weight reflecting the acuity, or sickness level, of the patient's condition. The DRG weight is multiplied by the hospital's base rate to determine the standard reimbursement for the inpatient stay. A higher DRG weight generally signifies a greater amount of resources necessary to treat a patient and therefore a higher reimbursement rate. Each DRG includes an average length of stay for the patient's condition, and only one DRG is assigned to each patient for a hospital admission. The Department uses a combination of data provided by the Centers for Medicare and Medicaid Services (CMS) and state-specific information to establish reimbursement rates for Colorado Medicaid providers.

In addition to the DRG reimbursement for a hospital inpatient stay, outlier payments are made by the Medicaid program to reimburse hospitals for exceptionally lengthy patient stays. The Colorado Medicaid program uses a standardized formula to calculate outlier payments, which are made only after a defined "trim point" is reached. The trim point specifies the day of an inpatient hospital stay when the hospital will begin to receive an outlier payment. Hospital days beyond the trim point (excluding the day of discharge) are covered by the outlier payment.

The following table provides examples of the DRG and outlier payments that would be made to a hospital for selected conditions assuming a hospital base rate of \$4,000.

<b>Table 1. Department of Health Care Policy and Financing Examples of DRG and Outlier Reimbursements Using a Hospital Base Rate of \$4,000</b>					
<b>[A] Condition/ Procedure</b>	<b>[B] Avg. Length of Stay for DRG</b>	<b>[C] Flat DRG Reimb. Amount</b>	<b>[D] Trim Point</b>	<b>[E] Daily Outlier Amount</b>	<b>[F] Days Paid Through Outlier Payment</b>
Spinal Disorder or Injury	5.8 days	\$4,112 <sup>1</sup>	24 days	\$567	Day 25 through day before discharge
Cardiac Device Replacement	3 days	\$8,078 <sup>2</sup>	11 days	\$2,154	Day 12 through day before discharge
Fractures of the Hip and Pelvis	5 days	\$3,908 <sup>3</sup>	19 days	\$625	Day 20 through day before discharge
<b>Source:</b> Department of Health Care Policy and Financing, "DRG Weight Table-Discharges 10/1/2003 and After." <b>Notes:</b> Using a hospital base rate of \$4,000: <sup>1</sup> This is the flat amount the Medicaid program would reimburse a hospital for a patient with a spinal disorder or injury who remains in the hospital from 1 to 24 days (until the trim point is reached). After 24 days, the hospital would receive a daily outlier payment as indicated in column E. <sup>2</sup> This is the flat amount the Medicaid program would reimburse a hospital for a patient undergoing a cardiac device replacement who remains in the hospital from 1 to 11 days (until the trim point is reached). After 11 days, the hospital would receive a daily outlier payment as indicated in column E. <sup>3</sup> This is the flat amount the Medicaid program would reimburse a hospital for a patient with a hip or pelvic fracture who remains in the hospital from 1 to 19 days (until the trim point is reached). After 19 days, the hospital would receive a daily outlier payment as indicated in column E.					

As the table shows, using an assumed hospital base rate of \$4,000, a hospital admitting a client for a spinal disorder or injury would initially be reimbursed \$4,112 based on the assigned DRG code which has an associated average length of stay of 5.8 days. The trim point for this condition is 24 days so the hospital is eligible for an outlier payment only if the patient's inpatient hospital stay exceeds 24 days. If this patient was released from the hospital after an 80-day length of stay, an outlier payment for days 25 through 79 (since the day of discharge is not reimbursable by Medicaid), or 55 days, at a daily rate of \$567 would be paid.

Under the DRG payment system, a hospital is reimbursed a calculated amount regardless of the patient's length of stay in the hospital, until the trim point is reached. As a result of the flat reimbursement amount provided through the DRG system, there is a financial incentive for a hospital to release patients as quickly as possible, particularly until the trim point is reached, at which time the hospital would begin receiving a daily outlier payment.

One way the Department monitors hospital payments is through reviews conducted by its utilization management contractor, which conducts sample reviews of health care claims submitted by acute care providers (those that offer short-term medical treatment for an illness or injury, of which hospitals are the most common type) on an annual basis. The purpose of the reviews is to evaluate whether: 1) the hospitalization was medically justified, 2) the client's treatment required inpatient admission, 3) the correct DRG was assigned, 4) the service is a benefit of the

Medicaid program, 5) the care provided was of sufficient quality, and 6) the documentation supporting the claims was adequate. The Department uses information from its utilization management contractor to recover incorrect paid claims. According to the utilization management contractor's Fiscal Year 2003 report, incorrect claims payments totaled over \$884,000, which the Department is pursuing for recovery. Additionally, estimated cost savings of over \$2.2 million were identified as resulting from the reviews of prior authorization requests (requests for advance authorization for certain services, as required by the Medicaid program) for Fiscal Year 2003.

### Incorrect Hospital Claim Coding

One consideration in assigning a DRG is whether a patient is considered to have complications—such as a post-operative infection—associated with his or her condition. The DRG for a condition with complications will generally have a higher trim point than a DRG for the same condition without complications to account for the additional inpatient time the patient is expected to require to address the complications. Because of the differences in trim points, there is a potential financial incentive for hospitals to provide inaccurate diagnosis or procedure information on their claims, causing the Department to incorrectly assign DRGs without complications. As a result, the hospital would receive outlier payments for shorter hospital stays. The following table provides some examples of how trim points differ for a condition depending on whether there are complications associated with the diagnosis.

<b>Table 2. Department of Health Care Policy and Financing</b> <b>Examples of DRG Codes and Trim Points For Conditions With and Without Complications</b>					
[A]  Condition	Without Complications		With Complications		[F] Difference In When Outlier Payments Begin for Condition With and Without Complications (E – C)
	[B] Average Length of Stay	[C] Trim Point*	[D] Average Length of Stay	[E] Trim Point*	
Peripheral, Cranial and Other Nervous System Disorders	2.3 days	8 days	8.8 days	32 days	24 days
Peripheral Vascular Disorders	3.3 days	9 days	4.9 days	19 days	10 days
Connective Tissue Disorders	2.3 days	6 days	5.3 days	21 days	15 days
Spinal Procedures	4.1 days	23 days	10.2 days	56 days	33 days
<b>Source:</b> Department of Health Care Policy and Financing, "DRG Weight Table-Discharges 10/1/2003 and After." * Day after which the daily outlier payment will begin.					

As the table shows, for patients with DRGs that reflect complications, the hospital receives outlier payments after a much longer stay than for patients that did not have

complications. Because outlier claims typically represent the highest cost and longest hospital stays, it is reasonable to expect that many outlier claims are for conditions that include complications.

To determine whether claims are being incorrectly coded to DRGs without complications, causing hospitals to receive outlier reimbursements earlier than they should, we judgmentally selected a sample of 15 outlier claims from Fiscal Year 2003 and asked the Department's utilization management contractor to review the claims for appropriate DRG coding and medical necessity.

The utilization management contractor determined that for 6 of the 15 claims (40 percent), an incorrect DRG was assigned. For 5 of the claims, the "without complications" DRG was incorrectly assigned, meaning the patient did have complications and should have been assigned a DRG with complications. For 1 claim, a DRG for a more complex procedure was incorrectly assigned. As a result of the incorrect DRG coding, these providers were overpaid by about \$53,000, as shown in the following table. The Department has initiated the recovery process for these funds by reprocessing the claims with the corrected DRG assignment.

<b>Table 3. Department of Health Care Policy and Financing Overpayments of Outlier Claims Due to Incorrect DRG Coding Based on Sample Review for Fiscal Year 2003</b>						
Claim	DRG Assigned		Reimbursement Amount		Diff. Between Original And Corrected Reimbursements	
	Original	Corrected	Original	Corrected	\$	%
1	8	532	\$ 50,161	\$ 17,740	\$ 32,421	65%
2	151	150	21,704	20,488	1,216	6%
3	151	150	11,894	10,381	1,513	13%
4	371	370	76,104	68,610	7,494	10%
5	29	28	33,411	26,918	6,493	19%
6	373	372	67,857	63,547	4,310	6%
<b>Total</b>			<b>\$261,131</b>	<b>\$207,684</b>	<b>\$ 53,447</b>	<b>20%</b>
<b>Source:</b> Results of utilization management contractor review of sample of outlier claims.						

As the table shows, for these claims, the incorrect coding caused the Department to overpay by an average of about 20 percent for these six claims.

In Fiscal Year 2003, providers filed 855 outlier claims worth nearly \$13 million in payments. Of these, 404 claims (47 percent) were for DRGs with or without complications and accounted for about \$5.5 million (about 42 percent) of the total outlier payments. It is important to note that some DRGs, such as for a degenerative nervous system disorder, do not have a "with complications" component.

The Department and its utilization management contractor currently do not conduct reviews of outlier claims on a periodic basis to monitor trends or to identify outlier cases for further review. Because miscoding for DRGs can have a significant financial impact on total outlier payments, the Department should work with the utilization management contractor to have all outlier claims for DRGs “without complications” reviewed for all prior years for which records are available (Medicaid providers are required to maintain medical records for six years) to determine whether the correct DRGs were assigned in each case. The Department should reprocess incorrect DRG assignments and track recoveries to document the financial impact of this review. The Department should then use the findings from this process to make future assignments to its utilization management contractor for outlier claims reviews.

In Fiscal Year 2003, the Department had 150 paid outlier claims assigned to a “without complications” DRG totaling about \$2.5 million. If the Department were to review all of these 150 claims and determine the same rate of erroneous DRG assignments (40 percent) and the same rate of overpayments (20 percent) as we found for our 15-claim sample, we estimate the Department could identify about \$200,000 for recovery. If the Department expanded its review to include all other years for which providers are required to maintain medical records, it is likely that substantially more overpayments would be identified and recovered.

In addition, the Department should review its methodology for setting the trim point on DRGs to address potential miscoding on DRGs without complications. The Department maintains the authority to adjust trim points and DRG weights to ensure that Medicaid payments reasonably reflect the average cost of claims for each DRG. Where necessary, the Department should adjust trim points and DRG weights to reduce or eliminate potential financial incentives for providers to report incorrect information, leading to inaccurate DRG coding.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Allowable Costs/Cost Principles, Subrecipient Monitoring.)

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### **Recommendation No. 33:**

The Department of Health Care Policy and Financing should improve efforts to ensure that outlier claims are appropriate and accurate by:

- a. Working with the utilization management contractor to review all outlier claims for DRGs “without complications” for Fiscal Year 2004 and all prior years for which records are available. The Department should reprocess

incorrect DRG assignments for recovery and track recoveries to determine the financial impact of miscoding.

- b. Expanding future review assignments to include reviews of DRGs without complications.
- c. Reviewing the methodology for setting the trim point on DRGs and adjusting trim points and DRG weights as needed to reduce or eliminate potential financial incentives for providers to report inaccurate diagnosis or surgical procedure information on their claims, leading to the assignment of incorrect DRGs.

### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: July 1, 2006.

The Department will evaluate its contract with the utilization management contractor to determine whether it can reallocate resources in order to quickly begin work on implementation of the recommendations. Additionally, the Department may pursue a budget amendment to request the additional dollars to comply with this recommendation. Funds, if appropriated, will be available July 1, 2006.

- a. The Department agrees to work with the utilization management contractor to review 10 percent of all outlier claims for DRGs “without complications” for Fiscal Year 2004 and prior years for which records are available. Recoveries will be pursued where appropriate and tracked in order to determine the financial impact of miscoding and the return on the reviews.
  - b. The Department agrees to include the review of DRGs “without complications” in future contracts with the utilization management contractor.
  - c. The Department has already taken steps to implement the recommendation. The Board of Medical Services recently amended the Department’s rules regarding modification to the methodology for calculating trim points. The Department agrees to adjust trim points and DRG weights as needed to reduce or eliminate potential financial incentives for providers to assign incorrect diagnosis codes.
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## Fee-For-Service Payments for HMO Enrollees

As discussed previously, each HMO contract specifies what services the HMO will provide to enrolled Medicaid clients under the monthly capitation payment. The capitation payment covers all services received by an enrolled client from that HMO, as long as the service is included in the HMO's contract. Certain services not included in the HMO contract are still covered by Medicaid and are billed by providers on a fee-for-service basis. Through our analysis of Medicaid claims data provided by the Department's fiscal agent, ACS, we determined there were over 535,000 claims paid through the fee-for-service system in Fiscal Year 2003 for clients enrolled in HMOs at the time of the service.

We analyzed information provided by the Department to determine whether any of the claims paid as fee-for-service for HMO enrollees were for services covered by the HMO contract. We found that over 95 percent of these claims were for services, diagnoses, and procedures not covered by the HMO contract and were therefore paid appropriately through the fee-for-service system. However, we identified nearly 20,000 claims totaling \$1.9 million that may have been inappropriately paid as fee-for-service. Because Medicaid eligibility and enrollment vary constantly (e.g., individuals become eligible for Medicaid or lose eligibility as their financial situation changes and can move among the HMO, PCPP, and non-managed care programs at certain times) each of these claims would need to be individually reviewed to determine if, in fact, it was covered under an HMO contract.

We selected a sample of 40 of these claims with payments totaling about \$1,100 to determine if the fee-for-service payments were correct. We found that 9 claims totaling about \$280 were covered under the HMO's contract and should not have been paid as fee-for-service. This represents an error rate of about 22 percent. Although the sample reviewed was not statistically valid, the rate of incorrect payments in the sample is sufficiently high to be of concern. Details of the incorrect payments are as follows:

- Two claims were improperly paid by the fiscal agent as fee-for-service claims. The first claim was for blood work done at an outpatient hospital. The HMO incorrectly denied the claim as a non-covered service and ACS then incorrectly processed the claim for payment as fee-for-service. The second claim was for a clinic visit for a pregnant Medicaid client. There was an input error on the claim form, indicating the incorrect HMO for this client. ACS incorrectly processed the claim for payment as fee-for-service instead of denying it and instructing the provider to bill the claim to the correct HMO. These two claims totaled about \$140.

- Seven claims were automatically paid as fee-for-service claims because eligibility and enrollment information contained in the Department's claims payments and eligibility systems either at the time of service or at the time of payment was outdated and did not reflect HMO coverage. The amount of these claims totaled about \$140. The Department had already identified 5 of these 7 claims through its payment correction process (described below), but it still must spend considerable staff time and resources to identify and attempt recovery of these overpayments.

One of the challenges inherent in the Department's oversight of managed care is that Medicaid eligibility and HMO enrollment information frequently changes. A client's financial resources affect Medicaid eligibility; thus, a change in a client's financial situation can result in loss of eligibility. Additionally, during an annual open enrollment period, clients have the ability to switch between HMOs, and under certain circumstances, terminate their HMO coverage and move to a Primary Care Physician practice or the non-managed care program. These factors increase the likelihood that claims will be paid inappropriately since changes in eligibility and enrollment may not be current in the system.

## **Review Processes for Paid Claims**

To identify and recover fee-for-service claims that should have been covered by an HMO, the Department conducts an annual review of its HMO clients and claims. This payment correction process compares information on claims automatically paid through the MMIS with client eligibility and enrollment data to identify claims that were paid incorrectly based on eligibility or enrollment data that was inaccurate at the time of payment. The comparison does not specifically include claims that were paid after being flagged by MMIS to be reviewed by the fiscal agent for approval.

Of the nine incorrect fee-for-service payments we found, the Department had already identified five for recovery through this annual process. Two claims, reflecting services for newborns, were not identified through the payment correction process because, at the time the payment correction process was completed, 18 to 20 months after the service dates, the eligibility and enrollment information in the Department's automated systems did not correctly identify these claims as covered by an HMO. The other two claims, which were incorrectly authorized for payment through the fee-for-service system by ACS, were also not identified by the Department because the payment correction process does not specifically include claims suspended by MMIS and subsequently approved for payment by the fiscal agent. The Department could complete a periodic match of claims approved for payment by ACS with eligibility and enrollment data to identify incorrect payments made by the fiscal agent.

Prior to mid-2002, the Department administered a Medicaid quality control program—the Claims Processing Assessment System (CPAS)—to examine and evaluate the accuracy of claims processing and payments. In accordance with its contract with the Department, ACS ran the CPAS automated program based on parameters established by the Department. The CPAS function selected a sample of claims that Department staff reviewed to determine whether recipients were eligible for services and whether claims were paid timely and accurately. The purpose of the system was to identify and initiate corrective actions for any errors found through the sample review process. In addition to identifying errors in paid claims, this process provided the Department with an objective means of overseeing fiscal agent activities.

According to the Department, the CPAS program was discontinued in mid-2002 so that staff resources could be shifted to implement requirements of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Department reports that when the CPAS program was operational, it required less than one full-time equivalent employee. Department staff also stated that the CPAS was an effective tool for identifying problematic claims payment issues.

The Department's payment correction process is useful for identifying claims payments for future recoveries. Unlike the CPAS program, however, the payment correction process does not identify process-related problems that need to be corrected, and it does not specifically identify claims that are suspended by MMIS but then approved for payment by ACS. The Department should reinstate the CPAS process and undertake additional review of claims that are suspended from payment by MMIS due to HMO enrollment and approved for payment as fee-for-service claims by ACS. These processes would improve the Department's ability to identify and recover incorrect payments, determine the causes of claims payment errors, and make changes to reduce errors in the future.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring.)

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### **Recommendation No. 34:**

The Department of Health Care Policy and Financing should improve the accuracy of claims payments by:

- a. Reinstating its quality control process for Medicaid claims using the Claims Processing Assessment System (CPAS).

- b. Periodically reviewing a sample of fee-for-service claims suspended from payment by MMIS due to HMO enrollment, which are then paid as fee-for-service claims by the fiscal agent. Based on the findings of these reviews, the Department should update and clarify edit resolution text to assist the fiscal agent in interpreting appropriate payment or denial actions for these claims.
- c. Using these processes to identify and implement any necessary changes to MMIS, along with any process improvements and clarifications for manual reviews by the fiscal agent.

### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: January 2005. The Department is current with CPAS reviews.

- a. HIPAA implementation was complete the fourth quarter of the last fiscal year, Fiscal Year 2004, and it was always the Department's intent to reinstitute CPAS. The first data pull was made for the first quarter of Fiscal Year 2005 and is now being analyzed by Department staff. This will continue on a quarterly basis.
- b. Operations staff and systems staff will work with program staff to develop a recurring report in BOA, the Decision Support System, on fee-for-service claims paid for clients who are enrolled in HMOs. They can then analyze the reason for forcing the edit and if it was appropriate, then assess the process and clarify edit resolution where necessary to assure accuracy of claims payment and denials. This report will be revised, if necessary, by January 2005.
- c. Agree as specified in a. and b. above.

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## **Payments for Newborns**

A provision in all HMO contracts requires that covered services be furnished to newborns of enrolled members for up to 60 calendar days from the date of birth. For a newborn to be entered into the eligibility system for proper processing of claims, the birth must first be reported to a county human services technician. This county employee is responsible for assigning a State ID and processing the newborn for Medicaid eligibility. Once Medicaid eligible, the newborn can be enrolled in an HMO. County technicians work directly with Medicaid clients to facilitate the

eligibility and enrollment processes, subject to state statutes and Department policies. Once the infant is enrolled, the Department pays the HMO a monthly capitation payment.

For Fiscal Year 2003, the Department identified about \$945,000 in fee-for-service payments for newborn services that should have been covered by HMOs. This represents about 20 percent of the \$4.7 million in incorrect fee-for-service payments identified through the Department's payment correction process for Fiscal Year 2003. Thus, the Department is aware that fee-for-service payments for newborns that should have been enrolled in HMOs is a significant problem.

According to the Department, the process for obtaining Medicaid eligibility for newborns and processing them for HMO enrollment is frequently delayed. The Department reports that counties do not always receive notification of birth timely and that all the information required to initiate the Medicaid eligibility process is not always provided, delaying eligibility determination. When these delays occur, newborn services are paid as fee-for-service even if the child could have been enrolled in an HMO. The Department has worked with counties to encourage prompt reporting of newborns by families or providers and is developing other approaches to expedite the eligibility determination and HMO enrollment of newborns. For example, CBMS, the Department's new unified benefits management system implemented during Fiscal Year 2005 on September 1, 2004, was designed to facilitate newborn reporting by providing county technicians with periodic system "flags" or notifications regarding the progress of pregnant mothers. These flags will allow county workers to track when a pregnant client is close to her delivery date and contact the client to obtain newborn information at the appropriate time.

In addition, the Department is considering the establishment of Medicaid application sites at large providers. These sites would simplify and expedite the process of applying for Medicaid eligibility and enrolling the newborn in a health plan. By allowing certain providers, such as hospitals, to accept Medicaid applications and determine eligibility on-site, mothers would be able to apply for eligibility and enroll their newborns in a Medicaid program before they leave the hospital. House Bill 04-1058, enacted in 2004, allows the Department to designate specified entities, in addition to county social services departments, to accept medical assistance applications and determine Medicaid eligibility. However, the act also limits the number of designated entities to the following three: "the private service contractor that administers the children's basic health plan, Denver Health and Hospitals, and a hospital that is designated as a regional pediatric trauma center." After implementing the provisions of this act, the Department should evaluate the success of these designated sites in increasing the enrollment of newborns in the Medicaid program. On the basis of its evaluation, the Department should consider whether a

statutory change to expand its ability to designate other providers would further increase the number of newborns enrolled in the Medicaid program.

The Department believes these efforts will help reduce the number and amount of claims for newborns that are inappropriately paid as fee-for-service. However, the Department does not currently track any data related to the elapsed time from a newborn's birth to the time the infant is determined to be Medicaid eligible and the time he or she is enrolled in an HMO. As a result, there are no data to assess where significant delays occur or whether certain counties experience more difficulty in enrolling newborns than others. This type of information is critical for the Department to design processes to address this issue.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Allowable Costs/Cost Principles, Eligibility.)

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### **Recommendation No. 35:**

The Department of Health Care Policy and Financing should expand efforts to reduce the number and amount of newborn claims that are inappropriately paid as fee-for-service by:

- a. Collecting data to determine where lags in the newborn enrollment process occur, whether certain counties experience more problems in this area than others, and what additional processes could be implemented to reduce inappropriate fee-for-service claims for newborns.
- b. As part of its next payment correction process, evaluating the extent to which CBMS reduces the newborn portion of incorrect fee-for-service payments for HMO enrollees.
- c. After implementing the provisions of HB 04-1058, evaluating the success of the designated sites in increasing newborn enrollment in Medicaid and considering the possibility of pursuing statutory change to expand its ability to designate other providers.

### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: July 2005.

- a. The Department agrees to collect and evaluate data to evaluate where lags in the newborn enrollment process occur and whether certain counties experience more problems in this area than others. This information will be used to modify current efforts and/or design additional processes to reduce the number and amount of newborn claims that are inappropriately paid as fee for service.
- b. The Department, as part of its next payment correction process, agrees to evaluate the extent to which CBMS reduced the newborn portion of incorrect fee-for-service payments for HMO enrollees.
- c. The Department supports the expansion of its ability to designate other medical assistance sites.

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## HMO Payment Corrections

As mentioned previously, the Department completes an annual payment correction process to identify any overpayments made to contract HMOs. This process is a computer-based match of capitation and fee-for-service claims payments with Medicaid eligibility and enrollment files. Through this process, the Department identifies claims that were paid incorrectly, including claims paid to HMOs that should have been paid through the fee-for-service system, and vice versa. The process also identifies months for which an HMO should have received a capitation payment for a Medicaid client but, due to the timing of eligibility and enrollment data, did not receive this payment. Thus, results include a net calculation of amounts due to/from the Department for each HMO. The payment correction process is completed approximately one year after the end of each fiscal year.

For Fiscal Year 2003 the Department identified net HMO payment corrections of about \$5.3 million. The following table provides detailed information on these corrections.

**Table 4. Department of Health Care Policy and Financing  
Fiscal Year 2003 HMO Payment Corrections**

<b>Payment Correction Type/Description</b>	<b>Amount Due From (To) HMOs</b>
Fee-For-Service Payments for HMO Enrolled Clients	\$4,748,985
Ineligible Clients (includes payments for service dates after a client's date of death)	1,851,406
Home and Community Based Services <sup>1</sup>	774,745
Third-Party Liability <sup>2</sup>	572,515
Fee-For-Service Payments for HMO Clients "Flipped" From the Plan <sup>3</sup>	328,796
Incorrect Rate Payment <sup>4</sup>	169,826
Unpaid Capitation Payments to HMOs	(51,003)
Unpaid Capitations to HMOs For Clients Incorrectly Listed as Disenrolled	(344,451)
Institutional <sup>5</sup>	(2,714,489)
<b>Total</b>	<b>\$5,336,330</b>

**Source:** Department of Health Care Policy and Financing, "Payment Correction for Plans (FY 2003)," June 7, 2004.

**Notes:**

- <sup>1</sup> HMOs receive a higher capitation rate for clients receiving home and community based services
- <sup>2</sup> HMOs receive a separate rate for clients who have insurance coverage.
- <sup>3</sup> Clients who are enrolled in an HMO and are erroneously disenrolled for a period of up to three months but are then re-enrolled by the fourth month are referred to as "flippers". This occurs as a result of occasional eligibility system problems.
- <sup>4</sup> Capitation payments to HMOs vary based on characteristics such as eligibility type, county of residence, and age, among others.
- <sup>5</sup> HMOs receive a higher capitation rate for clients requiring nursing home or other institutional care.

The net amount due from HMOs, as identified by the payment correction process, varies from year to year, but the total amount for the past four years totals about \$36 million. The table below summarizes payment correction amounts for Fiscal Years 2000 through 2003.

**Table 5. Department of Health Care Policy and Financing  
HMO Payment Corrections – Net Amount Due From HMOs  
Fiscal Years 2000 through 2003**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>Total</b>
<b>Payment Correction Amount</b>	\$9,736,000	\$14,231,000	\$6,774,000	\$5,336,000	\$36,077,000

**Source:** Department of Health Care Policy and Financing, Rates Section, "Payment Correction for Plans (FY99-FY02) and (FY03)."

Once the HMO payment correction process is completed, the Department sends a demand letter to each HMO indicating the results of this reconciliation and the amount due from the HMO. Depending upon the circumstances in each case, the Department can: 1) request a check from the HMO for the repayment; 2) recover the funds through a full or partial offset against current payments to the HMO; or 3) negotiate a settlement with the HMO that reflects a combination of claims payments, payment correction repayments, and other relevant issues.

Payment offsets and negotiated settlements frequently involve claims across multiple fiscal years. For example, the Department may reduce capitation payments to an HMO in Fiscal Year 2005 for incorrect payments made in 2003 and a settlement agreement may include amounts the Department owes an HMO to settle a legal issue from one year and amounts the HMO owes the Department from overpayments in another year. The Department's accounting system accounts for the net activity of all payments and recoveries, but does not discretely report the detail of individual recoveries. According to the Department, it is very difficult to track individual recoveries, particularly in the case of settlements, because so many factors are considered in agreeing to a negotiated settlement.

A shortcoming of the Department's process is that payment corrections are calculated more than one year after the close of the fiscal year. As a result, the Department may find it difficult to recover payments owed by HMOs that may either no longer contract with the Department or no longer be in business. Though an HMO would still have a contractual obligation to reimburse the Department for previous years' overpayments, collection of these amounts could be more difficult once the Department and the HMO no longer have an ongoing business relationship. In addition, because the payment correction process occurs so long after the incorrect payments were made, the Department loses the use of those improperly-paid funds for a significant amount of time and may lose interest on the funds. As Table 5 above, shows, the Department lost the use of over \$5 million from at least June 30, 2003, (the end of Fiscal Year 2003) and June 2004 (when the payment correction process for Fiscal Year 2003 was completed). In some cases, funds may be tied up for much longer, for those incorrect payments that occurred early in Fiscal Year 2003, such as in July 2002, and were not identified through the payment correction process until June 2004.

To make the payment correction process as accurate and timely as possible, the Department needs to allow time for eligibility and enrollment information to be updated and to allow claims to be processed through the system. Pursuant to Medicaid policy, providers have up to 120 days after the service date to submit a claim for payment. Therefore, the Department could complete its payment correction process twice a year for claims for service provided at least six months earlier. This frequency would allow sufficient time for claims to be submitted and for eligibility and enrollment updates to be reflected in the system while allowing the Department to identify incorrect payments and begin recoveries sooner. More frequent payment correction would also reduce the risks associated with attempting recoveries from HMOs that are no longer under contract with the Department or are no longer in business.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Allowable Costs/Cost Principles.)

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**Recommendation No. 36:**

The Department of Health Care Policy and Financing should improve the timeliness of payment recoveries by conducting the HMO payment correction process twice per year.

**Department of Health Care Policy and Financing  
Response:**

Agree. Implementation date: January 2005.

The Department will begin conducting the HMO payment correction process twice per year.

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**Medicaid Claims After Date of Death**

In Colorado, county technicians within each county's social services department are the primary contact point for families to report the death of a Medicaid recipient. When the county technician receives date of death information, as of September 1, 2004, it is entered into the Colorado Benefits Management System (CBMS), which maintains eligibility records for Medicaid clients. Prior to the implementation of CBMS, client eligibility information was maintained in the Client Oriented Information Network (COIN). County technicians update specific screens in CBMS to indicate a final eligibility date for a Medicaid client who has died, along with a reason code indicating that eligibility is terminated due to the death of the client. On a daily basis, Medicaid eligibility information from CBMS is uploaded into the Medicaid Management Information System (MMIS). The MMIS contains specific programming language, in the form of system edits, to deny any Medicaid claims submitted for service dates after death.

Through its payment correction process, the Department identified over \$1.8 million in payments to HMOs for ineligible clients for Fiscal Year 2003, including those who were ineligible due to death. This amount accounted for nearly 35 percent of all the overpayments identified by the Department. Currently, the Department's payment correction process does not distinguish between clients who are ineligible due to death from those ineligible due to other reasons.

## Comparison of Claims with Date of Death Information

To determine the extent of payments made for service dates after date of death, we obtained Fiscal Year 2003 paid claims data from the Department's fiscal agent along with the Fiscal Year 2003 Medicaid client eligibility file. In Fiscal Year 2003, the Department paid over 20.6 million claims for \$2.2 billion and the Medicaid client eligibility file included over 2.2 million client records. To identify claims that may have been paid for service dates after date of death, we compared the 20.6 million claims with death data from two sources, as follows:

- **Social Security Administration (SSA) Death Master File.** The Death Master File (DMF) from the SSA contains over 65 million records of reported deaths. The SSA receives direct reports of deaths from relatives and friends of the deceased and from funeral homes. The SSA also obtains data by crosschecking its own files with information from other federal and state agencies, including vital records offices. The DMF we used contains death data from approximately 1935 through March 2004. For purposes of this analysis, we used records with dates of death from 1990 through 2003. This file contains various information on each decedent, including: social security number, name, date of birth, date of death, and ZIP code of last residence.
- **Colorado Department of Public Health and Environment (CDPHE) Death Data.** When a Colorado resident dies, either the physician or the coroner fills out the cause of death portion of the death certificate. This certificate is then forwarded to the funeral home, or other funeral-related establishment. The funeral industry is required to complete the demographic information on the death certificate and forward it to the local vital statistics office. There is a vital statistics office in each of Colorado's 64 counties, typically within the county's health department. The vital statistics office is required by statute to forward the death certificate to CDPHE. The Office of Vital Statistics in CDPHE provided a death data file covering the period 2001 through 2003. This file includes the following information on each decedent, if available: social security number, name, date of birth, date of death, gender, and a code indicating the county where the death occurred.

Based on our analysis, we identified almost 19,000 claims totaling almost \$2.1 million paid for service dates after date of death in Fiscal Year 2003, as shown in the table below.

<b>Table 6. Department of Health Care Policy and Financing Results of Fiscal Year 2003 Data Analysis Paid Claims for Services after Date of Death</b>			
<b>Date of Death Source</b>	<b>Number of Clients</b>	<b>Number of Claims</b>	<b>Paid Amount</b>
Medicaid Clients With Same Date of Death in Both SSA and CDPHE Data	4,530	10,208	\$878,598
Medicaid Clients With Different Date of Death in SSA and CDPHE Data	254	1,675	\$186,479
Medicaid Clients With Date of Death in SSA Data But Not CDPHE Data	433	5,563	\$835,156
Medicaid Clients with Date of Death in CDPHE Data But Not SSA Data	238	1,528	\$187,487
<b>Total</b>	<b>5,455</b>	<b>18,974</b>	<b>\$2,087,720</b>
<b>Source:</b> Clifton Gunderson analysis using SSA Death Master File, CDPHE death data file, and Health Care Policy and Financing Fiscal Year 2003 Medicaid claims data.			

It is important to note that the amount of claims paid for service dates after date of death as shown in the table could be over- or understated for a number of reasons. First, the basis for our data match is the client's social security number. It is possible that the social security number in the Department's eligibility information is incorrect. For example, a Medicaid client may have the social security number of his or her spouse or other family member listed as the client's social security number in the eligibility file. If the spouse dies, yet the living spouse remains Medicaid eligible, our analysis would show claims for the living client as paid incorrectly after date of death when they would actually be legitimate Medicaid claims. Second, the SSA and CDPHE obtain death data from different sources and each data set could be missing information.

After we analyzed claims displayed in Table 6, above, we determined that 1,909 claims for approximately \$882,000 (about 42 percent of the total \$2,087,720 we identified) were paid to HMOs for services after a client's date of death. The Department had already identified 853 of these claims through its payment correction process. These claims total about \$520,000 and the Department is proceeding with recovery. However, the Department did not identify the remaining 1,056 claims valued at \$362,000. We provided the Department with information on these claims and it is reviewing them to determine what actions it will take to recover improper payments and address incorrect client information in the eligibility system or MMIS.

## State Date of Death Studies

In early 2003 the Department had a study conducted by a contractor to identify incorrect payments made for services after a Medicaid beneficiary's date of death. The contractor reviewed dates of service in Calendar Years 1999 through 2001. The contractor used MMIS client records and state vital statistics files to identify claims that were paid for services provided after a client's date of death. On the basis of this review, the Department processed 225 claims for recovery of about \$156,000. The Department does not routinely compare Medicaid client data with date of death information to identify incorrect payments. The Department indicates it is not planning any additional date of death projects.

Payment for Medicaid services after date of death is a continuing concern for many states. To assess how states currently address this issue, we conducted a national survey of State Medicaid Directors, State Auditors, and State Medicaid Fraud Control Units. In total, 40 states responded to our survey. The survey responses indicated that 28 states have conducted reviews to identify payments after death and reduce the frequency of such payments. About three-quarters of the reviews used state vital statistics data and the remaining one-quarter used SSA data. On the basis of their reviews, the solution most frequently recommended to reduce the number of payments after date of death was to improve processes for the accurate and timely recording of date of death information into the payment system and to conduct periodic matches of eligibility data with vital records and/or the SSA Death Master File, updating Medicaid recipient master files accordingly. After completing its review of the claims we identified as incorrectly paid due to date of death, the Department should consider periodically conducting a match of paid claims with date of death information from CDPHE and the SSA.

Beginning in February 2004, the Department changed the timing of monthly capitation payments to HMOs. Prior to this date, HMO capitation payments were made before the beginning of the month. Since eligibility changes frequently take place on the last day of the month, payments made to HMOs prior to the end of the month could be incorrect. Now that the Department pays HMOs at the beginning of the month, eligibility files should be more accurate and the number of payments made after date of death should decline. The change in the timing of HMO payments should also reduce the amount of staff time and Departmental resources required to identify and recover incorrect payments in the future.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Eligibility, Activities Allowed or Unallowed, Allowable Costs/Cost Principles.)

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**Recommendation No. 37:**

The Department of Health Care Policy and Financing should take steps to reduce the amount of paid claims for clients after death by:

- a. Using the claim-specific data provided through this audit to identify and recover any payments made for services provided after date of death.
- b. Periodically conducting a data match of eligibility files and paid claims with date of death data from the Colorado Department of Public Health and Environment and/or the Social Security Administration to identify and pursue recovery of any claims paid for service dates after date of death.
- c. Updating client eligibility files as indicated on the basis of parts a. and b. of this recommendation.

**Department of Health Care Policy and Financing  
Response:**

Agree. Implementation date: March 2005.

- a. The Department agrees to use the claim-specific data provided through this audit to identify and recover any payments made for services provided after date of death.
- b. The Department will periodically conduct a data match of eligibility files and paid claims with date of death data from the Colorado Department of Public Health and Environment and/or the Social Security Administration to identify and pursue recovery of any claims paid for service dates after date of death.
- c. The Department will ensure that client eligibility files are updated as indicated.

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**Medicaid Rate Changes**

The Department maintains authority to change reimbursement rates paid to Medicaid providers. Rate changes can result from provisions in the state budget, the level of Medicaid funding, and from other Medicaid policy decisions. The Department

contracts with an outside firm to assist in calculating provider rates. This contractor audits and compiles information from Medicare and Medicaid cost reports filed by providers. Federal regulations require cost reports documenting provider-specific activity for the year, including revenues, expenditures, and service-related statistical information, to be filed annually. The Department uses data from the cost reports to calculate reimbursement rates, which are then provided to the Department's fiscal agent, Affiliated Computer Services (ACS). ACS is responsible for updating and conducting a quality control review of MMIS rate tables to ensure that rate information is input correctly.

The Department indicates that both hospitals and Federally Qualified Health Centers (FQHCs) had Medicaid rate changes during Fiscal Year 2004. FQHCs are health centers approved by the federal government as programs to provide low cost health care services. They can include community health centers, tribal health clinics, migrant health services, and health centers for the homeless.

Rate changes may be entered into the MMIS prior to the effective date of change or retroactively. When a rate change is made retroactively, the MMIS has the capacity to "mass adjust" prior claims and pay them at the correct level. Operationally within MMIS, the mass adjustment includes the following three steps: 1) the initial claim payment; 2) a negative claim payment to offset this original amount; and 3) a claim payment at the proper reimbursement rate.

## **Hospital Rates**

As mentioned previously, inpatient hospital care is reimbursed through the Prospective Payment System in which payment levels are set in advance of each year. Each hospital has a base rate that is used along with the Diagnosis Related Grouping (DRG) code assigned to each inpatient stay to calculate the Medicaid reimbursement for that patient.

According to information provided by the Department, 75 hospitals had rate changes in Fiscal Year 2004. Of these hospitals, 31 had rate decreases while 44 had rate increases. Fiscal Year 2004 hospital rate changes were entered into MMIS in August 2003 with an effective date of September 1, 2003. We tested a sample of 177 service dates for the 31 hospitals with rate decreases to determine whether claims reflected the correct payment rates. All tested claims reflected the appropriate hospital base rates, with no exceptions noted.

## **Federally Qualified Health Center (FQHC) Rates**

FQHCs can be freestanding or affiliated with a hospital. Freestanding FQHCs are reimbursed through an all-inclusive encounter rate for each patient visit. Hospital-affiliated FQHCs are reimbursed at 100 percent of reasonable cost as reported on the Medicare cost report, subject to Department guidelines for audit and verification of the reported data. This report is used to determine a provider's allowable costs, based upon Medicare reimbursement rules and regulations. Allowable costs serve as the basis for determining a provider's reimbursement rate.

The Department provided us with a list of 20 freestanding FQHCs with rate decreases effective for dates of service beginning July 1, 2003. There were no FQHCs with rate increases in Fiscal Year 2004. According to the Department, this rate change was initiated by the Legislature in June 2003, which required a \$2.8 million decrease in payments to FQHCs. The Department developed the methodology to achieve the required payment reduction, and calculated the rate decreases necessary for implementation. The Department completed the methodology and rate determinations in early October and on October 9, 2003, forwarded the new rates to ACS for input into the MMIS rate tables. Because the effective date for the rates was retroactive to July 1, 2003, this process required a "mass adjustment" in MMIS, so that any claims with service dates on or after the effective date but before the new rate was effective in the system were reprocessed.

We reviewed a sample of 93 claims for the 20 FQHCs to determine whether the claims reflected the correct payment rates. We identified one exception for a claim paid at \$128.72 for a service date of July 1, 2003. The correct rate for this claim was \$125.49. The Department worked with ACS to research this issue and determined that when the mass adjustment was entered, the effective date was keyed as 7/10/03 instead of 7/01/03. In addition to the sample claim, the Department determined that only one other claim was paid during this period at the incorrect rate of \$128.72. This claim had a service date of July 8, 2003.

According to ACS, internal quality control processes require staff to check rate change transmittals twice—once after the rate is updated and once after the mass adjustment criteria has been entered. For this transmittal, each provider number required a mass adjustment, so each individual provider was checked through the quality control process. However, the keying error for this provider was not identified during this process.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Allowable Costs/Cost Principles, Subrecipient Monitoring.)

**Recommendation No. 38:**

The Department of Health Care Policy and Financing should work with the fiscal agent to ensure that its quality control process for rate changes includes a review of all rate change parameters that are input into MMIS, including the effective dates of rate changes.

**Department of Health Care Policy and Financing  
Response:**

Agree. Immediate review of all transmittals. Review of policy and procedures in December 2004.

Given the criticality of accurate rate updates, the Department currently monitors rate change updates when notified that the transmittal requesting the change has been closed. Transmittals are not finalized by the fiscal agent until they have gone through their internal quality control checks. Operation staff will review all policy and processes utilized by claims and quality control staff at the fiscal agent to monitor the accuracy of their data input and mass adjustments, and make changes where appropriate. Both entities will continue to monitor each rate change and mass adjustment 100 percent.

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**Medicaid Prescription Drug Program  
Overview**

As noted previously, by statute, the Colorado Department of Health Care Policy and Financing (Department or HCPF) is the single state agency responsible for the administration of medical assistance programs (Medicaid) in accordance with Title XIX of the federal Social Security Act. Individuals determined to be eligible for benefits under the Medicaid Program are free to choose a provider from any institution, agency, or health professional, who has agreed to serve Medicaid recipients and who has a contract with the Department. The Colorado Department of Human Services (DHS) determines an individual's eligibility for Medicaid through county departments of social services and certain non-county entities. The Department of Human Services also administers programs such as mental health and developmental disabilities that receive Medicaid funding.

Under the Medicaid program, states have flexibility in determining whether to include certain optional types of medical care in their Medicaid State Plans, thus qualifying them for federal matching payments. One optional area of coverage is outpatient prescription drugs. Although the level of optional service coverage varies across state Medicaid programs, all states cover outpatient prescription drugs for their Medicaid eligible populations.

During Fiscal Year 2004 the Office of the State Auditor contracted with the Caley Gordon Group to conduct a performance audit of the Medicaid Prescription Drug Program. The audit comments below were contained in the *Department of Health Care Policy and Financing, Medicaid Prescription Drug Program*, Report No. 1637, dated September 2004.

## **Medicaid Program Administration**

The Department of Health Care Policy and Financing contracts with a fiscal agent—currently Affiliated Computer Services (ACS)—to process provider claims for services rendered under the rules and regulations defined by the Department. As part of its Medicaid plan, each state is required by federal regulations to have an automated claims processing and information retrieval system. In Colorado, ACS processes prior authorization requests and claims for Medicaid prescription drug benefits using the Medicaid Management Information System (MMIS) and the Prescription Drug Claim System (PDCS). The Department is responsible for overseeing all fiscal agent activities to ensure the fiscal agent makes provider payments in an accurate and timely manner.

The Department also delegates the management of the Medicaid drug information file used to price prescription drug claims to its fiscal agent. It is ACS's responsibility to manage Colorado's drug information file so Medicaid will only pay for covered drugs. The fiscal agent contracts with First Databank, a proprietary database vendor used by most states' Medicaid programs, to maintain coverage status, pricing information, and the status of federal rebate agreements. According to Department personnel, ACS has one staff who manages the drug information files for eight Medicaid programs. This individual screens and removes non covered drugs from the authorized payment lists, based on each state's specific criteria.

## **Prescription Drug Coverage**

Colorado's Medicaid program covers outpatient prescription drugs and some over-the-counter medicines when prescribed by a physician or by another licensed health care professional for health maintenance or for the cure, mitigation, or prevention of disease. The program also covers drugs provided to individuals in

hospitals, doctor's offices, and other institutional settings. However, drugs provided in these settings are not covered under Medicaid's outpatient prescription drug program but through different Medicaid service categories. Prescription drugs must be dispensed by licensed authorized practitioners on a written prescription that is recorded and maintained in the pharmacist's or practitioner's records. States opting to provide prescription drugs are required to cover all drugs approved by the Food and Drug Administration (FDA) that are made by manufacturers that have entered into a federal rebate agreement. In exchange, states receive rebates based on formulas established in federal law. Other than this requirement, states have significant flexibility over the design of their prescription drug benefits. For example, states can limit the number of doses, require generic equivalents for brand name drugs, or make coverage of all or some medications subject to prior authorization.

In general, Medicaid prescription drug coverage can be classified into one of four categories:

- Covered as a regular benefit with no restrictions or limitations (i.e., diabetes medication);
- Covered but with restrictions or limitations (i.e., smoking cessation products);
- Not covered because drugs are not eligible for federal matching funds (i.e., drugs with no federal rebate agreement); and
- Not covered because the state voluntarily chooses to exclude coverage (i.e., Colorado excludes over-the-counter cough and cold products for persons more than 21 years of age in some situations).

## Non Covered Drugs

Non covered drugs are those drugs for which Medicaid will not pay. Within the Colorado Medicaid program there are two basic categories of non covered drugs. These are drugs restricted by federal mandates and drugs restricted by state mandates:

**Drugs restricted by federal mandates.** There are two types of federally-defined, non covered drugs:

- **DESI Drugs** - In 1962, the Federal Food, Drug and Cosmetic Act was amended to require that drugs sold in the United States be regulated more closely. Under the provisions of the 1962 amendments, all new drugs must

be shown, by adequate studies, to be both safe and effective before they can be marketed. The Drug Efficacy Study Implementation (DESI) program was established within the Food and Drug Administration (FDA) to review the effectiveness of drugs. If a DESI review indicates a lack of substantial evidence of a drug's effectiveness for all of its labeled purposes, federal matching funds will not be available under Medicaid. An example of a DESI drug is Midrin, which is promoted for the treatment of migraine headaches. According to federal law, federal matching funds are not available for drugs with a DESI classification.

- **Drugs with no signed rebate agreement** - The Medicaid Drug Rebate Program created in 1990 by the Omnibus Budget Reconciliation Act (OBRA), requires a drug manufacturer to enter into a national rebate agreement with the Secretary of the Department of Health and Human Services (DHHS) if state Medicaid programs are to receive federal matching funds. The drug rebate program is administered by the federal Centers for Medicare and Medicaid Services (CMS). Drug manufacturers must sign agreements with DHHS and CMS to have their drugs covered by Medicaid. Approximately 550 pharmaceutical companies participate in this program. Forty-nine states (Arizona is excluded) and the District of Columbia cover drugs under the Medicaid Drug Rebate Program. The Colorado Department of Health Care Policy and Financing's Administrative Rules state that "only those drugs supplied by companies participating in the federally-approved Medicaid drug rebate program are regular drug benefits." Colorado's Medicaid program rules permit drugs not covered by rebate agreements to be covered, but only if there is no equivalent substitute. In these instances, physicians must obtain advance approval from the Department for Medicaid to pay for a drug without a rebate agreement. If approved, Medicaid pays for these non covered drugs entirely with state funds. According to federal law, federal matching funds will only be available for covered, outpatient drugs when a drug manufacturer has an active rebate agreement with DHHS. CMS has the ability to disallow federal payments and can do so retroactively if it discovers states are covering drugs that do not have a drug rebate agreement with DHHS.

**Drugs restricted by state mandates.** The Omnibus Budget Reconciliation Act authorized state Medicaid agencies to exclude or restrict the drug benefit coverage of certain federally-defined drug categories. Colorado has excluded or set limits on several drug categories to reduce drug utilization and costs. The following table describes each category of drugs Colorado has chosen to exclude or limit:

<b>Colorado Medicaid OBRA 90 Exclusion Categories</b>		
<b>Category</b>	<b>Coverage</b>	<b>Criteria</b>
<b>Agents to treat anorexia or weight gain</b>	Not Covered	
<b>Agents to promote fertility</b>	Not Covered	
<b>Agents used for cosmetic or hair growth purposes</b>	Not Covered	
<b>DESI drugs</b>	Not Covered	
<b>Agents used for relief of cough and colds</b>	Limited	Covered for children under age 21; Limited Coverage for Adults over 21 years of age.
<b>Prescription vitamins and minerals (except prenatal vitamins and fluoride preparations)</b>	Limited	Multivitamins are not covered. Vitamins can be obtained when a specific vitamin deficiency exists.
<b>Non-prescription or Over-the-Counter Drugs</b>	Limited	Persons with End Stage Renal Disease needing vitamin supplements due to dialysis. Aspirin and insulin are covered.
<b>Source:</b> Auditor analysis of Department of Health Care Policy and Financing data.		
<b>Note:</b> Limited coverage requires prior authorization approval.		

## Non Covered Drug Payments

Despite the non covered status of certain drugs, we identified at least \$500,000 in questionable payments for these drugs during Fiscal Year 2003. Consequently, we estimate the Department also could potentially lose up to \$242,000 in federal matching funds because it made payments for these federally-defined, non covered drugs that appear to be ineligible for federal matching payments. Specifically, we found:

- **Payments for federally-defined, non covered drugs.** We compared Fiscal Year 2003 paid drug claims with April 2004 drug rebate and DESI drug data obtained from the Centers for Medicare and Medicaid Services' (CMS) Web site. We identified \$44,000 in questionable payments for DESI drugs that did not appear to be eligible for Medicaid coverage. We also found that the Department paid for drugs that no longer had federal rebate agreements. That is, the national rebate agreements with the drugs' manufacturers had terminated. We estimate the potential amount of the Department's payment for these non covered drugs to be \$414,000.

We recognize the inherent limitations in comparing claims data from Fiscal Year 2003 with CMS rebate and DESI drug information from April 2004. Data on the status of rebate agreements and DESI drug designations are time sensitive-drugs are continuously added and deleted from these two data sources. Therefore, drugs that may have been covered in Fiscal Year 2003 may not have been covered in April 2004. However, these data were the most reliable available during our review. In addition, our comparison

highlights discrepancies between the databases and, as described in greater detail later in this section, underscore the need for the Department to establish an ongoing reconciliation process with the CMS drug rebate product file and the DESI list to ensure that drugs found on the Medicaid drug file are eligible for federal matching funds. Department staff have told us that some of the incorrect payments we identified are explained by the differences in the dates of the data used in this analysis. We have provided the Department with all of the data related to the questionable payments so that staff can conduct a comprehensive evaluation or reconciliation.

- **Payments for state-restricted or non covered drugs.** We evaluated Fiscal Year 2003 Medicaid payments for 733 clients on 2,253 claims for the OBRA Exclusion categories outlined in the above table. We found improper payments totaling \$49,000 for agents used for cosmetic purposes, cough and cold products for persons over 21 years, multivitamins, and over-the-counter drugs or other restricted items that should have billed as supply items. We did not identify any improperly paid claims for drugs to treat anorexia, weight gain, or to promote fertility.

The Department also pays for some other restricted items, such as smoking cessation drugs that are not included in the OBRA exclusion categories. In reviewing four years of data, we found that the payment requirements for smoking cessation products were adhered to, and no recipient obtained more than a one-time, lifetime benefit. However, we did identify other improper payments. Specifically, we found \$34,000 of payments for non covered items (including an estimated \$2,000 in pharmacy dispensing fees) were for medical supplies and infant formula. These two items are covered by Medicaid but under different Medicaid program categories. Therefore, they should not have been paid for with Medicaid prescription drug funds.

## Controls Over Inaccurate Payments

As previously stated, the Department contracts with another entity to serve as its fiscal agent. Affiliated Computer Services (ACS) is responsible for processing claims submitted by providers in accordance with state Medicaid policy and contractual provisions. Claims processing is to occur in a timely and accurate manner. The fiscal agent's responsibility includes ensuring payments are not made for drugs that are disallowed either by federally-defined criteria or by Colorado's State Medicaid Plan. Although the Department, through its contractual agreement, has delegated responsibility for claims' payment to the fiscal agent, it retains ultimate statutory authority and responsibility for this function.

We identified several areas in which the Department needs to be more diligent and proactive in its oversight and management of this critical and costly aspect of the Medicaid prescription drug program. These areas are described below.

- **Adopt adequate procedures for verifying data accuracy.** The Department's fiscal agent does not use the most accurate and current information to determine whether prescription drug claims are eligible for payment. Because the eligibility for federal funds for certain drugs may change frequently (e.g., drugs are added and deleted from DESI and rebate lists) timely updates are essential. Currently, ACS policies and procedures do not require staff to verify the accuracy of their data on the covered/non covered status of prescription drugs (held at First Databank) with the Centers for Medicare and Medicaid Services' drug rebate product data file and the federal DESI list. As a result, discrepancies exist. When the First Databank data are incorrect, the state Medicaid program pays for non covered drugs AND loses the federal match. When the data from CMS are inaccurate, the state Medicaid program pays for the non covered drugs but retains the federal share. Because the fiscal agent does not compare the data contained within these two systems, the State can potentially lose 100 percent of its federal match when the fiscal agent makes a payment for a federally-defined non covered drug.
- **Implement monitoring and reporting mechanisms.** Currently the Department produces reports for payments of some restricted and non covered drugs. However, these utilization reports are of limited value. For example, the Department does not produce a report that monitors payments of DESI drugs. In fact, Department staff were unaware the fiscal agent had potentially paid claims for this non covered drug category. The Department should routinely produce and review reports that trend claims by drug, prescriber, recipient, or pharmacy. Reports of this nature would provide timely notice of inappropriate billing patterns and provide opportunities to develop procedures and provider education to eliminate inaccurate payments in the future.
- **Recover improper overpayments from the fiscal agent.** The State's contract with ACS states, "the contractor shall be liable for the actual amount of all Contractor-caused overpayments, duplicate payments or payments that should have been denied. . . . The contractor shall be liable for the actual amount of the Contractor-caused overpayments that are not recovered. . . ." Although the Department has the ability to invoke financial penalties and recover improper payments from the fiscal agent, Department staff told us this has occurred only one time. However, staff were unable to provide us with any details about this particular recovery. The Department should

actively pursue recoveries from the fiscal agent as a remedy when payment policies and procedures are not followed.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed, Matching, Level of Effort, Earmarking.)

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### **Recommendation No. 39:**

The Department of Health Care Policy and Financing should improve its oversight of prescription claims payments of non covered and restricted, covered drugs to ensure payments are accurate and allowable by:

- a. Requiring the fiscal agent to compare drug rebate product files and DESI drug lists from the Centers for Medicare and Medicaid Services with data from First Data Bank on at least a monthly basis to ensure the most accurate data are used to determine allowable payments.
- b. Developing and reviewing monthly claims paid reports to ensure the fiscal agent is not processing drug claims that are not eligible for Medicaid reimbursement.
- c. Identifying and recovering from the fiscal agent all monies incorrectly paid for drug claims for DESI drugs, drugs with no federal rebate agreement, and any other payments which are not allowed under federal or state Medicaid statutes, rules, or plans.

### **Department of Health Care Policy and Financing Response:**

- a. Partially agree. Implementation date: July 2005.

Effective October 2004, the Department will compare the drug rebate product files and DESI drug lists from CMS at least monthly. The Department will review the scope of work in its contract with the fiscal agent to determine how to best shift this comparison from Department staff to the fiscal agent. If additional resources are necessary, resources will be requested.

- b. Partially agree. Implementation date: July 2005.

After comparison of the drug rebate files and DESI, whether by Department staff or the fiscal agent, the Department will review and report any outliers.

- c. Partially agree. Implementation date: July 2005.

The Department will follow the procedures set forth in the fiscal agent contract to recover any payments inappropriately paid or in violation of federal guidelines.

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## Prescription Pricing

Medicaid prescription drug payments have two components: the drug ingredient cost and the dispensing fee, which is intended to compensate pharmacies for the administrative costs of distributing the drugs. States attempt to control pharmacy reimbursements by adjusting the payment formula for the drug portion of the payment and/or by reducing the amount of the dispensing fees. Pricing for drug costs is based on either a percentage discount off of the Average Wholesale Price (AWP) or a percentage increase added to the direct price. The AWP is the average list price that a manufacturer suggests wholesalers charge pharmacies and is typically less than the retail price, which will include the pharmacy's own mark up. The AWP is referred to as the sticker price because it is not the actual price larger purchasers, such as Medicaid, typically pay.

The federal government uses two methods to limit the amounts it will match for specific drugs paid for by state Medicaid programs. The first method is the federal upper limit (FUL). The FUL is the maximum allowable price at which the federal government will reimburse for drugs with generic equivalents. The second method is referred to as "lower of pricing" because it reimburses the lower of: 1) the estimated acquisition cost of a drug plus a dispensing fee; or 2) the usual or customary charges to the public. To ensure continued receipt of full federal matching funds for prescription drugs, states must enforce these two limits.

We reviewed the Department's adherence to the federal and state pricing limits for Fiscal Year 2003 by comparing paid claims data with the pricing limits in effect during the period the claims were paid. We found the Department's fiscal agent did not consistently apply the correct price limits. Consequently, during Fiscal Year 2003, the State overpaid Medicaid pharmacy providers more than \$1.4 million as described below:

- **Federal upper limit.** We reviewed 100 percent of the claims paid for a sample of 96 different drugs with a federal maximum allowable limit (FUL).

We determined the fiscal agent paid 33 percent of the claims incorrectly. Based on the findings from our sample review, we estimate that if the appropriate upper limit had been applied on all of the more than 511,300 claims for all of the 428 drugs for which there was an FUL, the State would have spent \$1.4 million less for prescription drugs during Fiscal Year 2003.

- **Lower of Pricing.** To evaluate the accuracy of the Department's lower of pricing formulas; we reviewed pricing information for a sample of 829 drugs representing more than 18,200 pharmacy claims in Fiscal Year 2003. We found that 550 claims were paid incorrectly resulting in almost \$4,300 in overpayments because the lower of pricing method was not followed. We also assessed whether price changes were implemented correctly during the audit period by calculating the amounts paid before and after the date of a price change. We did not identify any pricing errors among the 829 drugs we reviewed.
- **Dispensing fees.** Pharmacies participating in the Medicaid program may charge Medicaid a "reasonable" fee per prescription dispensed. Each state Medicaid program has the discretion, with approval from the federal Centers for Medicare and Medicaid Services, to determine what "reasonable" means for their state program. In Colorado, dispensing fees vary depending on whether the pharmacy is a retail, institutional, or government provider. Currently the fees are set at \$4 for retail pharmacies and \$1.89 for institutional providers. There is no dispensing fee applied when the prescription is filled by a government provider. We assessed whether dispensing fees were applied appropriately and found that one institutional provider was paid the retail dispensing fee of \$4.08 instead of \$1.89. This error represented an overpayment of \$124 for 59 claims.

## Pricing Audits

Overpayments due to pricing errors can be attributed to weaknesses in fiscal agent oversight. We identified weaknesses related to a lack of adequate mechanisms to monitor payment activities. Specifically, we found that the Department needs to strengthen its audits of the accuracy of prescription drug claims' pricing. This should include:

- **Conducting routine audits of claims pricing activities.** Currently the Department relies on the fiscal agent to self-monitor and self-report results of its price monitoring activities. In the past, the Department conducted monthly claims' pricing audits for all Medicaid claims, including prescription drugs. The Department stopped conducting these monthly internal audits in April 2003. According to staff, the Department had to redirect staffing

resources to meet the implementation requirements of the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.

The Office of the State Auditor's May 2001 Performance Audit of the Medicaid Management Information System recommended that the Department conduct regular claims audits on at least a quarterly basis. The Department agreed with this recommendation and stated that reviews were being done. In our current audit, we have identified gaps in compliance with pricing limits resulting in significant Medicaid prescription drug overpayments. Consequently, we are reiterating the previous recommendation that the Department conduct regular audits for pricing accuracy.

In addition to the lack of routine internal audits, the Department does not have a regular timetable for periodic independent or external audits. The last external drug claim audit was conducted in Fiscal Year 2003 and the Department has no plans, at present, for future audits of this nature. Periodic external audits would supplement the schedule of regular internal audits and provide additional independent assurances about pricing accuracy.

- **Sample sizes are not sufficient to evaluate compliance.** The Department processes approximately 18 million Medicaid claims per year. According to Department staff more than 4 million of these are prescription drug claims. When the Department conducted its monthly audits of all Medicaid claims payments, staff reviews 45 claims, including 3 drug claims each month. We question whether this sample size is sufficiently large to demonstrate compliance or to identify problems such as those identified in our audit. According to Department staff, sample size was not risk-based or based on any other specific criteria. We believe the Department should evaluate the total number of claims, as has been done in this audit, and determine an appropriate sample size from which to audit prescription drug claims. The Department could make use of any one of a number of readily available software applications to assist in this process. Selecting an appropriate sample size and conducting regular audits and/or analytical reviews ensure adequate audit coverage and increase the likelihood that improper payments and practices would be identified and addressed.

The Department needs to intensify its monitoring activities to identify improper payments and to recover over payments from the fiscal agent due to drug claims' pricing errors. The Department should conduct independent audits and increase the frequency of analytical reviews. Audits should be detailed and encompass statistically valid samples of drug claims for each type of pricing limit including: federal upper limits, lower of pricing, and dispensing fees. Changes to post payment

recovery procedures should be made, if appropriate, and the Department should take steps to recover overpayments due to pricing errors from the fiscal agent and pharmacy providers. Given the volume and frequency of drugs claims that are processed and paid, the Department should implement these improvements as soon as possible.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed, Allowable Costs/Cost Principals.)

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### **Recommendation No. 40:**

The Department of Health Care Policy and Financing should ensure the accuracy of fiscal agent drug pricing by strengthening its audits of the prescription drug program to include pricing components and larger sample sizes, increasing the frequency of analytic reviews, using cost-effective, available software applications, and establishing and enforcing standard recovery procedures from the fiscal agent for payments made due to pricing errors.

### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: April 2005.

The fiscal agent currently reviews pharmacy claims in its monthly claim review process in which it checks for accuracy of adjudication. The Department will work with the fiscal agent to increase the number of pharmacy claims reviewed each month. The Department will develop a pricing review of pharmacy claims to assure that only appropriate drugs are paid. The Department is currently participating in the Payment Accuracy Measure (PAM), a study that includes pharmacy claims and features statistically valid sampling. The next iteration of the project, Payment Error Rate Measurement (PERM), will enter a pilot year from October 2004 through September 2005. In Fiscal Year 2005, the Department will conduct a Claims Accuracy Payment System review with an emphasis on pharmacy claims.

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## Drug Rebates

Since 1991, state Medicaid programs have been able to recover a portion of their prescription drug payments by requesting rebates from drug manufacturers. State Medicaid programs reimburse pharmacies for dispensing prescription drugs to Medicaid recipients and recover a portion of these expenditures by submitting invoices to the drug manufacturers for rebates. Each state is responsible for developing an accounting system capable of properly recording and tracking rebate monies paid or owed and interest due on aged accounts. All prescription drugs are eligible for rebates except for drugs that:

- Are dispensed by certain entities that purchase drugs at deep discounts and pass on savings to Medicaid.
- Do not have a signed federal rebate agreement.
- Are paid for solely from state-funded general assistance or other federal drug rebate programs.

During the past five years, Colorado's Medicaid percentage of rebates collected, as compared with total prescription drug expenditures, has remained relatively stable with the exception of Fiscal Year 2003. The decline in Fiscal Year 2003 occurred as a result of the Department's change to a cash accounting system for budget purposes. Therefore, only two quarters of drug rebate collections were accounted for in that year.

Overall, the Department's collection rates are similar to the collection rates of four other states (Missouri, Oklahoma, Tennessee, and Washington) contacted during our audit. However, because of the increasing Medicaid caseload and the importance of controlling Medicaid expenditures, we question whether HCPF is doing enough to expedite recovery of drug rebate revenues and increase the collection rate for drug rebates. At the time of our audit, the Department had not recovered \$1.4 million in outstanding rebates from manufacturers. In addition, the Department did not know the amount of interest due the State on these outstanding rebate accounts. We identified a number of areas upon which the Department has failed to place sufficient emphasis or has not focused its efforts on this well-established means of reducing Medicaid prescription drug costs. Examples include:

- **Lingering dispute resolution.** Manufacturers can and do dispute rebate amounts claimed by states. Disputes delay payment of the rebate until the issue is resolved. To facilitate dispute resolution, the federal Centers for Medicare and Medicaid Services (CMS) has established an alternative dispute resolution program in which CMS staff provide state Medicaid

programs and manufacturers mediation and program clarification. However, unlike many other states' Medicaid Programs, the Department has not taken full advantage of this service. Prompt resolution of disputes is critical because the longer the dispute remains outstanding, the more difficult it is to collect the rebate. We found the Department has some unresolved disputes or aged accounts for which it has not collected rebate revenue going back as far as 1995. The lack of prompt resolution is of particular concern at this time because new CMS guidelines, currently under review at the federal level, if approved, will place a three-year time limit on the collection of outstanding manufacturer rebates. Thus, if the Department does not resolve its outstanding disputed rebates in a more timely fashion, they will become uncollectible.

- **Reliance on drug manufacturers to calculate and remit interest on aged account receivables.** According to federal regulations, the total undisputed amount of an invoice is to be paid by the manufacturer within 38 days of receipt of the invoice. Interest starts accruing on day 39. We found that the Department does not know the amount of interest due on its aged rebate accounts. The Department has no automated or electronic method to assess or to calculate interest on disputed amounts. Consequently, all interest is calculated manually. This is problematic because interest rates change daily, necessitating timely updates to existing account information. Consequently, the Department relies on the drug manufacturers to calculate and remit interest. Further, the Department has no system for verifying the accuracy of the amounts paid by the manufacturers.
- **The need for a more effective drug rebate accounting system.** A manual database, separate from the Medicaid Management Information System (MMIS), is used to account for and track rebates owed to Medicaid. The current system does apply both price and rebate unit changes retroactively for at least 12 quarters by creating prior period invoices. However, the Department acknowledges that the process of setting up receivables based on these invoices is not automated. This means every prior period adjustment must be recorded manually for each manufacturer with an account receivable. There is no system to verify the accuracy of the prior period adjustments recorded to the receivables, so the Department has no way of knowing whether manufacturers pay the correct amount on outstanding or disputed rebates. The Department needs to be able to apply retroactive price and unit changes automatically to account receivables to help reduce the number and amounts of disputes and increase the likelihood of timely rebate payments and collection.

Unlike many revenues which automatically flow to recipient entities, prescription drug rebates require action on the part of the Medicaid agency for payment to occur. We do not believe the Department is being sufficiently proactive and assigning a high priority to the collection of drug rebates. By not placing adequate emphasis on reducing disputed fund balances, increasing collection rates, and expediting recovery of rebate revenues, the Department is not taking advantage of an established mechanism for containing costs. We contacted four other state Medicaid programs in Missouri, Oklahoma, Tennessee, and Washington to identify best practices in drug rebate collection. We found that most states have reassigned or allocated additional staffing resources to resolve disputed rebates and/or to reduce backlogs. Colorado has one accountant assigned to record and track rebate monies paid or owed and to resolve outstanding disputed amounts. In addition, at least one state has established maximum and minimum billing thresholds to preempt disputes related to billing units. This automated, online system edit compares amounts billed by pharmacies to allowed amounts determined by the Medicaid drug pricing formulas. If the billed amounts are lower or higher than these thresholds, the drug claims are rejected as a billing unit error. At a time when Medicaid prescription drug expenditures and the Medicaid caseload is increasing, we believe it is incumbent upon the Department to use every viable method to curtail costs.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Other.)

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## **Recommendation No. 41:**

The Department of Health Care Policy and Financing should maximize drug rebate collections through the Drug Rebate Program by:

- a. Improving the drug rebate accounting system to increase the collection rate and expedite recovery of rebate program revenue. The system should be automated and include, at a minimum, the ability to calculate rebate receivables, monitor outstanding rebates, calculate and collect interest owed on late payments, and automate rebate receivables adjustments due to retroactive price and rebate unit changes.
- b. Tracking rebate amounts invoiced, disputed, and collected to establish benchmarks and evaluate trends.
- c. Evaluating staffing/workload and assigning staff resources to compute interest on unpaid balances, properly track pricing and rebate per unit changes, research disputed rebates, and resolve all outstanding disputes with manufacturers in a timely manner.

- d. Investigating and implementing system edits which will prevent payment of claims that could lead to rebate disputes (i.e., billing units, billed amounts, etc.).
- e. Using the dispute resolution services of the Centers for Medicare and Medicaid Services, when appropriate.

### **Department of Health Care Policy and Financing Response:**

- a. Agree. Implementation date: March 2005.

The Department will evaluate staffing levels and examine system processes to determine the most cost-effective means to improve the drug rebate program. This cost/benefit examination will include an exploration of automated processes used in other states for interest calculation and the modification of receivables for retroactive unit rebate amount price changes.

- b. Agree. Implementation date: March 2005.

The Department has started work on calculating additional metrics to measure rebate amounts invoiced, disputed, and collected.

- c. Agree. Implementation date: March 2005.

Please see response to part a. above.

- d. Agree. Implementation date: March 2005.

The Department will track disputes to determine patterns of problems that could be eliminated via a system edit to prevent claim payment and implement system edits where appropriate.

- e. Agree. Implementation date: March 2005.

The Department will resolve disputes with manufacturers in the most cost effective way possible, including, where appropriate, the dispute resolution services of the Centers for Medicare and Medicaid Services.

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## Pharmacy Record Keeping

Pursuant to State Board of Pharmacy regulations and Medicaid rules, pharmacies must maintain prescription records as a condition of participating in Colorado's Medicaid program. The State Board of Pharmacy requires an exact duplicate of the original prescription be available in a reproducible format. Medicaid rules stipulate prescription orders must contain the date, name, strength, and quantity of each drug prescribed, and that records be stored for six years unless an additional retention period is required elsewhere in regulations or in the provider participation agreement. In addition, Colorado's Medicaid administrative rules require participating pharmacies to respond to audit requests for information including prescription records within 21 working days.

Maintaining proper prescription records is important because it supports patient safety and provides an official record of a patient encounter. In addition, documentation of prescription drug sales creates an audit trail thereby providing one control over fraudulent billing activities. According to a recent Government Accountability Office (GAO) report, various schemes are used to defraud Medicare, Medicaid, and private insurers. At least one of these schemes—pill mills—is used to defraud Medicaid prescription drug programs. In a pill mill scheme, two or more parties, usually including a pharmacy, collude to generate a flood of fraudulent claims that Medicaid pays. According to the GAO, after a prescription is filled, the Medicaid recipient sells the medication to pill buyers on the street who then sell the drugs back to the pharmacy. Medicaid recipients participate in this scheme in exchange for cash, drugs, or other inducements. Strong oversight of pharmacy record keeping can help counter this and other fraudulent practices.

Currently the Department has provider participation agreements with more than 900 pharmacies to dispense prescription drugs to Medicaid recipients. We contacted 474 of these providers and requested a copy of one prescription order and a signature log or evidence of an electronic sale for one paid Medicaid prescription drug claim during Fiscal Year 2003. We sent written requests at least twice, and, in some cases, we made repeated telephone requests. There were 62 pharmacies (13 percent) that did not respond within the time frame required by the Medicaid program. We referred the names of the noncompliant pharmacies to the Department for possible further action.

Although 397 of the 412 pharmacies that responded to our request provided the required documentation, 9 pharmacies did not provide a copy of a prescription and 15 submitted the wrong date or no date for the signature log. Pharmacies are required to maintain a chronological log that contains the Medicaid recipient's signature or electronic evidence that a "sale" occurred. The purpose of this requirement is to ensure Medicaid does not pay for prescriptions that are not picked

up and that are eventually returned to a pharmacy's inventory. Dates are important because if prescriptions are not picked up within 14 days, pharmacies are required to reverse the claims to refund the payments for the original prescriptions. The log maintenance requirement was added by the Department in response to recommendations made in a July 1999 Medicaid Fraud and Abuse Performance Audit by the Office of the Colorado State Auditor. At that time the audit estimated a potential loss in Medicaid prescription drug refunds of between \$3 million and \$9 million over a six year period.

Although we did not find the lack of prescription records to be widespread or documentation of prescription drug sales to be inadequate among the pharmacies we reviewed, we believe the Department can improve its controls in this area by strengthening pharmacy program audits. Pharmacy audits are important for detecting and deterring fraud and abuse in the Medicaid program. Currently, the Department's audits do not include reviews of hard copy prescriptions. The Department's Program Integrity Unit should request copies of prescriptions on file and review them during audits to verify the pharmacy provider has the authority to submit a claim for payment. Also, the Department should follow-up on pharmacies that fail to comply with audit requests by referring them for additional investigation or other appropriate action. Finally, the Department should continue to require and review electronic or hard copy evidence of sales and prescription pickup by recipients.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed.)

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## **Recommendation No. 42:**

The Department of Health Care Policy and Financing should improve its oversight of pharmacy record keeping to ensure adequate controls for detecting and deterring fraudulent billing practices. Oversight activities should include, but not be limited to:

- a. Conducting periodic reviews to ensure pharmacies are maintaining proper documentation, including reviews of hard copy documentation.
- b. Conducting follow-up activities on pharmacies that fail to respond to audit requests, including the 62 pharmacies identified in our audit.
- c. Continuing to recover prescription refunds from pharmacies that cannot provide adequate documentation of prescriptions dispensed and picked up.

## **Department of Health Care Policy and Financing Response:**

- a. Agree. Implementation date: December 2004.

The Department agrees to conduct periodic reviews to ensure pharmacies are maintaining proper documentation. Pharmacy audits will include a request for a copy of the prescription. The Department has a contract with an auditor that requires copies of the original prescription documentation for pharmacy audits.

- b. Agree. Implementation date: December 2004.

The Department will conduct follow-up activities on the 62 pharmacies identified in the audit, including recoveries where appropriate.

- c. Agree. Implementation date: December 2004.

The Department will continue its efforts in recovering for prescriptions from pharmacies that cannot provide adequate documentation.

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## **Prior Authorization**

Prior authorization programs are one of the most common strategies used by states to contain costs by limiting recipient access to medications. Forty-eight states, including Colorado, currently operate a drug prior authorization (PAR) program. Prior authorization programs require physicians to request permission for a Medicaid recipient to obtain certain restricted prescriptions or over-the-counter drugs before a pharmacy can dispense and receive payment. For example, physicians can request, on behalf of a Medicaid recipient, prior authorization approval for smoking cessation products or to override a federal upper limit or generic mandate if the physician can show evidence of a recipient's allergic or adverse drug reaction to support the need for a brand name product. Federal law requires state Medicaid prior authorization programs to be responsive. Therefore, a prior authorization program must respond to requests within 24 hours and must allow pharmacies to dispense a 72-hour emergency supply when prior authorization staff is unavailable.

Among other functions and responsibilities, the Department of Health Care Policy and Financing delegates the administration of the Medicaid drug prior authorization program to its fiscal agent, Affiliated Computer Services (ACS). To carry out this responsibility, ACS operates a Prior Authorization Call Center on behalf of Colorado

Medicaid. Call Center staff process prior authorization and override requests Monday through Friday from 8 a.m. until 10 p.m. EST. The Prior Authorization Call Center representatives are pharmacy technicians supervised by a nurse and clinical pharmacist. When a prior authorization request has been approved, the restriction or control is lifted and the claim is paid. When ACS denies a prior authorization request, the client may appeal to the Department. Department staff then reviews the case and may overturn the denial.

The following table shows some of the drugs for which prior authorization is required by Colorado Medicaid. The Department added prior authorization restrictions or a combination of prior authorization restrictions and prescription limits to these drugs in Fiscal Years 2003 and 2004:

<b>Department of Health Care Policy and Financing</b> <b>Prior Authorization Requirements</b> <b>Adopted in Fiscal Years 2003 and 2004</b>		
<b>Effective Date</b>	<b>Drug Category/ Drug</b>	<b>Description</b>
January 2003	Oxycontin	More than 2 times per day dosing requires prior authorization
January 2003	Claritin (non sedating antihistamine now available over-the-counter)	Requires prior authorization
January 2003	Proton Pump Inhibitors (gastric acid secretion reducers)	Clinical criteria requires prior authorization for extended therapy
March 2004	Selected Atypical Anti Psychotics (i.e. Zyprexa, Risperdal, and Abilify)	More than once daily dosing requires prior authorization
March 2004	Fentanyl patch (narcotic analgesic)	More than 1 patch every 48 hours requires prior authorization
March 2004	COX II (non steroid anti-inflammatory drugs)	For persons younger than 65 years prior authorization is required
<b>Source:</b> Colorado Medicaid Provider Billing Manual		

As a result of the implementation of prior authorization requirements for these drugs, we found the Department realized \$1.4 million in savings for one drug class—gastric acid reducers—and slowed the rate of growth in expenditures for Oxycontin, a narcotic pain reliever, by about \$550,000 (27 percent) six months after it imposed the prior authorization restrictions.

## Prior Authorization Program Weaknesses

Despite the Department's success in reducing costs and decreasing the use of some drugs as a result of prior authorization requirements, we found a number of problems with the prior authorization program that significantly undermines its effectiveness. In addition, we found that the Department has been slow to establish additional prior authorization limits. We assessed the Department's oversight of the fiscal agent's performance in managing the Medicaid prescription drug prior authorization program. We selected several performance measures commonly used in the private sector to determine whether the fiscal agent was in compliance with federal and state statutes and with HCPF policies and procedures. The performance measures included: prior authorization denial rate, retroactive authorization rate, disagreement rate with decisions made by fiscal agent staff, and compliance with the federal requirement for prior authorization decisions within 24 business hours.

Following are our findings in these areas:

- **Accurate and Consistent Application of Prior Authorization Criteria.** We reviewed 563 prior authorization records and compared those records with Medicaid prior authorization guidelines to determine whether the fiscal agent made the appropriate decision based on the clinical information recorded to approve a prior authorization. Of the 563 records for restricted drugs we reviewed, we identified 153 (or 27 percent) prior authorization approvals that were questionable. We questioned these approvals because either the information used to support the decision was insufficient or the approval was inconsistent with Medicaid prior authorization guidelines. Our review was conducted by a licensed pharmacist and physician. As stated previously, fiscal agent staff who make the decisions to approve or deny prior authorizations are not physicians. Neither are the Department staff who conduct subsequent reviews of prior authorizations approved or denied by ACS. Similar prior authorization reviews conducted in the private sector typically identify about 10 percent of claims approved by the fiscal agents as being questionable. More importantly, these private sector reviews typically incorporate reviews by licensed physicians.

We believe the 27 percent rate is unacceptably high. We found many exceptions and inconsistencies in the application of the prior authorization criteria suggesting fiscal agent staff need regular, ongoing training. For example, we noted multivitamins were approved for the following reasons: hair loss, vegetarian client, osteoarthritis, and pneumonia. Likewise, an over-the-counter moisturizing cream was authorized for a client with dry skin. We were unable to estimate the amount of inappropriate payments

associated with these prior authorizations because we could not establish a link between the prior authorizations and the paid claims.

- **Denial Rate.** The Department's prior authorization denial rate is 12.2 percent which is significantly less than the rate among other states that more actively manage their drug formularies. These states report denial rates as high as 30 percent. The actual 12.2 percent rate suggests Colorado's drug benefit program is less restrictive than other states.
- **Retroactive Authorization Rate.** Almost one-fourth (23.5 percent) of the authorizations we reviewed were approved retroactively. We could not identify the reasons for the retroactive approval to determine whether the fiscal agent and HCPF staff followed Medicaid guidelines. It is possible these authorizations were given inappropriately to pay a drug claim because a provider had failed to obtain approval before the drug was dispensed. It is also possible the authorization was appropriate as in the case of a Medicaid recipient's retroactive eligibility. Regardless, retroactive authorizations need to be monitored to ensure the Department enforces prior authorization program procedures.
- **Compliance with 24-hour processing.** Federal law requires a state Medicaid program to act on a prior authorization request within 24 hours or 1 business day of receipt. We determined the fiscal agent processed prior authorization requests within 1 business day 98.4 percent of the time. Thus, the prior authorization program does not appear to create significant delays in obtaining drugs as long as Medicaid recipients meet HCPF's prior authorization criteria.

It should be noted that our analysis of prior authorizations was very difficult and labor-intensive. We had great difficulty establishing linkages between prior authorizations and drug claims where federal upper limit pricing applied. We found many cases of duplicate prior authorizations, no prior authorizations in the system for the paid claim date, truncated identification numbers, and identification numbers that had been converted to different sequences when stored in the Medicaid Management Information System (MMIS). The Department should be concerned about the credibility of data stored in the prior authorization system. The Department should also investigate the prior authorization system to determine if the current system and its interface with drug pricing formulas are creating pricing errors resulting in higher payment amounts.

We do not believe the Department is managing the prior authorization program effectively enough to ensure that payments are appropriate. Most significantly, the Department is not adequately overseeing the activities of its fiscal agent to provide the needed assurances regarding the accuracy and consistency of prior authorization

decisions. We found weaknesses related to: the lack of performance standards and independent audits; inconsistent application of prior authorization guidelines; and no physician oversight. We reviewed the fiscal agent contract and found no performance standards for the drug prior authorization program. Furthermore, Department personnel were unfamiliar with some prior authorization requirements such as the federal 24-hour prior authorization processing time limit.

In addition, ACS staff report that they produce a monthly common error report for HCPF which outlines documentation errors and corrective actions. We believe this type of report would be one tool for the Department to use in monitoring the prior authorization actions of the fiscal agent. However, we found no evidence the Department uses this report. We also found that the Department does not conduct audits of ACS prior authorization decisions to verify that fiscal agent staff interpret the prior authorization guidelines in the manner the Department intended. Approximately 1,900 PARs are processed monthly by ACS. HCPF officials review less than 100 PARs per year.

The absence of a licensed physician to oversee the clinical management of the drug prior authorization program is another concern. This is especially troubling given the high rate of questionable prior authorization decisions we identified. A physician needs to be available to the Department, either on a full- or part-time contractual basis, to provide guidance in decision making when the fiscal agent receives questionable requests or exceptions. A physician Medical Director can also be instrumental in providing oversight and monitoring of the application of guidelines as well as in establishing and defending the Department's policies on drug program limits with the physician community. We contacted five other state Medicaid programs. All five contract with or employ a physician consultant to oversee their utilization control programs.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed.)

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### **Recommendation No. 43:**

The Department of Health Care Policy and Financing should improve the effectiveness of the prior authorization program and ensure that Medicaid payments are appropriate for restricted, covered drugs. This should be accomplished by:

- a. Developing and enforcing fiscal agent contract performance standards for drug prior authorization program administration to minimize the risk of prior authorizing non covered drugs.

- b. Increasing the frequency of analytical review and conducting independent audits of the fiscal agent's accuracy and consistency in following prior authorization guidelines and procedures.
- c. Increasing oversight of fiscal agent training to ensure proper interpretation and implementation of federal and state statutes, policies, procedures, and clinical prior authorization criteria.
- d. Hiring or contracting with a licensed physician to oversee drug and other utilization control programs.

### **Department of Health Care Policy and Financing Response:**

- a. Agree. Implementation date: April 2005.

The Department is starting the reprocurement of the fiscal agent contract and will clearly identify the requirement and performance standards to minimize the risk of prior authorizing non-covered drugs in the pharmacy prior authorization program. Under the current contract, the Department will develop and enforce prior authorization performance standards.

- b. Agree. Implementation date: April 2005.

The Department will determine the types of analytical reviews necessary to monitor prior authorization guidelines and standards and ensure that the data needs are met.

- c. Agree. Implementation date: April 2005.

The Department will ensure that Departmental policy interpretations regarding regulations are communicated to fiscal agent staff through meetings and trainings.

- d. Agree. Implementation date: April 2005.

The Department currently has a physician on contract for approximately 8.5 hours per week. The Department will use the physician, as time constraints and other priorities permit, to oversee drug and other utilization control programs. The Department does not currently have the resources necessary to expand the physician contract or to hire a physician.

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## Pharmacy Overrides

Pharmacists have the ability to override prescription limits or the prior authorization process by submitting certain codes through the point of sale electronic claims processing system. Pharmacists are expected to use their professional judgment when submitting override codes. The Department allows four codes to override generic mandates or to override a federal maximum allowable cost control. The Department also allows three other codes to override prior authorization requirements for emergency refills, early refills, and prenatal vitamins for pregnant women.

We reviewed pharmacy overrides to determine whether pharmacists were submitting codes appropriately and whether the Department was maximizing opportunities to prevent inappropriate drug utilization by Medicaid recipients. We found numerous questionable overrides. In all, we found that in Fiscal Year 2003, as much as \$1.25 million in pharmacy overrides for emergency fills, early refills, and medications for pregnant women were either clinically inappropriate or in violation of the Department's policies. We also noted that one home health provider alone submitted \$150,000 in emergency overrides to bypass the prior authorization approval process. We provided the Department with the details concerning this particular provider's overrides so that further action could be taken, if needed.

Specific problems we identified with pharmacy overrides were in the following areas:

- **Emergency Fills.** For all drug claims in Fiscal Year 2003 we identified many drug classes that are not considered "emergency drugs" according to our licensed physician and pharmacist reviewers. However, we found when claims for these non emergency drugs were submitted for reimbursement, they were treated as emergency drugs and were often dispensed in quantities greater than a 72-hour supply. For example, we found emergency override claims for quantities greater than a 72-hour supply for Viagra, over-the-counter vitamins, and iron supplements. We estimate if HCPF established criteria and implemented controls to limit the supply and prevent payment of these non-emergency drugs, a savings of approximately \$250,000 could be achieved annually. We also noted that one pharmacy provider represented 60 percent or \$150,000 of non emergency claims billed as emergencies. From the volume of overrides generated by this one provider, it would appear that the purpose of using the emergency override was to bypass the prior authorization process.
- **Early Refills.** Early refills refer to prescription refills made prior to the time in which the previously filled prescription for that same drug would have

been consumed, if taken according to the prescribed dosage requirements. Early refill overrides often occur for drugs with a high abuse potential. We identified drug classes that were not clinically appropriate for early refill or had the potential for abuse, but had been overridden after receiving approval from the Department's fiscal agent. In Fiscal Year 2003, four out of the top five drug classes for early refills in the Medicaid program were: narcotics/analgesics, muscle relaxants, anti-anxiety drugs, and drugs for sleeping disorders. We estimate if HCPF established criteria and imposed stricter limits on these drug classes and other drug classes that are not clinically appropriate for an early refill, the State could realize savings of up to \$980,000 annually.

- **Pregnant Women.** In addition to overrides in this category for women who are pregnant, we noted a lack of controls to prevent the use of this override for non pregnant women. While both the Medicaid Provider Billing Manual and the Provider Bulletin specifically state this override code is to be used only for prenatal vitamin prescriptions for pregnant women, we found the code was used in dispensing prescriptions for the elderly. Approximately 25 percent of the claims overridden in this category were for Medicaid recipients residing in nursing homes. A savings of approximately \$20,000 annually would be possible, if HCPF implemented the proper controls to enforce this particular override policy.
- **Generic Mandate Pharmacy Override.** At the beginning of Fiscal Year 2004, the Medicaid program added a new override code which allows pharmacies to override a generic mandate if their cost for a brand name drug is cheaper than the generic product equivalent. The Department has yet to conduct any monitoring activities for this override to confirm that pharmacies are submitting the lowest amount. A review of other state best practices suggests abuse of this override does occur. One state (Massachusetts) recovered \$1 million in overpayments from a pharmacy provider because the provider used the override code while billing at a higher rate. Another state revised its pricing policy so claims would only pay a State Maximum Allowable Cost when this code was submitted. The Department needs to establish regular monitoring activities and internal controls to prevent overpayments for this override code.

The Department engages in limited monitoring activities for this potentially high risk area. Although the Department produces a monthly override report for early refill overrides, it does not monitor claims for emergency fill overrides to determine whether they are truly emergency requests. Reports for pregnant women overrides are conducted on an ad hoc basis. These reports are not trended by drugs, drug classes, recipients, providers, or prescribers to detect patterns of misuse or abuse.

Finally, as stated above, HCPF has not yet conducted any monitoring activities for the generic override to confirm that pharmacies are submitting a lower billed amount.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Other.)

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## **Recommendation No. 44:**

The Department of Health Care Policy and Financing should strengthen its controls over pharmacy overrides by:

- a. Enforcing existing policies by conducting regular audits of prescription drug claim overrides.
- b. Expanding analytical review of paid prescription drug claims to include routine analysis and trending of pharmacy override codes to detect patterns of misuse or abuse.
- c. Conducting provider education and outreach to reinforce the Department's policies and procedures concerning overrides and other utilization controls.
- d. Establishing additional internal controls to limit quantities dispensed and developing clinical guidelines to prevent pharmacy overrides for drugs that are clinically inappropriate or subject to abuse.
- e. Establishing controls to prevent fraudulent billing practices for the "brand cheaper than generic" override and expanding post payment pharmacy audit criteria to include the identification of overpayments resulting from "brand cheaper than generic" overrides.

## **Department of Health Care Policy and Financing Response:**

- a. Agree. Implementation date: November 2005.

The Department will develop reports of pharmacy claims that include pharmacy override usage and will expand its analytical review to include analysis of pharmacy override codes.

- b. Agree. Implementation date: November 2005.

The Department currently does claims analysis to detect patterns of misuse and abuse. The Department will expand this function as resources permit.

- c. Agree. Implementation date: November 2005.

Provider outreach materials will be given to fiscal agent provider enrollment staff to be included in trainings and for the call center in answering provider inquiries. Policy changes will be explained in timely provider bulletins.

- d. Agree. Implementation date: November 2005.

The Department currently reviews, and will continue to review products that may need to be limited and/or prior authorized to stop abuse.

- e. Agree. Implementation date: November 2005.

The Department has submitted a request for systems change to the fiscal agent in order to pay brand name drugs if they are less costly than generics. This item will be brought into development as soon as possible, with an estimated completion date of October 31, 2005.

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## Preferred Drug List

A preferred drug list (PDL) is a list of drugs that is considered the most cost effective choice of drugs for treating particular conditions. Typically, a state-appointed pharmacy and therapeutics committee recommends placing preferred drugs on the list based on sound medical evidence. State Medicaid programs then create the PDL. Preferred drug lists may cover all drug classes or be limited to selected classes of drugs. One distinction most preferred drug lists have over prior authorization programs is that, although prior authorization traditionally creates a negative list—drugs that require authorization to be prescribed; preferred drug lists generally create a positive list—drugs preferred by the state's Medicaid program that do not require prior authorization. Other states' PDLs have been successful in limiting both utilization and drug expenditures. Oregon officials noted a market shift of approximately 30 percent in favor of drugs on its preferred drug list. Likewise, two other states with preferred drug lists have reported savings—Florida (\$81 million in one year) and Michigan (\$850,000 per week).

Colorado is one of only six states that does not have either an operating preferred drug list or one that is pending. We believe the Department should develop and

implement a "preferred drug list" using prior authorization controls. Colorado should also review best practices of other states to identify opportunities for partnerships which could reduce the administrative burden and justify the cost of managing an evidence-based preferred drug list. For example, thirteen state Medicaid programs recently contracted with the Oregon Health Sciences Center's Drug Effectiveness Project to evaluate 25 Drug Classes to be added to their preferred drug lists. Colorado should investigate the cost/benefit of joining this partnership.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Other.)

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### **Recommendation No. 45 :**

The Department of Health Care Policy and Financing should implement a preferred drug list. Where appropriate, the Department should adopt the best practices of other states, partner with other states to reduce administrative burden, and produce fiscal impact analyses and share findings with the public.

#### **Department of Health Care Policy and Financing Response:**

Disagree. Implementation date: Not applicable.

The issue of a preferred drug list has been discussed several times in the General Assembly and has never met with approval. Additionally, the biggest issue facing all State Medicaid pharmacy programs at this time is the implementation of Medicare Part D. The Department has spoken with other states that currently have PDLs who are very concerned about their ability to continue utilizing their PDLs when the implementation of Medicare Part D will remove a large share of the utilization under state control.

#### ***Auditor's Addendum:***

***As reported in the audit, Colorado is one of only a handful of states that has not adopted a preferred drug list. It is incumbent upon the Department to continue to pursue policies and practices with the potential for significant cost savings despite previous or potential setbacks. The implementation of Medicare Part D is a legitimate consideration in establishing a preferred drug list. However, flexibility exists in the design of preferred drug lists. There are ways in which the Department can address the issue of the Medicare Part D dually eligible segment of the Medicaid population and still implement a preferred drug list.***

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## Fiscal Agent Oversight

In Fiscal Year 2003 Colorado spent more than \$201 million for Medicaid outpatient prescription drugs. As we have stated throughout this report, these costs are expected to continue growing as the population ages, life expectancies increase, and greater numbers of more efficacious drugs are introduced into the marketplace. At the same time however, Colorado, like other states, is faced with difficult decisions in terms of providing increasingly costly services in a time of budget shortfalls. It is for this reason that the Department of Health Care Policy and Financing needs to ensure that it uses its limited financial resources only as intended and maximizes opportunities for greater efficiencies. Our audit estimated \$3.1 million in Medicaid prescription drug claims that were inappropriately or improperly paid during Fiscal Year 2003. We believe this estimate to be a conservative one.

Contractual agreements make clear the rules regarding prescription drug pricing, restrictions, and payments. In addition, the Department has the authority to recover losses resulting from payment errors. The fact that the Department is not taking necessary monitoring and enforcement actions to identify and recover misspent monies raises serious concerns about its effectiveness in managing this essential Medicaid benefit. A reiteration of some of our more significant findings supports this overall conclusion. Specifically, we found that the Department, through its fiscal agent, made the following improper or inaccurate payments or overpayments:

- More than \$450,000 for drugs that potentially were not eligible for federal matching payments because no rebate agreement was in effect or the drugs were not approved for Medicaid coverage by the Federal Drug Administration (DESI drugs).
- Almost \$50,000 for drugs that had state-imposed restrictions or were not eligible for Medicaid coverage under Colorado's State Medicaid Plan.
- More than \$1.4 million for drugs whose costs exceeded federal or state price limits.
- As much as \$1.25 million for pharmacy overrides that were clinically inappropriate or violated Department policies.
- An indeterminate amount for prior authorizations that were not accurately, consistently, or appropriately applied.

In addition to these overpayments, we identified several areas in which the Department could save considerably by being more diligent in collecting funds due the State (drug rebates and fiscal agent recoveries) or by being more aggressive in pursuing proven cost containment measures (i.e., preferred drug lists and dispensing

and pricing limits). For all of these areas, the Department has at its disposal the services of its fiscal agent. However, the Department does not adequately monitor fiscal agent activities to ensure requirements are being adhered to. In other cases, the Department needs to work with the fiscal agent to develop the needed systems, programs, or edits to access potentially greater benefits for the Medicaid Program and its recipients.

Overall, we believe the existing situation to be unacceptable, particularly given the current environment of dwindling budgets, potential service cutbacks, and increasing Medicaid caseloads. Therefore, the Department needs to improve its oversight and administration of the fiscal agent's Medicaid Prescription Drug Program claims processing and payments activities as soon as possible. This is not the first time recommendations have been made to the Department in this area. In the May 2001 performance audit of the Medicaid Management Information System, several recommendations were made to the Department for improving the accuracy of Medicaid claims payments. Among them were recommendations for the Department to implement the following with regard to the fiscal agent: expanded quality assurance procedures; regular audits; staff training; performance measures; and corrective action plans. In our current audit, we find that these recommendations have not been fully implemented. Consequently, we are restating some of them in addition to making new ones specifically directed toward the prescription drug program. Specifically, we believe the Department of Health Care Policy and Financing needs to strengthen its oversight of fiscal agent activities to ensure the accuracy of prescription drug claims' payments and the efficiency and effectiveness of cost containment efforts by:

- Developing a strategic plan, including timetables, for implementing additional contract provisions, prescription drug program components, performance measures, and overpayment recovery plans.
- Conducting routine internal analytical reviews for claims' payment accuracy similar to the data matches and other reviews that were a part of our current audit.
- Reviewing and ensuring the adequacy of the fiscal agent's processes and procedures for quality control.
- Developing an internal audit plan and schedule for periodic audits of prescription drug claims and payments, including evaluating the effectiveness of various cost containment measures.

- Identifying and recovering from the fiscal agent incorrect or improper overpayments as outlined in the terms of the contract with the fiscal agent.
- Developing, utilizing, and disseminating useful reports.

(CFDA Nos. 93.777, 93.778; State Survey and Certification of Health Care Providers and Suppliers, Medical Assistance Program; Activities Allowed or Unallowed, Allowable Costs/Cost Principals.)

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### **Recommendation No. 46:**

The Department of Health Care Policy and Financing should improve its oversight and management of fiscal agent activities related to the Medicaid prescription drug program by implementing a strategic plan, including timelines for completion, for the following:

- a. Conducting internal analytical reviews and audits.
- b. Reviewing the adequacy of the fiscal agent's processes and procedures for quality control.
- c. Identifying and recovering from the fiscal agent incorrect or improper overpayments.
- d. Developing and disseminating useful reports.

### **Department of Health Care Policy and Financing Response:**

- a. Agree. Implementation date: July 2005.

The Department will determine the types of analytical reviews necessary to monitor pharmacy claim processing and ensure that the data needs are met. See also Response to Recommendation 40.

- b. Agree. Implementation date: July 2005.

The Department will review all the fiscal agent processes related to pharmacy processing for pharmacy claims payment accuracy. An ongoing metric will be developed as part of quality control reporting.

- c. Agree. Implementation date: July 2005.

Any incorrect or improper overpayments will be collected.

- d. Agree. Implementation date: July 2005.

The Department will review and determine which of the current reports are useful, how any reports can be modified to be more useful, and what other reports are needed.

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## Services for Older Coloradans

The purpose of Title III of the federal Older Americans Act is to assist state agencies and Area Agencies on Aging (Area Agencies) with establishing a comprehensive, coordinated system for serving older individuals. The Department of Human Services (Department) awards funding to 16 Area Agencies who, in turn, award program funds to service provider agencies to process applications, determine eligibility, and deliver services to program participants. Service providers are often an applicant's first and only point of contact with the Older Americans Act program.

The United States Department of Health and Human Services (HHS) recognizes the value of coordinating efforts to improve access to community services for people who are elderly or who have disabilities. In 2003, HHS issued a solicitation for grant proposals from states that were interested in setting up a one-stop shop for community-based services.

The grant requires the cooperation of both the Department of Human Services and the Department of Health Care Policy and Financing. The *Department of Human Services, State Services for Older Coloradans Performance Audit*, comments that are joint recommendations for the Department of Human Services and the Department of Health Care Policy and Financing. Therefore, for the purpose of this report, these comments are listed within the Department of Human Services chapter within the Federal Award Findings and Questioned Costs section. Please refer to that chapter for details.

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# Department of Higher Education

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## Introduction

The Department of Higher Education was established under Section 24-1-114, C.R.S., and includes all public higher education institutions in the State. It also includes the Auraria Higher Education Center, the Colorado Commission on Higher Education, the Colorado Council on the Arts, the Colorado Student Loan Division, the Colorado Student Obligation Bond Authority, the State Historical Society, and the Division of Private Occupational Schools.

State public institutions of higher education are governed by ten different boards. The governing boards and the schools they oversee are:

- **Board of Regents of the University of Colorado**
  - University of Colorado at Boulder
  - University of Colorado at Colorado Springs
  - University of Colorado at Denver
  - University of Colorado Health Sciences Center
- **Board of Governors of the Colorado State University System**
  - Colorado State University
  - Colorado State University - Pueblo
- **Trustees of the University of Northern Colorado**
  - University of Northern Colorado
- **Trustees of the Colorado School of Mines**
  - Colorado School of Mines
- **State Board for Community Colleges and Occupational Education (SBCCOE)**
  - 13 Community Colleges
- **Trustees of Adams State College**
  - Adams State College
- **Trustees of Fort Lewis College**
  - Fort Lewis College

- **Trustees of Mesa State College**  
Mesa State College
- **Trustees of Metropolitan State College**  
Metropolitan State College
- **Trustees of Western State College**  
Western State College

## **Board of Regents of the University of Colorado - University of Colorado**

The University of Colorado was established on November 7, 1861, by an Act of the Territorial Government. Upon the admission of Colorado into the Union in 1876, the University was declared an institution of the State of Colorado, and the Board of Regents was established under the State Constitution as its governing authority.

The University consists of a central administration and four campuses: Boulder, Denver, Colorado Springs, and the Health Sciences Center. These four campuses comprise 32 schools and colleges.

The following comments were prepared by the public accounting firm of KPMG LLP, which performed the Fiscal Year 2004 audit work at the University of Colorado.

### **Federal Awards**

We performed procedures required by the Office of Management and Budget (OMB) Circular A-133 and the OMB Compliance Supplement for the following programs:

- Research and Development Cluster
- Student Financial Assistance Cluster

For Fiscal Year 2004, the University received approximately \$418 million and \$154 million of federal awards for the two programs, respectively. The four findings and recommendations presented below result from this work and are reported as required under OMB Circular A-133 and *Governmental Auditing Standards*. It should be noted that these findings relate to the sample size selected for testing, and the items identified below could be more widespread.

## Student Financial Assistance Return of Title IV Funds

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. If a recipient of Federal Student Aid funds withdraws from a school after beginning attendance, the amount of aid earned by the student must be determined by calculating a Return of Title IV Funds. When a Federal Student Aid recipient from the University withdraws without providing notification, the University must determine the student's withdrawal date and return all unearned funds within 30 days after the end of the earlier of: (1) the payment or enrollment period (as applicable), (2) the academic year, (3) or the student's educational program [(34 CFR 668.22(j)(1-2))]. For a student who withdraws after the 60 percent point of the semester, a return will not be required. However, a college or university must still complete a return calculation in order to determine whether the student is eligible for a post-withdrawal disbursement (*2003-2004 Federal Student Aid Handbook Volume 2 Institutional Eligibility and Participation Chapter 6 Return of Title IV Funds*).

Adequate controls are not in place at the University of Colorado (CU) to ensure withdrawal dates are determined and funds are returned within the required timeframe, and that return calculations are performed.

In a sample of 30 students who withdrew from the University during Fiscal Year 2004, we found that the University determined the withdrawal date beyond the federally-mandated timeframe for four Fall 2003 unofficial withdrawals. The four errors noted represented 100 percent of the Fall 2003 unofficial withdrawals. We found the University determined these students' withdrawal dates between three and eight days beyond the 30-day period after the end of the payment period.

Further, the University returned the unearned funds for which it was responsible for these four students 198 days beyond the last day the University was allowed to determine the students' withdrawal dates.

We also determined that nine of 30 withdrawals were students who withdrew beyond the 60 percent point of the semester. In one of the nine cases the University did not perform a Return of Title IV Funds calculation. However, it appears this was an isolated incident.

The University calculated and represented that it owed \$45,785 for all of the Fall 2003 unofficial withdrawals, including the four in the sample. The University indicated that it made these returns in August and September 2004 without interest.

The University is not in compliance with federal Return of Title IV Funds regulations concerning the timeliness of the determination of the withdrawal date for unofficial withdrawals, the timeliness of returning its portion of unofficial withdrawals' unearned aid, and the requirement to perform a return calculation for students that withdraw beyond the 60 percent point of the term.

(See Appendix A, University of Colorado, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Special Tests and Provisions.)

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### **Recommendation No. 47:**

The University of Colorado should review the federal regulations surrounding the Return of the Title IV Funds and the related compliance requirements. Procedures should be established accordingly to ensure that the withdrawal dates for those students who withdraw without providing notification, are made within the federally mandated timeframe as well as to ensure that the University's portion of withdrawn students' unearned aid is returned within the federally mandated timeframe. The University should also establish procedures to ensure that a Return of Title IV Funds calculation is performed for students that withdraw beyond the 60 percent point of the term.

### **University of Colorado Response:**

Agree. Implementation date: September 2004.

The University of Colorado at Boulder Office of Student Financial Aid identified an error in interpretation of the regulations with an employment change in their Fiscal Operations Assistant Director. Proper interpretation was made and a revised policy/procedure was implemented in the spring of 2004. In addition, in September 2004, we identified the students, programs, and amounts affected for the fall of 2003 and have sent funds back to the Title IV programs, as required.

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## **Student Financial Assistance Reporting**

To apply for and receive funds for the campus-based Federal Student Aid programs (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant), colleges and universities must complete and submit a Fiscal Operations Report and Application to Participate (FISAP) by October 1 of each year. The FISAP that was due on October 1, 2004, reported on the University's campus-

based program participation for 2003-2004 and applied for campus-based program funding for 2005-2006. The FISAP must contain accurate data, and the college or university must retain accurate and verifiable records for program review and audit purposes (*Department of Education FISAP Instructions*).

Additionally, colleges and universities must submit other reports to the State of Colorado during the year, including the Student Unit Record Data System (SURDS) Report, and Exhibit K, which is used by the State for the compilation of the statewide Schedule of Expenditures of Federal Awards (SEFA).

Adequate procedures are not in place at each University campus to ensure that reported data is accurate and reported consistently among campuses, and that the reports appropriately reconcile to one another as well as to the underlying data in the general ledger.

During our Fiscal Year 2004 audit we found problems at each of the four campuses of the University as described below.

### **CU-Boulder**

#### ***Exhibit K***

- The Exhibit K contained \$340,000 of expenditures for both the Federal Work Study and Federal Supplemental Educational Opportunity Grant Program due to a transfer between the two programs, and incorrectly reported Perkins cancellations under the wrong CFDA number. The expenditures were recorded under CFDA #84.038, rather than CFDA #84.037. Further, the amounts reported on the exhibit for Federal Direct Student Loans and Parent Loans for Undergraduate Students differed by \$57,456 from amounts for the programs contained on the general ledger.

#### ***FISAP***

- The change in the cumulative amount of principal and interest collected for Perkins loans less the prior year cumulative amount of principal and interest on the FISAP did not equal the current year collection of principal and interest because the amount recorded for current year was from the loan servicer and not the general ledger. The amount of the error was \$65,900.

***SURDS Report***

- Expenditures related to Perkins were understated by \$8,804.
- Federal Direct Loans were overstated by \$60,047.
- Federal Work Study did not include an amount for institutionally funded amounts, which is inconsistent with other campuses.

**Health Sciences Center*****Exhibit K***

- Federal Supplemental Educational Opportunity Grant Program expenditures reported on the Exhibit K were overstated by the institutional match of \$31,696 due to the funds being commingled in the general ledger. The Exhibit K contained expenditures of \$63,500 for both the Federal Work Study and Federal Supplemental Educational Opportunity Grant Program due to a transfer between the two programs. Further, the Exhibit duplicated transfers in the amount of \$4,873. Expenditures on the Exhibit K for the Federal Work Study totaling \$47,183 were incorrectly reported under CFDA #84.003 rather than CFDA #84.033. Finally, Perkins cancellations in the amount of \$67,152 were not included on the Exhibit K under the correct CFDA #84.037.

***FISAP***

- The FISAP overreported the Fiscal Year 2004 carryforward to Fiscal Year 2005 by \$1,125. The FISAP also incorrectly reported \$14,417 in assignments due to liquidation. The correct amount of assignments due to liquidation was \$16,617, or \$2,200 more. Finally, cumulative loans receivable reported on the FISAP were \$109,055 than those reported on the general ledger and CampusPartner system.

***SURDS Report***

- The “Other Federal” line for reporting Federal Nursing and Health Professional loans was understated by \$1,800.
- Federal Direct Student Loans were understated by \$116,632.

**CU-Colorado Springs*****Exhibit K***

- First, the Exhibit K reported \$2,963 in indirect costs for the Federal Supplemental Educational Opportunity Grant program as direct costs. Second, the Federal Work Study expenditures were overstated by \$33,416. Third, the Exhibit contained expenditures of \$14,505 for both the Perkins Loans and the Federal Supplemental Educational Opportunity Grant Program due to a transfer between the two programs. Finally, although the University may claim up to \$5 per Pell student for an administrative cost allowance, the campus is not properly reporting these costs. Expenditures for these costs are being reported on the Exhibit K as direct costs only when the reimbursed funds are received and spent (\$4,873 for Fiscal Year 2004). The administrative cost allowance should be recognized as indirect costs and reported only when claimed, incurred and earned.

***SURDS Report***

- Federal Work Study expenditures totaling \$599 were incorrectly reported.

**CU-Denver*****Exhibit K***

- The Exhibit K contained expenditures of \$13,871 for both the Perkins Loans and the Federal Supplemental Opportunity Grant Program due to a transfer between the two programs. As described above, the campus reported administrative cost allowances as direct costs only when the reimbursed funds are received and spent (\$18,555 for Fiscal Year 2004). The costs should be recognized as indirect costs and reported only when claimed, incurred and earned.

***FISAP***

- On the FISAP, the change in the cumulative amount of principle and interest collected for Perkins less the prior year cumulative amount of principal and interest did not equal the current year collection of principal and interest because the amount recorded for current year was from the loan servicer and not the general ledger. The amount of the error was \$6,051.

The University does not adequately reconcile each of the reports to the underlying data prior to submission to prevent or minimize errors from being reported. In

addition, there are inconsistencies between campuses related to reporting federal and state financial assistance.

The errors and inconsistencies on the FISAP Report, SURDS Report, and Exhibit K do not represent an accurate reporting of data as related to federal and state expenditures.

(See Appendix A; University of Colorado, for listing of applicable CFDA Nos.; Student Financial Aid Cluster, Reporting.)

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### **Recommendation No. 48:**

The University of Colorado should implement procedures to ensure that all elements of the FISAP, SURDS, and Exhibit K reports are accurate. Such procedures should include a formal review that agrees amounts reported to supporting documentation. Additionally, the University should implement reconciliation procedures in order to verify that the information is accurate prior to submission and is consistently reported across campuses, when applicable.

### **University of Colorado Response:**

Partially agree. Implementation date: September 2005.

After careful analysis of the cause of this reporting condition, the University has concluded that two types of actions are needed to prevent its reoccurrence. First, the University believes that it has reported information on the State's Exhibit K in accordance with the State's instructions. In January 2005, the University will request the State to modify the Exhibit K used in future years. Second, the primary cause for the other exceptions are due to the timing of the three reports and reconciling timing differences of available information. Therefore, the Office of the University Controller will work with the campus Controller and Student Financial Aid offices to improve written procedures for preparation and reconciliation of all Student Financial Aid reporting to ensure accuracy, consistency, and adequate reconciliation documentation. These new procedures will be in place for Fiscal Year 2005 reporting, or September 2005.

### ***Auditor's Addendum:***

*During the audit process we validated with the State that the primary source of data from the University used by the State to compile the Statewide Schedule of*

***Federal Awards is the Exhibit K. We believe based on the information provided and our understanding of the cash reporting controls required to be in place under OMB Circular A-133, that the finding is accurate as presented above.***

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## **Student Financial Assistance Eligibility**

In no case may a student receive a subsidized Federal Direct Student Loan (FDL) or an unsubsidized FDL exceeding the student's estimated cost of attendance for the period of enrollment for which the loan is intended, less the student's estimated financial assistance for that period and, in the case of subsidized FDL, the borrower's expected family contribution for that period. For the first year of a program, for an undergraduate student who has not successfully completed the program, the total amount the student may borrow for any academic year of study under the subsidized and unsubsidized FDL programs may not exceed \$2,625 for each (34 CFR 685.203).

Adequate controls are not in place at CU to ensure students are receiving the maximum annual limit of subsidized FDL loans for which they are eligible.

In a sample of 30 students, five freshmen eligible for the maximum annual limit of \$2,625 in subsidized FDL received only \$2,620. Further, in the same sample four other students were eligible for subsidized FDL loans greater than the subsidized FDL loans the University offered them. The findings represent a systemic problem in that otherwise eligible students are not offered the maximum limit of subsidized FDL. As a result, the students may borrow greater amounts of unsubsidized FDL.

According to the University, an information system limitation only allows amounts to be awarded in \$10 increments; thus, amounts are rounded down to the nearest \$10. Therefore, the University is unable to award students the full amount they may be eligible to receive.

The University does not have processes in place to ensure FDL awards offered are in compliance with federal award levels or that, if system limitations do not allow for compliance, that the necessary waivers are obtained from the federal awarding agency.

(CFDA No. 84.268; Federal Direct Student Loans; Eligibility.)

### **Recommendation No. 49:**

The University of Colorado should strengthen procedures to ensure that the maximum annual limits of subsidized FDL funds are offered to all students through additional monitoring of the original parameters set up during the award determination process. Alternatively, if system limitations restrict the University from establishing award levels that are compliant with federal guidelines, waivers should be obtained from the applicable awarding agency.

### **University of Colorado Response:**

Agree. Implementation date: February 2005.

As noted, the University rounded its award packaging loan amounts to accommodate its system limitations without obtaining any waivers as the rounding was perceived to be insignificant. After recent analysis of the system, the University now believe there is a system solution that will result in proper loan limits in the award packages. We are investing programming time to ensure we adjust the awarding for the 2005-06 award year. In addition, procedures were modified to ensure all loans manually awarded for Spring 2005 and future periods reflect the full amount of Subsidized Stafford eligibility before Unsubsidized Stafford consideration. By December 31, 2004, we will initiate a waiver for the 2004-2005 award year. Full implementation will be achieved by February 2005 (for 2005-06 award year).

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## **Student Financial Assistance Cash Management**

A university or college is responsible for establishing and maintaining internal control processes that promote sound cash management of Title IV program funds (*34 CFR 668.161(a)*).

Adequate controls are not in place at CU to ensure that cash draws are drawn in a timely manner. In a sample of 25 Federal Direct Student Loan (FDL) draws, we identified the following three errors:

- Two draw errors resulted in the University drawing a total of \$46,133 less than that needed to cover disbursements made with University funds.

- One draw resulted in the University drawing \$1,187,949 in excess of that needed to cover disbursements made with University funds. Due to the timing of other disbursements and draws during the immediate period surrounding this overdraft, no cash management regulations were violated.

The errors noted above resulted from a lack of supervisory review of cash draws prior to submittal. The University has periodic review controls of the FDL program account; however, these controls are not timely enough to detect if FDL funds are drawn in excess of immediate need, are held too long before being disbursed to students, or are drawn in amounts less than immediate need.

The lack of adequate controls over the calculation of FDL draws may increase the chance of needing to immediately return excess funds drawn to the U.S. Department of Education along with interest or using University funds unnecessarily.

(CFDA No. 84.268; Federal Direct Student Loans; Cash Management.)

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## **Recommendation No. 50:**

The University should strengthen procedures to provide timely supervisory reviews of the calculation of FDL draws prior to their submittal.

### **University of Colorado Response:**

Disagree. Implementation date: Not applicable.

Consistent with best practices, in designing its internal control structure, the University performs a risk assessment and cost-benefit analysis of possible controls. The University performed such analysis in designing the controls over its FDL draws. In response to this recommendation, the University reformed such analysis to determine if it was assuming more risk than it had intended or if alternative controls would be as cost-beneficial. The University still believes that its process design represents the best cost-benefit alternative with an acceptable level of risk. Our designed process includes factors about the aid cycle's inherent peak periods and provides for more timely review during these peak periods and provides for a cushion in that we are attempting to forecast need as allowed for in the federal cash management rules. Given that we have not had any instances of noncompliance and the amounts that we underdrew would not have any impact on our investment earnings, the cost of implementing the

recommended reviews is not considered to be necessary from a benefit or risk analysis.

***Auditor's Addendum:***

***During the audit process we validated our findings as related to timing and effectiveness of reviews being conducted and believe, based on the information provided and our understanding of the cash management controls required to be in place under OMB Circular A-133, that the finding is accurate as presented above.***

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## **Board of Governors of the Colorado State University System**

The Board of Governors of the Colorado State University System has control and supervision of two distinct institutions: Colorado State University, a land-grant university, and Colorado State University - Pueblo, a regional, comprehensive university.

The Board administers the State Board of Agriculture Fund located in the Office of the State Treasurer (Treasury). The Board is authorized to fix tuition, pay expenses, and hire officials. The chief academic and administrative officers are the chancellor of each institution and the president of the Colorado State University System.

## **Colorado State University**

Colorado State University (CSU) was originally created in 1870 as the Agricultural College of Colorado. In 1876 when Colorado became a state, the University was placed under the governance of the State Board of Agriculture, and began admitting students in 1879. It was also designated that year as Colorado's land-grant college and recipient of federal endowment support under the Morrill Act of 1862. Subsequent federal legislation led to the establishment of the Agricultural Experiment Station and the Cooperating Extension Service of the University. State legislation also made the University responsible for the Colorado State Forest Service. Following several name changes, the College became Colorado State University in 1957.

The following comments were prepared by the public accounting firm of KPMG LLP, which performed Fiscal Year 2004 audit work at Colorado State University.

## Federal Awards

We performed procedures required by the Office of Management and Budget (OMB) Circular A-133 and the Compliance Supplement for the following programs:

- Student Financial Assistance
- Research and Development Cluster

For Fiscal Year 2004, the System expended approximately \$120 million and \$100 million of federal financial assistance for the two programs, respectively. The nine findings and recommendations presented below result from this work and are reported as required under OMB Circular A-133 and *Governmental Auditing Standards*.

It should be noted that these findings relate to the sample size selected for testing, and the items identified below could be more widespread.

## Student Financial Assistance Professional Judgement

In determining the amount of aid a student is eligible to receive, an aid administrator may use professional judgement, on a case-by-case basis, to alter the data elements used to calculate the Expected Family Contribution (EFC).

Adequate procedures are not in place at CSU to ensure that manual adjustments to calculate the EFC are accurate. This resulted in a question cost of \$100.

In a sample of 25 students, the EFC data elements for one student were calculated incorrectly. According to CSU staff, when calculating the table income of the student's parents based off the professional judgement amounts, CSU mistakenly used two exemptions instead of the actual four exemptions on the tax return. The student in question received a greater Pell Grant than should have been granted.

Miscalculating data elements used to calculate the EFC can cause erroneous EFCs, which can lead to inappropriate financial aid awards.

(See Appendix A, Colorado State University, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Eligibility.)

**Recommendation No. 51:**

Colorado State University should establish procedures to ensure that data elements calculated as a result of professional judgement are correct. Manual professional judgement calculations should be reviewed at least on a test basis.

**Colorado State University Response:**

Agree. Implementation date: May 2005.

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**Student Financial Assistance Cost of Attendance**

The cost of attendance (COA) is an estimate of a student's education expenses for the period of enrollment. The total aid the student may receive from the Financial Student Aid programs cannot exceed the student's cost. At certain colleges within CSU, a technology charge is assessed and a select number of students are awarded Technology Charge Awards (TCA).

The TCA process in place at CSU currently awards the TCA on the first night of the process and increases the COA. However, if a student has a COA that has been manually adjusted due to special circumstances, the COA is not changed on the first night of the TCA awarding process. On the second night of the TCA awarding process, the system increases those manually adjusted COAs that were not increased on the first night. Overall, the TCA process is to increase the COA to ensure the Student Aid received does not exceed the COA.

Adequate procedures are not in place at CSU to ensure that manual adjustments to the COA are not erroneously increased twice for a TCA. This resulted in a questioned cost of \$300.

In a sample of 30 students, one student's COA was manually adjusted on the second day of the TCA awarding process, causing the student's COA to be increased twice for the TCA. Therefore, the student was awarded \$300 too much in unsubsidized Federal Direct Loans.

Manually adjusting costs of attendance during the second day of the TCA process causes costs of attendance to be erroneously increased twice, which leads to inappropriate financial aid awards.

(See Appendix A, Colorado State University, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Eligibility.)

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### **Recommendation No. 52:**

Colorado State University should reinforce procedures and provide additional training to ensure that the Technology Charge Awards (TCA) process is properly adjusted when costs of attendance are adjusted during the second day of the TCA process.

#### **Colorado State University Response:**

Agree. Implementation date: August 2004.

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### **Student Financial Assistance Multiple Disbursements**

A school must disburse loan proceeds in substantially equal installments, and no installment may exceed one-half of the loan (*34 CFR 685.301(b)(7)*).

Adequate procedures are not in place at CSU to ensure that loan proceeds are disbursed in equal installments. In a sample of 25 students, one student received unequal loan installments, \$1,364 and \$718, between the fall and spring semesters, respectively. According to CSU staff, a manual increase was made to the student's Federal Direct unsubsidized loan upon request of the student. This manual increase caused the installments to not be divided equally over the eligible period.

Disbursing loan proceeds in unequal installments violates federal regulations.

(See Appendix A, Colorado State University, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Special Tests and Provisions.)

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### **Recommendation No. 53:**

Colorado State University should reinforce existing procedures and provide additional training as necessary to ensure that manually awarded loans are disbursed in equal installments.

### **Colorado State University Response:**

Agree. Implementation date: January 2005.

Student Financial Services will review established procedures and reinforce the procedures and provide the training for the necessary staff.

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## **Student Financial Assistance Reporting**

To apply for and receive funds for the campus-based Federal Student Aid programs (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant), colleges and universities must complete and submit a Fiscal Operations Report and Application to Participate (FISAP) by October 1 of each year. The FISAP that was due on October 1, 2004, reported on the university's campus-based program participation for 2003-2004 and applied for campus-based program funding for 2005-2006. The FISAP must contain accurate data and the school must retain accurate and verifiable records for program review and audit purposes (*Department of Education FISAP Instructions*). Adequate procedures are not in place at CSU to ensure that accurate data is reported in the FISAP.

CSU incorrectly reported \$10,374,739 for the total principle and interest repaid by borrowers from all sources (Part III, Section B, Field 7) on the FISAP. The correct amount was \$4,297,538, or \$6,077,201 less. CSU resubmitted its FISAP upon our audit finding to reflect this correction.

(See Appendix A, Colorado State University, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Reporting.)

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### **Recommendation No 54:**

Colorado State University should implement procedures to ensure that all elements of the FISAP are accurate. Such procedures should include a formal review that agrees amounts reported to supporting documentation.

### **Colorado State University Response:**

Agree. Implementation date: September 2005.

Since this is an annual report, this recommendation will be implemented in September 2005.

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## Research and Development Suspension and Debarment

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties who are suspended or debarred or whose principles are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 prior to November 26, 2003 and \$25,000 on or after November 26, 2003. Under rules in effect prior to November 26, 2003, contractors receiving individual awards of \$100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System* (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Adequate procedures are not in place at CSU to ensure that the University is verifying the entity's status by reviewing the EPLS, obtaining certification, or including a clause or condition in the related contract. We noted that CSU has numerous contractors who were used in relation to the research and development grants. We tested 30 contractors and noted that none had an EPLS printout, a certification, or a clause or condition added to their contract.

By not obtaining the appropriate certifications and not reviewing the EPLS, CSU may unknowingly make payments to parties who are suspended or debarred.

(See Appendix A, Colorado State University, for listing of applicable CFDA Nos.; Research and Development; Procurement, Suspension, and Debarment.)

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### Recommendation No. 55 :

Colorado State University should include a standard clause in all purchase orders, maintain a suspended and debarred file, and document the review of EPLS for all vendors related to federal grants, or require certifications for all agreements related to federal grants. For control purposes, we recommend that on a quarterly basis, CSU should generate the report of vendors receiving federal monies in excess of \$25,000 and verify that there is a certification, EPLS printout, or clause in the contract for each of the vendors on the report.

## **Colorado State University Response:**

Agree. Implementation date: December 2004.

Effective July 1, 2004 CSU Purchasing implemented a procedure to review the EPLS for all vendors to be awarded purchase orders and contracts related to federal grants and maintains a suspended and debarred file. Also effective July 1, 2004, CSU contracts have the required additional clause pertaining to debarment and suspension of vendors. CSU will, for control purposes, generate a quarterly report of vendors receiving federal monies in excess of \$25,000 and verify that there is an EPLS printout, clause in the contract, or certification for each of the vendors on the report.

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## **Colorado State University - Pueblo**

Colorado State University was originally incorporated as the University of Southern Colorado in 1935. On July 1, 1975, the State Legislature granted the institution university status. Three years later, the Colorado State Board of Agriculture assumed governance over the University. The University is accredited at the bachelor's and master's levels, with special emphasis on polytechnic education. Effective July 1, 2003, the University of Southern Colorado became Colorado State University - Pueblo.

## **Student Financial Assistance Multiple Disbursements**

If a loan period is one payment period, the school must make at least two deliveries of loan proceeds during that payment period. The school may not make the second delivery until the calendar midpoint between the first and last scheduled days of class of the loan period. A school cannot ask the lender to provide Federal Family Education Loan funds sooner than three days before the earliest date that the school is allowed to pay the funds to the student (*34 CFR 682.604(c) and 34 CFR 668.167(a)*).

Adequate procedures are not in place at CSU - Pueblo to ensure that funds are not disbursed more than three days before the midpoint of the semester. In a sample of 25 students, it was determined that for one student with a Fall-only loan, the University miscalculated the midpoint of the Fall 2003 semester and, therefore, all midpoint disbursements were affected. This resulted in the University requesting

and receiving Federal Family Education Loan funds earlier than the three days before the actual midpoint of the Fall 2003 semester.

Requesting and disbursing Federal Family Education Loan funds prior to the three days before the midpoint of the term violates both federal cash management and disbursement of aid regulations.

(See Appendix A, Colorado State University - Pueblo, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Special Tests and Provisions.)

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### **Recommendation No. 56:**

Colorado State University - Pueblo should establish procedures to ensure that the midpoint of the semester is properly calculated and that requests for Federal Family Education Loan funds and disbursements of these funds are made according to the proper calculated midpoint.

#### **Colorado State University - Pueblo Response:**

Agree. Implementation date: February 28, 2005.

The Director of Student Financial Services will ensure that procedures are established to both properly calculate the midpoint of the semester and to ensure Federal Family Education Loans (FFEL) disbursements are made according to that midpoint.

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### **Student Financial Assistance Cash Drawdowns**

A school is responsible for establishing and maintaining internal control processes that promote sound cash management of Title IV program funds (*34 CFR 668.161(a)*).

Adequate controls are not in place at CSU - Pueblo to ensure proper segregation of duties related to federal cash drawdowns. Although we did not note compliance errors in the drawdowns for Federal Student Aid Funds, only one person calculates and makes the drawdowns from the federal government with no review performed by someone separate from the process.

Lack of review controls over the drawdowns of Federal Student Aid could result in the University holding excess cash, which must be returned immediately to the U.S.

Department of Education along with interest, or the University funding federal aid to students with institutional funds when necessary.

(See Appendix A, Colorado State University - Pueblo, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Cash Management.)

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### **Recommendation No. 57:**

Colorado State University - Pueblo should implement procedures whereby there is a segregation of duties calculating the drawdowns, making the drawdowns, and reviewing the drawdowns.

#### **Colorado State University - Pueblo Response:**

Agree. Implementation date: October 15, 2004.

The Controller will implement procedures to ensure segregation of duties in the funds draw down process.

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### **Student Financial Assistance Verification**

A college or university is responsible for verifying certain data for at least 30 percent of its financial aid applicants (*34 CFR 668.54*).

Adequate controls are not in place at CSU - Pueblo to ensure proper segregation of duties for the verification of financial aid applicants. Although there were no compliance exceptions noted during the verification testwork, only one person performs the verification at CSU- Pueblo with no review performed by a separate person.

Lack of review controls over verification could result in the University making improper awards to students based on improper Expected Family Contributions, which are calculated based on the data verified.

(See Appendix A, Colorado State University - Pueblo, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Special Tests and Provisions.)

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## **Recommendation No. 58:**

Colorado State University - Pueblo should implement monitoring procedures over the verification process. These procedures should include someone separate from the verification process selecting a sample of the verified data, reviewing the information for completeness and accuracy, and documenting this review within the file.

### **Colorado State University - Pueblo Response:**

Agree. Implementation date: February 28, 2005.

The Director of Student Financial Services will implement monitoring procedures over the verification process.

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## **Student Financial Assistance Reporting**

To apply for and receive funds for the campus-based Federal Student Aid programs (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant) colleges and universities must complete and submit a Fiscal Operations Report and Application to Participate (FISAP) by October 1 of each year. The FISAP that was done on October 1, 2004 reported on the University's campus-based program participation for 2003-2004 and applied for campus-based program funding for 2005-2006. The FISAP must contain accurate data and the school must retain accurate and verifiable records for program review and audit purposes (*Department of Education FISAP Instructions*).

Adequate procedures are not in place at CSU - Pueblo to ensure that accurate data is reported on the FISAP.

During our review of the 2004 FISAP the following errors were found:

- The sum of the cumulative loan principle collected (Part III, Section A, Field 5) and interest income on loans (Part III, Section A, Field 23) less the sum of the same amounts from the prior year FISAP does not equal the total principal and interest repaid by borrowers from all sources during the 2003-2004 Award Year (Part III, Section B, Field 7). These amounts should be equal.

- The cumulative funds advanced to students (Part III, Section A, Field 4) less the sum of the same amount from the prior FISAP does not equal the loans advanced to students from the Fund during the 2003-2004 Award Year less 2003-2004 Award Year refunds (Part III Section B Field 5). These amounts should be equal.
- The cumulative Federal Capital Contributions (Part III, Section A, Field 19) less the same amount from the prior year FISAP does not equal the final adjusted Federal Capital Contribution authorization (Part III, Section B, Field 1). These amounts should be equal.
- The amount of the Institutional Capital Contribution (ICC) deposited into the Fund between July 1, 2003 and June 30, 2004 (Part III, Section B, Field 4) was reported as zero. The State provides the institution with the ICC. The amount should not be reported as zero.
- In Part III, Section A, the number of borrowers and the cost of the loan principal and interest canceled increased from the prior year FISAP, while the loan principal canceled remained the same from the prior year FISAP for the following loan cancellation categories: certain subject matter teaching services, all other authorized teaching service, military service, law enforcement and corrections officer service, child/family/early intervention service, nurse/medical technician service, and death/disability. If the number of borrowers and the cost of the loan principal and interest canceled increased from prior year, the loan principal canceled should also have increased.
- The total expenditures for the Job Location and Department (JLD) Program were reported as zero (Part V, Section F, Field 19), while the federal share of JLD expenditures was reported as \$23,880 (Part V, Section D, Field 15). If the institution had JLD expenditures, these should have been reported and the institution should have contributed at least 20 percent of the total.
- The Federal Supplemental Education Opportunity Grant (FSEOG) funds distributed (Part VI, Section A, Field 16) does not equal the total funds to FSEOG recipients (Part IV, Section C, Field 11). These amount should be equal.
- The current year information submitted to the State for its Schedule of Expenditures of Federal Awards (Exhibit K) was not updated with the current year indirect costs of the program.

The errors noted above do not represent accurate reporting of data in the FISAP.

(See Appendix A, Colorado State University - Pueblo, for listing of applicable CFDA Nos.; Student Financial Aid Cluster; Reporting.)

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### **Recommendation No. 59:**

Colorado State University - Pueblo should implement procedures to ensure that all elements of the FISAP are accurate; such procedures should include a formal review that agrees amounts reported to supporting documentation.

### **Colorado State University - Pueblo Response:**

Agree. Implementation date: September 2005.

The Controller will coordinate the preparation of the FISAP and will review and approve the report before it is filed.

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## **State Board for Colorado Community Colleges and Occupational Education**

The State Board for Community Colleges and Occupational Education (SBCCOE or the Board) was established by the Community College and Occupational Education Act of 1967, or Article 23-60, C.R.S. The Board functions as a separate entity and, as such, may hold money, land, or other property for any educational institution under its jurisdiction. The statute assigns responsibility and authority to the Board for three major functions:

- The Board is the governing board of the state system of community and technical colleges.
- The Board administers the occupational education programs of the State at both secondary and post-secondary levels.
- The Board administers the State's program of appropriations to local district colleges and area vocational schools.

The Board consists of nine members appointed by the Governor to four-year staggered terms of service. The statute requires that Board members be selected to represent certain economic, political, and geographical constituencies.

The 13 colleges in the community college system are as follows:

College	Main Campus Location
Arapahoe Community College	Littleton
Community College of Aurora	Aurora
Community College of Denver	Denver
Colorado Northwestern Community College	Rangely
Front Range Community College	Westminster
Lamar Community College	Lamar
Morgan Community College	Fort Morgan
Northeastern Junior College	Sterling
Otero Junior College	La Junta
Pikes Peak Community College	Colorado Springs
Pueblo Community College	Pueblo
Red Rocks Community College	Lakewood
Trinidad State Junior College	Trinidad

The following comments were prepared by the public accounting firm of KPMG LLP, which performed the Fiscal Year 2004 audit work at the Colorado Community College System.

## Student Financial Assistance

We performed procedures on Student Financial Assistance (SFA) required by the Office of Management and Budget (OMB) Circular A-133 and the Compliance Supplement for Student Financial Aid. We also performed procedures as required by the *Colorado Handbook for State-Funded Student Financial Assistance Programs*, issued by the Colorado Commission on Higher Education (CCHE), 2004 revision. The 9 findings and recommendations below result from this work.

## Student Financial Aid Internal Controls

Front Range Community College (FRCC) is the largest college in the Colorado Community College System (CCCS) and has campuses located in Westminster, Boulder, and Larimer as well as a center located in Brighton. In Fiscal Year 2004,

FRCC disbursed approximately \$7 million in federal financial aid and \$3 million in state funded student financial assistance. In February 2004, FRCC appointed a new College-wide Student Financial Aid Office director. During the transition, information came to the attention of FRCC that caused concerns related to the College-wide Student Financial Aid Office's structure and supervision, and the Westminster Campus Student Financial Aid Office's business processes, supervision, communication, training, and policies and procedures. As a result of its internal assessments, FRCC hired an outside consulting firm to examine certain files of former employees in the Student Financial Aid Office who received Title IV financial aid and certain Return of Title IV Funds calculations. In addition to this external review, FRCC requested that the System Office's Director of Student Services review financial aid records to determine if certain employees, referenced above, were eligible to receive financial aid. Based on this review, CCCS also agreed that adequate controls were not in place over financial aid at FRCC.

During our audit, several items came to our attention that indicated a lack of adequate internal controls over student financial aid at FRCC, some of which are noted in Recommendations Nos. 62, 66, and 67 below.

We also evaluated FRCC's Student Financial Aid Office and processes using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control. The COSO framework of internal control consists of five interrelated components. The evaluation of these components below is based on our audit results as well as our review of the external and internal reports described above.

1. Control Environment - sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

Issues noted:

- It appears that the former Student Financial Aid Director did not set a proper tone for the Department, including appropriate oversight of that office and review of the work review.
- Employees in the Westminster Campus Student Financial Aid Office certified loans for other employees and processed appeals for satisfactory academic progress for those same employees. These files were not subject to the monitoring required for federal student financial aid compliance.

- There was a lack of good practices when it came to processing the files for these employees (students). Specifically, there was inadequate review of loans granted to FRCC employees.
2. Risk Assessment - the entity's identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how risks should be managed.

Issue noted:

- FRCC did not have a thorough risk assessment process to identify and analyze risks during the 2003 - 2004 award year. If such a process had been in place, the issues noted in this recommendation would have been addressed and resolved in a timely manner.
3. Control Activities - the policies and procedures that help ensure management directives are carried out.

Issues noted:

- Policies and procedures had not been updated since the 2001-2002 award year.
  - Adequate controls were not properly designed or operating effectively over awarding, monitoring satisfactory academic progress, the verification process for student information, updating of disbursement tables, and calculating Return of Title IV.
  - In Recommendations No. 62 and 66 below, we noted that FRCC did not perform Return of Title IV Funds calculations for part of the spring and all of the summer of 2004. Therefore, FRCC did not make the required returns for students who withdrew after beginning attendance. FRCC also made errors in Return of Title IV calculations. An external consulting firm was hired to review many calculations for Fiscal Year 2003 - 2004 fall and spring semester. This firm noted that only 23 percent of the Return of Title IV calculations were completed and that the error rate for the Westminster campus was 83 percent. The error rate at the Larimer campus was 33 percent.
4. Information and Communication - the identification, capture and exchange of information in a form and time frame that enable people to carry out their responsibilities.

## Issue noted:

- Based on the items noted above, communication processes were not in place in the College and Financial Aid Office to ensure employees carried out their responsibilities in an efficient and effective manner.
5. Monitoring - a process that assesses quality of internal control performance over time.

## Issue noted:

- Based on the items noted above, and our discussions with FRCC personnel, it does not appear that the office had an adequate process to assess its internal control environment.

Each of the issues identified above impact FRCC's ability to comply with laws and regulations governing both State and federal student financial aid. If the College does not comply with laws and regulations, it may be required to reimburse the federal government for funds that are not expended in accordance with requirements.

(CFDA No. 84.063; Federal Pell Grant Program; Eligibility, Special Tests and Provisions.)

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## **Recommendation No. 60:**

Colorado Community College System should ensure that Front Range Community College develops and implements a plan to improve internal control and compliance over student financial aid. This plan should include a review of the organization structure, business processes, policies and procedures in place in the Student Financial Aid Department to ensure compliance with applicable laws and regulations. Students who received aid inappropriately should be required to repay these funds.

## **Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System (CCCS) will monitor Front Range Community College's progress in establishing in-house policy and procedures and progress on their Corrective Action Plan. CCCS will work with the Financial Aid Council to develop system-wide procedure for the

processing of financial aid for staff, staff relatives and acquaintances, and financial aid office student employees.

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## Return of Declined Awards

Once a school has provided loan award notification, if the student or parent wishes to cancel all or a portion of a loan, he or she must inform the school. The school must honor the request if the request is received not later than:

- 14 days after the date the school sends the notice; or
- The first day of the payment period, if the school sends the notice more than 14 days before the first day of the payment period. If a student's or parent's request for cancellation is received within the specified time period, the school must return the loan proceeds and/or cancel the loan as appropriate.

*(2003-2004 United States Department of Education Student Financial Aid Handbook; Volume 2, Institutional Eligibility and Participation; Chapter 5 - Cash Management.)*

Adequate procedures are not in place at Arapahoe Community College (ACC) to ensure that declined awards are cancelled within the appropriate time period. In a sample of 30 students (4 from ACC), one ACC student declined a loan that was not cancelled within the 14 day period. ACC sent out a \$375 unsubsidized Federal Family Education Loan award notification to a student dated January 14, 2004. ACC received a request for cancellation from the student on January 21, 2004. This is within the 14 day period allowed for cancellation. However, ACC cancelled the loan in Collegien, the Colorado Student Loan Program database, on March 2, 2004, and reversed it off the student's account on March 29, 2004, after the student withdrew from the college. This cancellation was not within the 14-day requirement. By not ensuring that declined awards are cancelled within the appropriate time period, the awards may be disbursed and not returned in a timely manner. ACC could also be holding federal funds beyond the time frame allowed and, as a result, owe interest to the federal government.

(CFDA No. 84.063; Federal Pell Grant Program; Special Tests and Provisions.)

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## **Recommendation No. 61:**

Colorado Community College System should require Arapahoe Community College to establish procedures to ensure that declined awards are returned to the federal government in a timely manner.

### **Colorado Community College System Response:**

Agree. Implementation date: February 2005.

Colorado Community College System (CCCS) will work with the Financial Aid Council to develop common procedures related to cancellation of declined and no-show awards. CCCS will work with the Financial Aid Council to develop and implement systematic data reporting tool to monitor campus financial aid processing.

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## **Return of Title IV Calculations**

If a recipient of Federal Student Aid funds withdraws from a school after beginning attendance, the amount of aid earned by the student must be determined by calculating a Return of Title IV Funds. A part of the calculation is to determine the Title IV funds that were disbursed or that could have been disbursed to a student.

In a Return of Title IV Funds calculation, the school must return the lesser of (1) the amount of Title IV Funds that the school does not earn, or (2) the amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned. Institutional charges are tuition and other educationally related expenses assessed by the institution. The institutional charges used in the calculation are always the charges that were initially assessed to the student for the payment period or period of enrollment. The charges used in the return calculation are always the charges on the student's account prior to withdrawal. (*34 CFR 668.22(g)(1)(ii); 2003 - 2004 United States Department of Education Student Financial Aid Handbook; Volume 2, Institutional Eligibility and Participation; Chapter 6 - Return of Title IV Funds.*)

Adequate procedures are not in place at Front Range Community College (FRCC) and Trinidad State Junior College (TSJC) to ensure that correct charges are included in the Return of Title IV Funds calculations. In a sample of 30 students (including 9 from FRCC and 3 from TSJC), FRCC and TSJC included incorrect charges in two students' (1 each from FRCC and TSJC) return of Title IV calculations. In the

Return of Title IV Funds calculations, TSJC did not use correct book charges and period-end dates, while FRCC used budgeted tuition, fees, and book charges rather than actual charges on the student's account. Using incorrect institutional charges and incorrect term end dates creates incorrect refund amounts. The FRCC student had completed over 60 percent of the period, so no return was necessary.

(CFDA No. 84.063; Federal Pell Grant Program; Special Tests and Provisions.)

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## **Recommendation No. 62:**

Colorado Community College System should ensure that Front Range Community College and Trinidad State Junior College establish procedures to ensure that Return of Title IV calculations are processed correctly with accurate charges and period-end dates.

### **Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System will work with the Financial Aid Council to review and enhance President's Procedure # 4-20c, Return of Title IV Funds to ensure system wide adherence to regulatory requirements.

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## **Withdrawal Date Determination**

A school is required to determine the withdrawal date for a student who withdraws without providing notification by 30 days after the end of the term from which the student withdrew. Further, the school must return its portion of unearned Title IV funds by no later than 30 days after the date the school determined the student withdrew. (*34 CFR 668.22; 2003 - 2004 United States Department of Education Student Financial Aid Handbook; Volume 2, Institutional Eligibility and Participation; Chapter 6 - Return of Title IV Funds.*)

Adequate procedures are not in place at Trinidad State Junior College (TSJC) to ensure that the College timely determines student withdrawal dates and that returns are made within 30 days after the date the school determined the student withdrew. In a sample of 30 students (3 from TSJC), TSJC did not determine the withdrawal date timely. As a result, TSJC submitted its portion of the return late. This is a repeat comment from our Fiscal Year 2003 report. Failure to determine withdrawal

dates in a timely manner causes the College's portion of aid to be returned beyond the time frame established by the regulations.

(CFDA No. 84.063; Federal Pell Grant Program; Special Tests and Provisions.)

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### **Recommendation No. 63:**

Colorado Community College System should ensure that Trinidad State Junior College establishes procedures to ensure that the withdrawal date of students who withdraw without providing notification is determined within 30 days after the end of the term and the resulting return is made no later than 30 days after the date of this determination.

#### **Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System will work with the Financial Aid Council to review and enhance President's Procedure # 4-20c, Return of Title IV Funds to ensure system wide adherence to regulatory requirements.

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### **Return of Unearned Title IV Funds**

A school must return its portion of unearned Title IV funds by no later than 30 days after the date the school determined the student withdrew. (*34 CFR 668.22; 2003 - 2004 United States Department of Education Student Financial Aid Handbook; Volume 2, Institutional Eligibility and Participation; Chapter 6 - Return of Title IV Funds.*)

Adequate procedures are not in place at the Community College of Denver (CCD) to ensure that returns are made within 30 days after the date the school determined the student withdrew. In a sample of 30 students (including 4 from CCD), one student's institutional portion of unearned Title IV funds was made after the 30 days allowed. This is a repeat comment from our Fiscal Year 2003 report. CCD returned its portion of a student's unearned Title IV funds 52 days late (or 82 days after the school determined the student had withdrawn). CCD returned its portion of unearned Title IV funds beyond the time frame established by the regulations.

(CFDA No. 84.063; Federal Pell Grant Program; Special Tests and Provisions.)

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**Recommendation No. 64:**

Colorado Community College System should ensure that Community College of Denver establishes procedures to ensure that the institution's portion of a student's unearned Title IV funds are returned within 30 days after the College has determined a student has withdrawn.

**Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System will work with the Financial Aid Council to review and enhance President's Procedure # 4-20c, Return of Title IV Funds to ensure system wide adherence to regulatory requirements.

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**Return of Title IV Funds - Break Calculations**

Institutionally scheduled school day breaks of five or more consecutive days are excluded from the total number of calendar days in the term in Return of Title IV Funds calculations, and, therefore, do not affect the calculation of the amount of Title IV aid earned. This provides for more equitable treatment of students who withdraw near each end of a scheduled break. All days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed. (*34 CFR 668.22; 2003 - 2004 United States Department of Education Student Financial Aid Handbook; Volume 2, Institutional Eligibility and Participation; Chapter 6 - Return of Title IV Funds.*)

Adequate procedures are not in place at Pikes Peak Community College (PPCC) to ensure breaks are correctly included in Return of Title IV Funds calculations. In a sample of 30 students (including 8 from PPCC), PPCC did not include breaks appropriately in two students' Return of Title IV Funds calculations. PPCC included five days for a break rather than seven in both students' calculations. As a result, incorrect amounts of funds were returned.

(CFDA No. 84.063; Federal Pell Grant Program; Special Tests and Provisions.)

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## **Recommendation No. 65:**

Colorado Community College System should ensure that Pikes Peak Community College establishes procedures to ensure that breaks are calculated properly on the Return of Title IV Funds calculations.

### **Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System will work with the Financial Aid Council to review and enhance President's Procedure # 4-20c, Return of Title IV Funds to ensure system wide adherence to regulatory requirements.

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## **Return of Grant Overpayments Requirements**

If a recipient of a Student Financial Aid (SFA) grant or loan funds withdraws from a school after beginning attendance, the amount of SFA grant or loan assistance earned by the student must be determined by calculating a Return of Title IV Funds. If the amount disbursed to the student is greater than the amount the student earned, unearned funds must be returned. The school must return the lesser of (1) the amount of Title IV funds that the student does not earn or (2) the amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned. If the school returns amount (2), then the student must return the difference between the amount of unearned Title IV funds and amount (2). (*34 CFR 668.22; 2003 - 2004 United States Department of Education Student Financial Aid Handbook; Volume 2, Institutional Eligibility and Participation; Chapter 6 - Return of Title IV Funds.*)

Adequate procedures are not in place at Front Range Community College to ensure Return of Title IV Funds calculations are made. In a sample of 30 students (9 from FRCC), FRCC did not perform Return of Title IV Funds calculations for five students. As a result, FRCC did not make the required returns for the five students. This is a repeat comment from our Fiscal Year 2003 report. Questioned costs of \$10,514 (\$4,202 Pell, \$3,937 Subsidized Loan, and \$2,375 Unsubsidized Loan) representing the total amount awarded to the five students were identified as a result of this finding. Likely questioned costs could be greater based on findings in Recommendation No. 60. Grant overpayments were not required to be returned to FRCC by the student.

(CFDA No. 84.063; Federal Pell Grant Program; Special Tests and Provisions.)

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### **Recommendation No. 66:**

Colorado Community College System should ensure that Front Range Community College (FRCC) establishes procedures to ensure that return calculations are made and that students are requested to repay grant overpayments. FRCC should also repay the federal government as necessary.

### **Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System will work with the Financial Aid Council to review and enhance President's Procedure # 4-20c, Return of Title IV Funds to ensure system wide adherence to regulatory requirements.

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## **Verification of Student Financial Aid Applications**

Because students sometimes make significant errors on their application, the law includes a verification process as part of the Federal Student Aid program requirements. The U.S. Department of Education only requires that a portion of the Free Application for Federal Student Aid filers at a school be verified. The following five major data elements must be verified: household size, number in college, Adjusted Gross Income, U.S. taxes paid, and certain types of untaxed benefits - Social Security benefits, child support, IRA/Keough deductions, foreign income exclusion, Earned Income Credit, and interest on tax-free bonds. (2003 - 2004 *United States Department of Education Student Financial Aid Handbook; Volume 3, Federal Pell Grant Program; Chapter 3 - Pell Reporting.*)

Adequate procedures are not in place at Front Range Community College (FRCC) to ensure information provided on student financial aid applications is verified. In a sample of 30 students (9 from FRCC), two students' tax returns did not match information reported on student financial aid applications and contained in the Student Information System. One student's information reported was not on the student's worksheet or tax return submitted. Another FRCC student had various items on the worksheet and tax return that were not on the Student Information System. FRCC could have potentially over-awarded or under-awarded aid based on incorrect student information if the information was not properly verified and reported.

(CFDA No. 84.063; Federal Pell Grant Program; Special Tests and Provisions.)

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### **Recommendation No. 67:**

Colorado Community College System should ensure that Front Range Community College (FRCC) establishes procedures to properly verify student financial aid application information. If necessary, FRCC should repay the federal government.

#### **Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System (CCCS) will work with the Financial Aid Council to develop and implement a system-wide verification procedure. CCCS will also monitor FRCC progress related to their Corrective Action Plan.

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### **Cash Management Controls**

Appropriate cash management requires the timely drawing of federal funds to reimburse local funds initially disbursed for federal programs. Entries to record student financial aid activity in the general ledger should be reviewed by another individual.

At Pikes Peak Community College (PPCC), the same individual who performs federal cash drawdowns is also responsible for posting the journal entries. A supervisor does not subsequently review these entries. Without proper review, errors may be made in the drawdowns or entries, which could lead to inaccurate financial reporting.

(CFDA No. 84.063; Federal Pell Grant Program; Cash Management, Special Tests and Provisions.)

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### **Recommendation No. 68:**

Colorado Community College System should ensure that Pikes Peak Community College implements procedures so that the appropriate supervisor reviews cash drawdowns and entries. Documentation of the review should be attached to the

reconciliation. The supervisory review should include clerical testing of the reconciliations, as well as follow-up procedures to ensure all errors are investigated and resolved.

### **Colorado Community College System Response:**

Agree. Implementation date: June 2005.

Colorado Community College System will develop and implement a system-wide procedure requiring appropriate segregation of duties and second level review.

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## **Trustees for Adams State College - Adams State College**

House Bill 03-1093 authorized independent governance for Adams State College effective July 1, 2003, and a new Board of Trustees was appointed to govern the College. Adams State College is a liberal arts college with graduate programs in Teacher Education, Counseling, and Art.

The following comment was prepared by the public accounting firm of Wall, Smith, Bateman & Associates, Inc., which performed Fiscal Year 2004 audit work at Adams State College.

### **Federal Funds Draw Procedures**

Adams State College received approximately \$3.2 million during Fiscal Year 2004 for federal student financial assistance programs. The College obtains reimbursement of federal expenditures by drawing funds on a federal letter of credit. Financial Aid office personnel originate a disbursement record, which ultimately results in an authorization of a designated amount of money to be drawn on the federal letter of credit. The disbursement record contains student financial aid information and is submitted electronically to the U.S. Department of Education. The Department of Education verifies the data and authorizes the amount to be drawn on the federal letter of credit. However, if there are errors in the data, the amount drawn is limited to the valid data. For the period January through June 2004, the authorization was not always timely and the amount authorized was never enough to replenish the cash used. For example, on January 22, 2004, the necessary amount to draw down was \$112,737. However, an authorization was not made until February 5, 2004, and the amount authorized was \$67,429, which was \$45,308 short of replenishing the cash.

A finding was noted in the Fiscal Year 2003 audit regarding the federal draw down process not being performed timely due to turnover in personnel and because other employees had not been trained to perform this function. During the Fiscal Year 2004 audit it became more apparent that a cross training program needs to be established to ensure enough people are sufficiently trained in the drawdown process. This way, in the event personnel are absent, processes can continue without interruption.

Not drawing the full amount of federal funds on a timely basis results in the use of state funds for federal programs and lost interest income to the State.

(CFDA No. 84.063; Federal Pell Grant Program; Cash Management.)

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### **Recommendation No. 69:**

Adams State College should improve its federal funds draw procedures by identifying and correcting financial aid data errors timely and improving the authorization process so that the federal funds drawn are adequate to meet the cash flow demands for related expenses.

#### **Adams State College Response:**

Agree. Implementation date: June 30, 2005.

The Office of Student Financial Aid will evaluate its policies and procedures for identifying and correcting of student financial aid data and ensure timely and accurate submission of electronic files to the U.S. Department of Education for authorization to draw down federal funds.

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## **Student Loan Division**

The Colorado Student Loan Division (CSLP or Student Loan Division or the Division) was created by an act of the Colorado Legislature in June 1979 to assist Colorado residents in meeting expenses incurred in availing themselves of higher education opportunities. CSLP's mission is to provide students with access and choice in higher education by ensuring the availability and value of financing programs.

The following comments were prepared by the public accounting firm of Clifton Gunderson LLP, which performed Fiscal Year 2004 audit work at the Student Loan Division.

## **Data Input Errors Related to Default Aversion Fees**

The Colorado Student Loan Program (the “CSLP” or the “Division”) engages in default aversion activities designed to prevent the default on a loan by a borrower. Among other activities, the CSLP’s default aversion activities provide collection assistance to the lender on a delinquent loan, including due diligence activities, prior to the loan being legally in a default status. The fee is based on one percent of the total unpaid principal and accrued interest owed on the loan in cases where the lender requests default aversion assistance. CSLP transferred \$1,747,925 in Default Aversion Fees (“DAF”) from its Operating Fund from its Federal Fund for fees earned in Fiscal Year 2004.

Under the Federal Higher Education Act of 1965, Sections 422A and 422B, the CSLP is allowed to bill for DAF to the federal government by transferring these fees from CSLP’s Federal Fund to its Operating Fund to be used in the operations of the Division. However, during our audit we found that the CSLP had a data input error relating to the DAF. As a result of the data input error, \$8,927 in default aversion fees were incorrectly transferred from the Federal Fund to the Operating Fund.

The CSLP has controls in place where the default aversion assistance request (“DAAR”) principal and interest is compared to the principal and interest on which the DAF is computed. However, these controls did not detect this input error.

Subsequent to our testwork, CSLP has modified its controls to detect all errors, including data input errors.

(CFDA No. 84.032; Federal Family Education Loans; Special Tests and Provisions.)

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### **Recommendation No. 70:**

The CSLP should continue to ensure that adequate controls are in place over default aversion fees ensuring that data input and similar errors are detected and corrected on a timely basis.

## **Student Loan Division Response:**

Partially agree. Implementation date: May 2004.

CSLP does not believe this finding is material. For the period of December 14, 2003, through June 30, 2004, the Default Aversion management team reviewed all past billing reports. Corrections made as a result of the review by Default Aversion management resulted in under-billing the Department of Education for DAF by \$3,909.13. The data input error cited by the auditor resulted in over-billing only for that month. The error was discovered and was corrected on the June 2004 billing, prior to the end of the fiscal year.

CSLP has put in place numerous systems to validate the DAF billing to the Department of Education—one of which is an electronic review and automatic e-mail notification on the status of DAF billing for each week. A report was written in May 2004 to discover such errors. With the finding of the data entry error a retrospective report was run for the period of December 14, 2003, through June 30, 2004, to address any additional errors.

The report indicated 76 lender reporting errors (lenders request default aversion assistance) and four internal data entry errors were discovered. All errors were corrected and reported to the Department of Education prior to the end of June 2004.

Default Aversion management continues to review these reports on a monthly basis.

### ***Auditor's Addendum:***

***Regardless of the amount of the error identified during the audit, the fundamental issue discussed here is the inadequate controls over financial transactions. Inadequate controls can result not only in errors but also in greater risk of fraud and abuse. We note that the CSLP has had prior findings in the area of Default Aversion Fees.***

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# Department of Human Services

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## Introduction

The Department of Human Services is responsible, by statute, for managing, administering, overseeing, and delivering human services in the State. While many of these services are provided through county departments of social services, the Department is also responsible for the direct operation of a number of facilities that provide direct services, including mental health institutes, nursing homes, and youth corrections. Please refer to the introduction in the Department of Human Services chapter within the Financial Statement Findings section for additional background information.

## Inventory Controls for the Food Distribution Program

Title 7, Part 250 of the Code of Federal Regulations (CFR) allows the United States Department of Agriculture (USDA) to acquire agricultural commodities through price support programs, surplus removal, and direct purchases from national markets. These commodities are distributed through the USDA Commodity Food Distribution Program to improve the nutritional status of children and adults. The Department of Human Services' (DHS) Food Distribution Program within the Office of Self-Sufficiency is responsible for the overall administration of Colorado's Food Distribution program. These responsibilities include ordering commodities directly from USDA; contracting with commercial distributors to provide the receipt, storage, and distribution of the commodities; monitoring the distributors' compliance with contractual requirements and federal regulations; and contracting with recipient agencies for the proper use, care, and protection of the commodity foods.

Currently DHS is responsible for administering the distribution of donated commodities to nearly 523 agencies, such as schools and child and adult care centers, through the following federal nutritional programs: National School Lunch Program, Child and Adult Care Food Program, Summer Food Service Program, Commodity Supplemental Food Program, Emergency Food Assistance Program, and Nutrition Services Incentive Program. DHS shares responsibility for the determination of recipient agencies' eligibility for the eight nutritional programs with the Departments of Education and Public Health and Environment. During Fiscal Year 2004, DHS expended a total of \$16.3 million in commodity inventory issuance and federal

administrative funds for the various programs. DHS contracted with two distributors to store and distribute donated commodities to the recipient agencies.

We identified weaknesses in the Department's internal controls over donated commodity programs including problems with the Department's inventory reconciliation process, monitoring of donated food distributors, and tracking of outdated commodities.

## Inventory Reconciliations

Conditions set forth in DHS's contracts with the distributors require that the warehouses send daily and monthly reports to DHS staff. From these reports, DHS staff are responsible for preparing monthly inventory reconciliations in order that donated commodities can be tracked and safeguarded. During our Fiscal Year 2004 audit, we identified two primary problems with DHS's inventory reconciliation process:

- **DHS staff did not provide sufficient documentation for adjustments made to monthly inventory records.** Testwork performed on three months of inventory reconciliations for both warehouses indicated numerous month-end inventory discrepancies that resulted in adjustments to inventory records when the reconciliation was performed. Specifically, five of the six reconciliations reviewed contained discrepancies between the Department's records and the distributors' records. Cumulative discrepancies in cases of food ranged from 190 cases valued at \$3,400 to 2,300 cases valued at \$54,100. In some cases DHS's records represented a greater number of units than the distributors' records, but in other cases DHS's records represented a lesser number of units than the distributors' records. In all five instances the inventory records were adjusted to reflect the distributors' records. However, in three instances the reconciliations did not contain an explanation of why the adjustment was made, and in the other two instances the reconciliations contained vague explanations of why the adjustment occurred. DHS staff were unable to provide specific documentation that supported the explanations.
- **DHS's monthly inventory reconciliations are not always consistent or complete from month to month.** For example, while DHS' September 2003 reconciliation for one warehouse documented beginning and ending balances, food received and shipped, and adjustments for the month, DHS's October 2003 reconciliation for the warehouse only included DHS's and the warehouse's month-end balances. While most of the October 2003 month-end balances differed from the September 2003 month-end balances,

indicating inventory changes had occurred, the reconciliations did not detail any activity for the month.

The Department does not have policies or procedures in place that establish the format and process to be followed for performing the monthly inventory reconciliation and that define the documentation to be should be maintained with the reconciliation.

## **Monitoring of Distributors and Outdated Commodities**

We also noted weaknesses in the Department's monitoring of its two Food Distribution distributors in general and the timely allocation of commodities. First, we found that although the Department has noted significant problems with the distributors' receipt, storage, and distribution of donated commodities over at least the last three fiscal years, the Department has not ensured that the identified problems were corrected. Specifically, during Fiscal Years 2002 through 2004, DHS identified deficiencies and subsequently made recommendations to each distributor regarding inventory discrepancies five times, timely allocation of processed foods five times, and outdated commodities six times. For example, a DHS review report completed in December 2002 indicated that five of five commodities chosen at random for counting comparisons with inventory records contained substantial discrepancies. DHS's June 2003 report states: "The State is very concerned with the current discrepancies in inventory." However, DHS did not place either distributor on corrective action for any of the noted deficiencies or document whether or not each distributor corrected the problems. Thus, DHS has not ensured that deficiencies are addressed and corrected in a timely manner and that the same deficiencies will not continue to occur.

Second, we found that DHS does not have sufficient internal controls in place to ensure that donated commodities are allocated to recipient agencies and shipped timely. For example, during Fiscal Year 2004 a total of 993 cases of donated food valued at \$27,200 at the two warehouses had to be destroyed due to spoilage. Of this total, \$5,400 was related to DHS's food processing program in which raw commodities are converted into processed products. DHS indicates that it is reluctant to file claims against the distributors for the damaged commodities because the State may share fault in the situation, as explained below. However, federal regulations state that if a distributing agency fails to file a claim against a subdistributing agency for damaged commodities, the distributing agency (DHS) shall be responsible to the United States Department of Agriculture for reimbursing the value of the damaged commodities.

With respect to the Department's role in ensuring the timely distribution of commodities, we found that DHS did not have controls in place to allocate all

commodities timely. DHS conducts semiannual reviews of the distributors, during which DHS staff complete physical inventories and review the overall operation of the warehouse, including the existence of outdated commodities and the maintenance of required records. DHS staff document the results of each review in a report. Based on our review of DHS's eight monitoring reports for the two distributors (four from each distributor) from June 2002 through January 2004, we determined that the Department was notified of distributor concerns regarding the Department's inability to allocate processed commodity items in a timely manner during five of the eight reviews, twice by one distributor and three times by the other. For example, in December 2002 staff at one distributor indicated to DHS that in some cases, processed items were not allocated by DHS staff until three weeks after arriving at the warehouse. Although the Department was first notified of the concerns in June 2002, it did not institute a process for tracking the expiration dates of commodities and identifying outdated commodities until January 2004, or 18 months later.

As a result of the Department's weaknesses in internal controls over donated commodities, the Department is unable to provide assurance that it is providing proper care and accounting of donated commodities, including processed foods. Because the Department is not sufficiently tracking inventories and reconciling differences, it cannot determine reasons for inventory shortages in all cases or hold distributors accountable for shortages resulting from potential fraud or abuse. Without processes to ensure expiration dates are tracked and timely allocations are made, the Department risks the loss of food intended for low-income children and adults. As noted, DHS destroyed a total of 993 cases of donated food valued at \$27,200 during Fiscal Year 2004. If inventory controls are not significantly improved, the Department risks the destruction of additional donated commodities, as well as an increased risk of fraud and abuse. Further, if the Department does not take appropriate action to recover the value of all destroyed commodities, it may be financially responsible to the United States Department of Agriculture for these amounts.

(CFDA Nos. 10.550, 10.555, 10.558, 10.559, 10.565, 10.569, and 10.570; Food Donation, National School Lunch Program, Child and Adult Care Food Program, Summer Food Service Program for Children, Commodity Supplemental Food Program, Emergency Food Assistance Program, and Nutrition Services Incentive; Subrecipient Monitoring.)

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## **Recommendation No. 71:**

The Department of Human Services should improve controls over the Food Distribution Program by:

- a. Establishing procedures for performing monthly inventory reconciliations, including a standard format that includes, at a minimum, the previous month's ending inventory, the number of units received, the number of units shipped, the current month's ending inventory, identified discrepancies and adjustments, and comments. Procedures should require that all inventory adjustments contain sufficient explanations and supporting documentation.
- b. Ensuring that concerns communicated by the distributors are addressed and that commodities are allocated timely.
- c. Holding distributors liable for noncompliance with contractual obligations and federal regulations. Immediate steps should be taken to recover the \$29,532 worth of donated foods that were destroyed.
- d. Placing distributors on corrective action for cited deficiencies, enforcing the corrective action plans, and documenting the results of the corrective action plans.

## **Department of Human Services Response:**

- a. Agree. Implementation date: March 1, 2005.

Food Distribution Programs (FDP) implemented the format described in Recommendation No. 71 (a) as part of our December 2004 month end reconciliation report. FDP decided to implement this format for our reports prior to receiving the auditor's draft report. This was based on several previous discussions we had with the audit team. FDP has gone back to July 2004 and reformatted all of the reports into the recommended format. We will submit a formal written procedure for this reconciliation reporting process by March 1, 2005.

- b. Agree. Implementation date: September 2004.

There has been a major effort by the Food Distribution unit in the past eight months to correct past problems. This includes a 90 day report from distributors on inventory unallocated, a Web-based control number

tracking system for process items, and a new format for inventory reconciliation that conforms to Recommendation No. 71(a) above. Our current Web-based commodity process tracking system, initiated in September 2004 tracks processed items from the processor, to receipt at the warehouse then to allocations to school districts. This should eliminate any extended allocation periods. We are also requiring a new storage report from the distributors by school district. FDP will use this report to track when process items have been placed in storage after being invoiced and taken out of the USDA inventory.

- c. Agree. Implementation date: April 1, 2005.

Food Distribution Programs will draft a letter for review by the CDHS Contracts Manager citing the sections of our contract that apply and also citing the sections of 7 CFR Part 250 which authorize the State to file a claim against the specific distributor for non-performance of its contractual agreement. The letter will be sent to each distributor no later than April 1, 2005.

- d. Agree. Implementation date: May 1, 2005.

Food Distribution will do a complete review of each warehouse distributor in March 2005. This will include a 100 percent inventory count to check book inventory to system inventory. In addition, FDP will use a checklist with storage requirements based on 7 CFR 250 and current contractual agreements. This is the same review we usually do in June and December of each year. Any findings will be written into a formal report that will be given 30 days to reply with an action plan on how the distributor will correct any findings. FDP will create an action log with each finding and corrective action listed. Each month FDP meets with distributors. During this meeting the Program Chief will review any outstanding issues and enter comments on progress toward completion of these action items. A completion date will be entered into the log for all corrective actions that have been satisfactorily completed. Liquidated damages will be filed against any distributor for non-performance under 7 CFR 250 or the current contract. Monthly updates will be sent to the audit team for compliance with this recommendation.

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## Federal TANF Program Overview

In 1996 Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) established federal welfare reform requirements and created the Temporary Assistance for Needy Families (TANF) program (CFDA 93.558). In July 1997 the Department of Human Services implemented TANF in Colorado as the "Colorado Works" program. During Fiscal Year 2004 the Department expended nearly \$230.4 million in state and federal funds under the program to provide benefits to nearly 15,000 families per month.

### TANF Program Expenditures

The Department expends TANF funds for goods and services as part of its administration of the program. Expenditures include benefit payments to clients, payments to state and contract employees, general office supplies, and other expenditures necessary for the operation of the TANF program.

During our Fiscal Year 2004 audit of the TANF program, we reviewed 33 purchases of goods and services made by TANF staff. We noted problems with 24 percent of the purchases (8 of 33) for the TANF program totaling \$1,040. The following errors were identified:

- Seven payments totaling \$991 were coded incorrectly on COFRS.
- One payment was not an allowable expenditure under grant requirements. Specifically, \$49 was charged to the TANF grant for a flower bouquet purchased for a TANF staff member. Federal regulations require funds to be utilized in a manner reasonably determined to achieve the four purposes of the program: (1) to provide assistance to needy families, (2) to end dependence of needy parents on government benefits, (3) to prevent and reduce the incidence of out-of-wedlock pregnancies, and (4) to encourage the formation and maintenance of two-parent families. This purchase does not meet these purposes.

While the amounts noted above are small, the problems indicate ongoing issues with controls. The problems are particularly important to note because of the high volume of transactions the Department makes for the TANF program each year and the large amount in total of all TANF transactions. As noted earlier, the Department expended nearly \$230.4 million for the program during Fiscal Year 2004.

TANF program staff indicate there is a review process in place over purchases charged to the program. When a good or service is needed, TANF program staff

request approval for the purchase. Once approved by a TANF supervisor, TANF staff purchase the goods or services. Staff then compile the bill received from the appropriate vendor along with all other applicable supporting documentation and send it to the program director for final approval. Staff indicated that the director reviews the purchase for reasonableness and accuracy but does not review the transaction coding prior to submission.

Without an adequate process for reviewing and approving expenditures charged to the TANF program, there is a risk that coding errors and federally disallowed purchases will occur and not be detected.

(CFDA No. 93.558; Temporary Assistance for Needy Families; Activities Allowed and Unallowed, Allowable Costs/Cost Principles.)

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### **Recommendation No. 72:**

The Department of Human Services should strengthen its review process over purchases for the TANF program to ensure expenditures are correctly coded and allowable under federal grant requirements.

### **Department of Human Services Response:**

Agree. Implementation date: April 1, 2005.

The Colorado Works Program will ensure that all expenditures of TANF funds will be utilized in a manner determined to achieve at least one of the four purposes of TANF, and that a supervisory review will be conducted to review monthly purchases to assure that object coding is correct.

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## **TANF Program Sanctions**

Federal TANF regulations require that sanctions be imposed on individuals who receive benefits under the program for failing to comply with TANF rules regarding child support, work activities, and immunization laws. In order to comply with federal regulations, the Department has developed a policy that gives the county departments the authority to impose sanctions on all TANF, or Colorado Works, applicants or participants who do not adhere to these rules. Counties may determine the length of the sanction, establish the circumstances surrounding the sanction, and

define good cause for sanction. The Department has established the following three levels of sanctions:

- **Level One Sanction.** The TANF recipient is placed on a level one sanction for his or her first program violation. At this level, the individual's cash assistance payment is reduced by 25 percent for a minimum of one month, but not more than three months.
- **Level Two Sanction.** This level is applied when a recipient receives his or her second program violation and requires a 50 percent reduction in the individual's cash assistance payment. This sanction is imposed for a minimum of one month, but not more than three months.
- **Level Three Sanction.** This level is for a TANF recipient who has violated TANF program rules three or more times. This level results in the termination of the individual's benefits for a minimum of three months, but not more than six months.

During our audit we reviewed 76 sanctions for TANF recipients in 13 counties throughout the State to determine if recipient benefits were appropriately reduced when program rules were violated. Our review consisted of 21 level one sanctions, 22 level two sanctions, and 33 level three sanctions. While there were no exceptions noted with the benefit calculations for level one or level two sanctions, we noted one instance in which a level three sanction was not calculated appropriately by the county caseworker. The level three sanction was established in August 2003 and was to extend through October 2003. According to Department staff, the case was initially set up as a third-level sanction, and benefits were terminated for August 2003. However, Department staff indicated that the county caseworker inappropriately and intentionally circumvented TANF system controls to reinstate the case as "child only" in August 2003, even though the case did not meet the requirements for a "child only" case. Under federal TANF regulations, a "child only" case is not subject to the State's sanction policies. As a result of the change, the TANF recipient was overpaid a total of \$414 (\$207 each for September and October). The Department reports that it has not followed up with the county to determine what, if any, disciplinary action was taken against the caseworker as a result of the circumvention of sanction controls.

We identified two problems with the Department's monitoring of TANF sanctions. First, the Department does not include sanctions as part of its on-site review process. Department TANF staff perform on-site monitoring of county TANF activities on a cyclical basis, utilizing a formal plan that designates general areas for review. However, the Department's plan does not include sanctions as an area for on-site review. Further, none of the four county review reports we examined stated that the

Department had performed testwork on TANF sanctions. One review indicated that TANF staff had not seen evidence in case files of a clear sanction process at the county; however, the report did not indicate that any specific testwork was performed to ensure that benefits for sanctioned individuals were properly reduced or terminated. We also reviewed completed case file review tools contained in 11 case files and noted that none of the review tools contained any reference to sanction monitoring.

Second, we found that the Department does not review the COIN “Sanctions Report Detail” report. While we identified the exception noted above through our audit testing of a sample of sanctions contained on this report, TANF staff indicate they do not routinely review this report or select a sample of the sanctions contained on the report for testing.

In order to prevent and detect errors and irregularities, the Department should strengthen controls at both the Department and county level over TANF sanctions. County TANF staff report that the overpayment occurred because county management made the decision during Fiscal Year 2004 to allow caseworkers to issue and maintain third-level sanctions for their cases, rather than having them approved by a supervisor. Because of this policy decision, the caseworker, without supervisory approval, was able to reinstate benefits.

In order to reduce the risk that payments are made to ineligible individuals, the Department should formally incorporate reviews of sanctions into its on-site county monitoring process and review monthly TANF sanction reports to identify and investigate discrepancies. This review process should include steps to ensure counties have sufficient supervisory review processes in place over sanctions and that counties have taken steps to address any noted deficiencies related to sanctions.

(CFDA No. 93.558; Temporary Assistance for Needy Families; Allowable Costs/Cost Principles, Subrecipient Monitoring.)

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### **Recommendation No. 73:**

The Department of Human Services should improve controls over sanctions for the TANF program by:

- a. Formally incorporating reviews of sanctions as part of the current on-site county monitoring process and following up on problems as appropriate. This should include ensuring that counties have sufficient supervisory reviews over sanctions in place and that counties take steps to address any noted deficiencies related to sanctions.

- b. Reviewing monthly TANF sanction reports and identifying and investigating discrepancies.

### **Department of Human Services Response:**

- a. Agree. Implementation date: June 1, 2005.

The Department of Human Services will formally incorporate reviews of sanction policies as part of its on-site county monitoring process.

- b. Agree. Implementation date: July 1, 2005.

The Department will regularly review the *Sanctions Report Detail* report that exists in the Colorado Benefits Management System (CBMS) to identify and investigate any discrepancies.

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## **Cash Management**

In Fiscal Year 2004 the Department of Human Services (DHS) expended \$808.4 million for the administration of 81 programs, including programs at five of the State's nursing homes. The Department operates on a reimbursement basis with the federal government, expending general funds dollars for federal programs prior to requesting federal reimbursement for the appropriate federal share. The reimbursement process is governed by the federal Cash Management Improvement Act (CMIA). The purpose of CMIA is to minimize the time between when a state makes an expenditure for a federal program and when the federal reimbursement is received so neither party incurs a loss of interest on the funds. In other words, the intent is that the payment issued by the Department should clear the State's bank on the same day the federal reimbursement is received for the related expenditure.

Under CMIA, the State must enter into a formal agreement with the federal Department of the Treasury to establish reimbursement schedules for selected federal programs awarded to the State. In Colorado, the State Treasury Department prepares and submits the agreement to the Federal Department of the Treasury. For Fiscal Year 2004, Colorado's CMIA agreement contained seven programs administered by DHS: Food Stamps, Temporary Assistance for Needy Families (TANF), Child Support Enforcement, Child Care and Development Block Grant, Child Care Mandatory and Matching Funds, Foster Care - Title IV-E, and Social Services Block Grant. The seven programs covered under CMIA accounted for approximately \$568.2 million, or 70.3 percent of the Department's total federal expenditures in Fiscal Year 2004.

In our Fiscal Year 2002 audit, we recommended that DHS improve controls over its cash management process to ensure draws were made in compliance with the CMIA agreement. During Fiscal Year 2003 the Department met with State Treasurer's Office staff to review the current draw pattern for the programs covered under CMIA. As a result of these meetings, the State Treasurer changed the Department's draw pattern from three to five days, effective July 1, 2003. In practice, this means that the Department should request reimbursement for an allowable expenditure the fifth business day after an electronic funds transfer (EFT) is approved on the State's accounting system (COFRS).

During our Fiscal Year 2004 audit, we noted three areas of concern relating to the Department's cash management process: (1) late draws made by the Department, (2) duplicate draws made by the Department, and (3) a need for the Department to obtain clarification for its CMIA responsibility for one program. These issues are discussed in detail below.

**Late Draws.** We selected a sample of 40 electronic funds transfers for CMIA-covered federal programs. For the sample, we determined the number of days between when the federal expenditure was incurred and when federal reimbursement was requested, or the "draw pattern." The results of our testwork are contained in the following table.

<b>Department of Human Services Cash Management for Federal Programs Summary of Transactions Tested Fiscal Year 2004</b>			
<b>Days Between Expenditure and Request for Federal Funds</b>	<b>Number of Transactions</b>	<b>Percentage of Total Transactions Tested</b>	<b>Amount of Federal Funds Requested</b>
<b>5 (required under CMIA agreement)</b>	13	32.5	\$ 1,629,651
<b>6 (exceeds allowable)</b>	10	25.0	\$ 13,450
<b>7 or more (exceeds allowable)</b>	17	42.5	\$ 2,576,984
<b>TOTAL</b>	40	100.0	\$ 4,220,085
<b>Source:</b> Auditor analysis of federal draw information provided by the Department of Human Services.			

This indicates that the Department requested reimbursement of the federal portion of allowable expenditures as directed by the formal CMIA agreement in only a third of the cases sampled. In approximately 68 percent (27 of 40) of the transactions tested, the federal funds were drawn in six or more days rather than the five days as required. Further, we noted that for those transactions requested seven or more days after the expenditure, in six cases the draws of federal funds were not made until 20 to 28 days after the expenditure was incurred. The lack of timely federal draws represents a potential loss of interest on state general funds. To lessen the risk of lost interest to the State, the Department should ensure it is complying with its five-day draw requirement for CMIA program expenditures.

**Duplicate Federal Draws.** During our cash management testwork, the Department reported that it made duplicate draw requests during the first half of Fiscal Year 2004 for 25 expenditures. The Department provided documentation showing that as a result of the duplicate draw requests, it overdrew a net amount of \$101,000 for CMIA-covered programs in September and December 2003. The Department subsequently returned this overpayment to the federal government by April 2004. Department staff believe they have identified and returned all overpayments resulting from the duplicate draws. The Department should determine the reason for the duplicate draws and ensure that processes are adequate to prevent duplicate draws in the future.

**Clarification of CMIA Responsibility for the Food Stamp Program.** The Department currently contracts with JP Morgan, formally Citibank Corporation, to deliver payments for Food Stamps and TANF recipients as well as other state and federal benefit payments through Electronic Benefits Transfer, or EBT. For food stamp benefit expenditures, under its Memorandum of Understanding (MOU) with the federal Food and Nutrition Services (FNS) within the United States Department of Agriculture, JP Morgan requests reimbursement directly from the federal government. Because DHS is no longer responsible for requesting reimbursement for food stamp benefits, we question the inclusion of the Food Stamp program in the State's CMIA agreement with the federal Treasury Department. The Department of Human Services needs to seek clarification from FNS and the federal Department of the Treasury of its responsibility for meeting CMIA requirements for the Food Stamps program. The Department should relay any adjustments deemed necessary to the state CMIA agreement as a result of these discussions to the State Treasurer.

(CFDA Nos. 10.551, 93.558, 93.563, 93.575, 93.596, 93.658, and 93.667; Food Stamps, Temporary Assistance for Needy Families, Child Support Enforcement, Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund, Foster Care - Title IV-E, and Social Services Block Grant; Cash Management.)

**Recommendation No. 74:**

The Department of Human Services should improve cash management controls by:

- a. Ensuring federal funds are drawn in a timely manner for all federal programs.
- b. Identifying the reason for past duplicate federal reimbursement requests and ensuring duplicate draw requests are not made in the future.
- c. Seeking clarification from the federal government regarding its responsibility for meeting CMIA requirements for the Food Stamps program.

**Department of Human Services Response:**

- a. Agree. Implementation date: April 2005.

The Department instituted procedures to conform with the five-day draw pattern as defined by the Colorado Department of Treasury in July 2003. We will work with the auditors to identify an acceptable outside verification for the actual draw dates. We will also obtain access to the State's bank account to demonstrate to the auditors the timing of the posting by the bank versus the date drawn to confirm that the process is timely.

- b. Agree. Implementation date: February 2004.

The cash management accountant developed a procedure to ensure that duplicate draws are identified prior to the draw in December 2003. After additional research, the cause of the duplicate draws was identified in February 2004 and the procedures developed in December were determined to be effective in ensuring that no further double draws would occur. The procedures have proven effective as no double draws have occurred since December.

- c. Agree. Implementation date: July 2004.

The Department consulted with the Colorado Department of Treasury's cash management representative and it was agreed that the Food Stamp Program disbursed and drawn down by JP Morgan should not be included in the State's CMIA. The 2005 CMIA reflects the appropriate

Food Stamp program, the State Administrative Matching Grants for Food Stamp Program.

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## **Supportive Housing and Homeless Programs**

The federal Section 8 Housing Choice Voucher Program (HCVP) is governed by the Department of Housing and Urban Development (HUD) Act and the Housing Act of 1937. According to the Catalog of Federal Domestic Assistance, the purpose of HCVP is “to aid very low income families in obtaining decent, safe, and sanitary rental housing.” To accomplish this objective, HCVP provides eligible families with rent subsidies and utility allowances.

HCVP is generally administered by state or local governmental entities called Public Housing Agencies (PHAs). The United States Department of Housing and Urban Development provides PHAs 100 percent of the funds necessary to administer HCVP. PHAs enter into annual contribution contracts with HUD to administer HCVP. In Colorado, the PHA administering HCVP is the Supportive Housing and Homeless Program (SHHP) within the Department of Human Services’ Office of Health and Rehabilitation. During Fiscal Year 2004 the Department expended \$17.5 million to serve nearly 3,460 tenants under the program.

During Fiscal Year 2004, SHHP had over 70 memorandums of understanding (MOUs) with local service providers, including community mental health centers, independent living centers, and homeless providers. According to the MOUs, the local service providers, under the supervision of SHHP, assist clients with applications, determine eligibility, help clients find and enter a lease for a suitable dwelling, and calculate the client’s and SHHP’s share of the rent. In most cases, when a suitable dwelling is found, a lease between the client and the landlord is established and all SHHP housing assistance payments made on behalf of the client are paid directly to the landlord. However, in some cases, service providers enter into a lease agreement directly with a landlord and then sublease the dwelling to an HCVP-eligible client. Service providers in these cases are considered to be “acting as the landlord.” In these situations, all SHHP housing assistance payments go directly to the service provider, who is responsible for paying the landlord.

## **Overpayments to One Local Service Provider Acting as the Landlord**

During our audit we reviewed 54 HCVP-client case files maintained by two service providers in which the service provider was subleasing the rental dwelling to the client. Specifically, we reviewed leases executed between the service provider and the dwelling owner or management as well as subleases executed between the service provider and the client. We then reviewed the rent calculations to determine if the appropriate amount was charged to SHHP. We identified a total of eight cases (8 of 54, or 15 percent) in which one service provider was overpaid a total of \$11,175 in housing assistance payments.

Under HCVP regulations, the housing assistance payment made by SHHP to either the landlord or service provider must be based on gross rent or the approved rent payment standard, whichever is less. The approved payment standard is a rate set for each size of unit, such as a one-bedroom or two-bedroom unit. The payment standard is set in order to place a cap on the amount of rent that can be charged to and paid by SHHP. In all eight overpayments identified, the service provider recorded the approved rent standard amount into SHHP's information system rather than the actual lower rent it was paying to the landlord under its lease. SHHP, therefore, paid the service provider based on the higher rate rather than on the actual rent paid.

SHHP staff do not regularly review service provider leases executed directly with a landlord to determine whether rental amounts billed by service providers are appropriate. SHHP staff perform general on-site reviews of service providers on a cyclical basis, normally reviewing each agency at least once in every two-year period. On-site reviews include reviewing a sample of cases to ensure that all documentation is present in the case files. For cases in which service providers have entered directly into a lease with a landlord and then sublease the unit to an HCVP client; however, the lease between the service provider and the landlord will not be in the file, and SHHP staff do not routinely request the lease for review.

The overpayments identified during the audit raise concerns regarding SHHP's policy to allow service providers to act as the landlord for HCVP-eligible individuals without adequate review procedures in place. As noted, while SHHP has direct access to information for leases between HCVP clients and landlords through its information system and case file reviews, SHHP does not require that service providers provide copies of leases they executive directly with landlords. Therefore, the risk of overpayments, fraud, and abuse is increased. We believe that the Department should reconsider the need for and appropriateness of its current policy to allow service providers to sublease rental units to HCVP clients. If the practice

is deemed inappropriate or unnecessary, the Department should eliminate it. Otherwise, the Department should incorporate a review of service provider leases executed directly with a landlord into its regular on-site review process.

(CFDA No. 14.871; Section 8 Housing Choice Vouchers; Activities Allowed and Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring.)

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### **Recommendation No. 75:**

The Department of Human Services should improve its administration of the Supportive Housing and Homeless Program by:

- a. Discontinuing its current policy to allow local service providers to sublease rental units to SHHP clients. If the Department decides to continue the policy, it should require that all leases and subleases executed by service providers be submitted to the Department, and the Department should review them for compliance to federal regulations.
- b. Taking immediate steps to recover the \$11,175 in housing assistance overpayments made to the service provider.

### **Department of Human Services Response:**

- a. Agree. Implementation date: May 1, 2006.

SHHP is currently formulating a plan to discontinue the practice of allowing local service providers to sublease rental units to its clients. In the mean time, and throughout the implementation period, SHHP will require that all leases and subleases executed by service providers be submitted to the Department for review.

- b. Agree. Implementation date: May 1, 2006.

SHHP has recovered the entire \$11,175 in overpayments from the service provider in question.

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## Travel Expenditures

During Fiscal Year 2004 the Department of Human Services expended nearly \$1.2 million for employees' in-state and out-of-state business travel. State Fiscal Rules issued by the State Controller's Office provide policies for state agencies to follow concerning business travel. The Department has also issued its own policies and procedures governing authorization for travel and reimbursement of travel expenses by state employees traveling for official state business.

As part of our Fiscal Year 2004 audit, we selected a sample of 25 travel expenditures for review. We identified one or more problems with 18 of the 25 (72 percent) expenditures selected for review. In one expenditure, we identified potential fraud perpetrated by an employee within the Department's Vocational Rehabilitation Program (CFDA #84.126). This employee consistently claimed mileage reimbursement for travel made in a personal vehicle in excess of that allowed under State Fiscal Rules. State Fiscal Rules state: "An employee may be reimbursed for use of a personal automobile. . . for the number of miles between the employee's residence and the temporary work location or the employee's regular work location and the temporary work location, whichever is less." In this case, the employee had requested reimbursement for the greater rather than the lesser of the two distances; as a result, the employee was overpaid \$234. Subsequently, we reviewed all travel reimbursement requests for this employee for Fiscal Years 2002 through 2004 and determined that the employee appears to have been overpaid a total of about \$4,100 during the three-year period. Further, we identified two additional DHS Vocational Rehabilitation Division employees that appear to have been overpaid by a total of about \$142 for Fiscal Year 2004 travel reimbursement requests. We noted that each of the inappropriate reimbursement requests for the three Vocational Rehabilitation employees had been approved for payment by the same supervisor. Department staff agreed with our findings.

Federal regulations require federal program expenditures to adhere to state laws and regulations in order to be allowable. Because these payments were not in accordance with State Fiscal Rules or, therefore, federal regulations, the Department should take immediate steps to recover the payments and to repay the portion owed to the federal government.

We noted the following additional problems with the travel expenditures in our sample:

- Supporting documentation for three employee travel reimbursement requests totaling \$500 was insufficient. All three payments were made for mileage

driven in personal vehicles by employees; however, none of the requests contained specific locations driven from and to, as required by Fiscal Rules.

- Portions of four travel expenditures totaling \$9,200 were coded incorrectly on COFRS.
- Supporting documentation for three direct payments to vendors totaling \$590 for travel expenditures was inadequate. For example, one of the payments was made to a hotel for charges incurred by seven individuals; however, the documentation maintained with the transaction did not indicate the purpose of the charges or who the individuals were. DHS staff subsequently provided information indicating the individuals were state contractors.
- Two travel reimbursement requests did not contain a purpose for the travel, as required by State Fiscal Rules and Department policy.
- Three travel reimbursement requests did not contain a “Request to Use Private Automobile Form” attached for mileage in excess of 65 miles, as required by DHS policy.
- Six travel reimbursement requests were not filed within five working days of month-end, as required by DHS policy.
- One travel reimbursement request did not meet the State Fiscal Rules requirement to contain a specific signed employee certification.
- One per diem amount of \$4 was paid in excess of the maximum allowable under State Fiscal Rules.

While the amounts in error in our sample are small, they indicate a general absence of review.

Department staff indicate that employee supervisors are responsible for reviewing and approving employee reimbursement requests as well as reviewing travel expenditures incurred in their respective divisions for appropriateness. However, our findings indicate that the Department needs to strengthen its controls over travel expenditures in order to determine that they are appropriate and allowable under State Fiscal Rules, federal regulations, and DHS policy.

(CFDA No. 84.126; Rehabilitation Services - Vocational Rehabilitation Grants to States; Allowable Costs/Cost Principles.)

**Recommendation No. 76:**

The Department of Human Services should improve controls over travel expenditures to ensure they are appropriate and allowable under state and federal regulations. The Department should also take steps to immediately recover overpayments made by the Vocational Rehabilitation Program and repay the portion owed to the federal government.

**Department of Human Services Response:**

Agree. Implementation date: June 2005.

The Department will reissue the travel form with more complete instructions: to include a list of required fields (shaded on the form) and the required backup/documentation for various types of travel expenses. This is to be sent department-wide and used as a basis to return incomplete submissions. Training will be conducted on the use of travel object codes. There has been a large turn over in vouchering staff at Ft. Logan which will be moving to the central office. This move should provide more consistency and ease of training. The Department does intend to recover overpayments made to individuals working in the Vocational Rehabilitation Program.

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**Vocational Rehabilitation Procurement**

In Fiscal Year 2004 the Department of Human Services expended over \$33.4 million in state and federal funds for the operation of the Vocational Rehabilitation Program (CFDA #84.126). The purpose of this program, which is overseen by the Department's Division of Vocational Rehabilitation (DVR), is to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities so they may prepare for employment.

Clients determined to be eligible under the Vocational Rehabilitation Program may receive services and benefits including vocational counseling and case management services provided by DVR counselors. Services and benefits may also be provided by non-State, or "outside," vendors or sources. Examples of these services and benefits are complex mental health counseling, fees for vocational training, and restorative surgery. DVR provided direct payments and services to over 18,600 clients during Fiscal Year 2004. All services were provided by either DVR counselors or one of 3,083 different non-state providers.

State Fiscal Rules and the State Procurement Code provide guidelines for purchasing services from non-state providers. State Fiscal Rules require that state agencies use state contracts when purchasing services costing more than \$50,000. Further, the State Procurement Code requires agencies to use a competitive bid process to procure services over \$50,000.

We found that the Department is not following the State Procurement Code requirement to use a competitive bid process when procuring services totaling more than \$50,000. Specifically, we noted that the Department did not use a competitive bid process in 125 cases in which DVR's aggregate payments to a single provider exceeded \$50,000 during Fiscal Year 2004. For example, DVR spent almost \$600,000 on psychological evaluations during the year. One vendor was paid nearly \$184,000, or 31 percent of the Division's total expenditures for this service. However, DVR did not require this vendor to submit a competitive bid to provide the services. Further, three other vendors who also had not been required to submit bids to DVR were paid more than \$50,000 each for performing psychological evaluations during Fiscal Year 2004.

During the Office of the State Auditor's *Division of Vocational Rehabilitation Performance Audit*, Report No. 1001, dated August 1997, we determined that the Department was not utilizing a competitive bid process for procuring Vocational Rehabilitation services. As a result of our audit, the Department instituted the use of Provider Agreements for obtaining Vocational Rehabilitation services effective January 1, 1999. DVR now requires a vendor to sign a Provider Agreement in order for that vendor to provide services. The Provider Agreement requires that the service provider meet specific professional qualifications for the covered services and comply with DVR's established fee schedules. When a client wishes to receive services, he or she chooses a provider from an approved vendor list; upon providing the service, the vendor completes an Authorization for Service form and submits a request for payment to the Department.

Also as a result of the 1997 audit, the DHS Procurement Director, acting under delegation from the State Purchasing division, determined that the services the Department purchases for Vocational Rehabilitation clients qualified as "Special Circumstances Procurements" under Section 24-103-206-04, C.R.S. Under this statute, special circumstances procurements were provided in instances in which multiple qualified providers of services are identified and fees are predetermined and not negotiable. This statute, however, was subsequently repealed and the "Special Circumstances" procurement method was removed from the State Procurement Rules in September 2001.

Thus, we believe the Department is required to use a competitive bidding process when procuring Vocational Rehabilitation services over \$50,000. The competitive bidding process provides the following advantages:

- Encourages competition among service providers to provide services of the highest quality at the lowest price.
- Allows DVR to maximize the purchasing value of public funds.
- Allows DVR to ensure the fair and equitable treatment of all service providers.

Federal regulations require that when purchasing services with federal grant monies, “a state will follow the same policies and procedures it uses for procurements from its non-federal funds.” Therefore, by not complying with the State Procurement Code, the Division is also not in compliance with the federal requirements, which could potentially result in the loss of federal funding. Further, by not competitively bidding for Vocational Rehabilitation services, the State may be at risk of litigation from vendors who believe they have been unfairly excluded from state contract work.

(CFDA No. 84.126; Rehabilitation Services - Vocational Rehabilitation Grants to States; Procurement, Suspension, and Debarment.)

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## **Recommendation No. 77:**

The Department of Human Services should comply with state and federal regulations for the Vocational Rehabilitation Program by competitively bidding for services from a single provider that exceed \$50,000 annually.

### **Department of Human Services Response:**

Agree. Implementation date: October 2005.

In response to a finding in the August 1997 performance audit report, the CDHS Procurement Director, acting under delegation from the State Purchasing division, determined that the services the Division of Vocational Rehabilitation (DVR) purchases for clients qualify as “Special Circumstances Procurements” under CRS 24-103-206-04 where multiple qualified providers of services are identified and fees are predetermined and not negotiable. The State Purchasing Director was consulted on this matter and concurred with

this determination. The State Purchasing Director also agreed that procedures developed by DVR were fully compliant with the State's purchasing requirements as they existed at the time. However, given that this statute no longer exists, DVR agrees that it needs to work with the CDHS Procurement Director to develop an alternative strategy that complies with current State Procurement Code and State Fiscal Rules. This strategy will also need to contain a mechanism that enables DVR to accommodate its federal requirements: 1) to provide clients with a choice of providers, and 2) to assure the continuity of services and providers across fiscal years, when needed.

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## **Colorado State Veterans Nursing Home at Fitzsimons**

The Colorado State Veterans Nursing Home at Fitzsimons (the “Nursing Home”) is a skilled-care nursing facility created under Title 26, Article 12 of the Colorado Revised Statutes. It provides health services (including physician care, physical, speech, and occupational therapy, dietician consultation, dental care, and 24-hour licensed nursing care) and related social care to patients who are severely limited in their ability to care for themselves due to severe illness and/or disability. The Nursing Home also has an Alzheimer’s unit which provides, in addition to the care mentioned above, a safe and secure environment for patients with Alzheimer’s or related disorders.

The Nursing Home held its grand opening on July 4, 2002 and admitted its first resident on October 21, 2002. The Nursing Home, by statute, serves all veterans of service in the armed forces of the United States, their spouses, their widow(er)s, and their dependent mothers and/or “gold star” parents. A gold star parent is a parent whose child died in combat or as a result of injuries received in combat. Preference for admission is given to Colorado veterans. The Nursing Home must maintain a 75 percent veterans occupancy based on the number of residents. The Nursing Home serves veterans without regard to sex, race, color, or national origin.

The Nursing Home is one of a very limited number of facilities which meet U.S. Department of Veterans Affairs (VA) requirements to provide care to veterans. In turn, the Nursing Home receives certain funding from VA on the basis of the number of veterans served. The Nursing Home is overseen by the Division of State and Veterans Nursing Homes within the Colorado Department of Human Services.

The following comment was prepared by the public accounting firm of McPherson, Breyfogle, Daveline & Goodrich, PC, which performed Fiscal Year 2004 audit work at the Colorado State Veterans Nursing Home at Fitzsimons.

## **Exhibit K Preparation**

At the end of each fiscal year, the State Controller's Office requires all agencies to prepare and submit reports, or "exhibits," for use in compiling the statewide financial statements and required footnote disclosures. Within each department, each agency is responsible for preparing its own exhibits.

We performed audit procedures with respect to the Nursing Home's preparation of Exhibit K, Schedule of Federal Assistance for the Fiscal Year ended June 30, 2004. This exhibit is used to report federal receipts and expenditures for the Nursing Home's administration of grant programs, and it is the basis for the State's Schedule of Expenditures of Federal Awards (SEFA) submitted to the federal government each year. As a result of our audit procedures, we noted that:

- Exhibit K required four separate revisions for Fiscal Year 2004 due to errors and omissions we identified through our audit. We requested that Nursing Home staff correct expenditures, beginning balances, ending balances, and grants included on the Exhibit K, respectively, on the original and revised exhibits submitted by the Nursing Home. For example, Nursing Home staff erroneously included receipts totaling \$322,000 and expenditures totaling \$24,300 on the Exhibit K for a federal non-grant program. Also, Nursing Home staff used beginning balance information from its accounts receivable system that had not been reconciled to COFRS. During Fiscal Year 2004 Nursing Home staff had made adjustments to the information in the system and amounts recorded on COFRS but staff did not incorporate the adjustments while preparing the Exhibit K. As a result, Exhibit K beginning balances were initially overstated by a total of \$132,000.
- Exhibit K was not prepared by the Nursing Home for the year ended June 30, 2003. Therefore, no beginning accounts receivable balances were available for the Fiscal Year 2004 exhibit. Further, the State's Schedule of Expenditures of Federal Awards for Fiscal Year 2003 was understated by \$465,000.

The Nursing Home should improve controls over the preparation of the Exhibit K in order to ensure the State's SEFA is accurate and that time required to correct and revise exhibits is minimized. This should include providing adequate training to staff preparing the exhibit and instituting a supervisory review process over the Exhibit K prior to its submission.

(CFDA Nos. 64.010, 64.015; Veterans Nursing Home Care, Veterans State Nursing Home Care; Reporting.)

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### **Recommendation No. 78:**

The Department of Human Services should improve controls over the preparation of the Exhibit K at the State Veterans Nursing Home at Fitzsimons by:

- a. Ensuring staff preparing the exhibit are adequately trained.
- b. Instituting a secondary review process over the Exhibit K to ensure its accuracy prior to submission.
- c. Ensuring that information used to prepare the Exhibit K is accurate. Periodic reconciliations between federal accounts receivable information in the accounts receivable system and COFRS should be performed during the fiscal year and a supervisory review should be performed on the reconciliations.

### **Department of Human Services Response:**

- a. Agree. Implementation date: June 30, 2005.

The Division of State and Veterans Nursing Homes' accountant will adequately train Fitzsimons' business office staff in preparing the Exhibit K.

- b. Agree. Implementation date: June 30, 2005.

We will have the Division of State and Veterans Nursing Homes' Accountant review the Exhibit K for accuracy prior to submission and have a secondary review from the CDHS Central Accounting Office.

- c. Agree. Implementation date: January 31, 2005.

We will have periodic reconciliations between federal accounts receivable information in the accounts receivable system and COFRS. These reconciliations will be performed during the fiscal year and the Division of State and Veterans Nursing Homes' Accountant will review the reconciliations.

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## Services for Older Coloradans Overview

The Older Americans Act, passed by Congress in 1965, funds supportive community services to all seniors age 60 and over without regard to gender, ethnicity, or income. The Administration on Aging, a division of the United States Department of Health and Human Services, administers the Older Americans Act program. Authority for the program resides in Title 42 of the United States Code, Section 3001, et seq. Federal rules are further prescribed in Title 45 of the Code of Federal Regulations.

In Fiscal Year 2000, Colorado's General Assembly established the Older Coloradans' Act program to expand upon funding available under the Older Americans Act. The Older Coloradans' Act program provides state general funds to the Department of Human Services (Department) for many of the same services available under the Older Americans Act. Administration, eligibility determination, and service provision under both the Older Coloradans' and the Older Americans Act programs are the same. The Older Coloradans' Act is governed by Article 11, Title 26, of the Colorado Revised Statutes. All services provided under the Older Americans Act and Older Coloradans' Act are also governed by state rules in Section 12 of the Colorado Code of Regulations, Section 2510 (also known as Volume 10).

The purposes of both the Older Americans Act and Older Coloradans' Act programs are to (a) secure and maintain maximum independence and dignity in a home environment for older individuals, (b) remove individual and social barriers to economic and personal independence, (c) provide a continuum of care for vulnerable older individuals, and (d) secure the opportunity for older individuals to receive managed in-home and community-based long-term care.

During Fiscal Year 2004 the Office of the State Auditor conducted the *State Services for Older Coloradans Performance Audit*, Report No. 1596, dated June 2004. The comments below were contained in that report.

## Quality of Care

The purpose of Title III of the Older Americans Act is to assist state agencies and Area Agencies on Aging (Area Agencies) with establishing a comprehensive, coordinated system for serving older individuals. The Department of Human Services (Department) awards funding to 16 Area Agencies who, in turn, award program funds to service provider agencies to process applications, determine eligibility, and deliver services to program participants. Service providers are often an applicant's first and only point of contact with the Older Americans Act program.

Our audit reviewed the Department's and Area Agencies' practices for ensuring access to a high-quality, coordinated care system. We found that insufficient oversight, service fragmentation, and program abuses create some substantial barriers for the seniors accessing program services. Program restructuring would improve access to services and coordination of care. Additionally, increased monitoring and stronger controls are needed to improve accountability and increase the quality of care provided by the Older Americans Act and Older Coloradans' Act programs.

## **Service Coordination**

Older Americans Act services are available to anyone age 60 and older, and federal law requires that priority be given to individuals with the greatest economic or social needs. Our audit evaluated Area Agency and service provider practices for managing participant applications and services in accordance with program priorities. We concluded that the Older Americans Act program lacks a centralized, coordinated process for determining eligibility and managing services effectively.

We found that participants must contact multiple providers to qualify for services. For example, if an individual needs both nutrition services and transportation to and from the senior center meal site, that individual may have to apply for the services with two different providers: a nutrition provider and a transportation provider. Each entity will conduct a separate eligibility assessment for program services and the individual will need to provide personal information, separately, to each provider. We also found that there is no standardized application and assessment tool to qualify applicants for services. Of the four nutrition service providers we visited, three use an in-depth intake assessment instrument and one uses a simple questionnaire. Seven service providers did not have applications available in Spanish, as required by program rules (Volume 10, Section 10.305(A)(1)(b) and (2)(d)). These practices could result in qualifying people for services in one area and denying them services in another.

Further, we found problems with service tracking and management. The Older Americans Act program does not currently provide case management services for participants. If participants want their services to be managed by a case manager, they must purchase case management services from other sources, using their own funds.

Finally, we identified significant problems with program accountability and oversight. We identified instances where services were billed to, and paid by, both the Older Americans Act and Medicaid programs. We found that the Department used Older Americans Act funds to pay for services that were not delivered in accordance with Area Agency and service provider agreements. Participants were billed for some services in violation of program rules. These problems are evidence

of insufficient program management, and they directly impact the quality of services delivered to Colorado's seniors. We discuss service billing and accountability issues in more detail under Service Costs and Program Administration.

Lack of coordination and lack of accountability are shortfalls of the current Older Americans Act program. Consequently, the Department needs to take immediate steps to restructure the program. To improve access and accomplish program goals, seniors need to be able to access public- and private-funded services through a single, coordinated system, such as the existing Single Entry Point (SEP) system administered by the State's Medicaid program. The SEP system provides a single entry point for seniors to access an array of services, including Medicaid-covered services provided in homes and institutions. Although SEP program rules allow the SEPs to coordinate care for the Older Americans Act and other private- and public-funded programs, the Older Americans Act program is not currently included in the State's Single Entry Point system. For the SEP system to provide services to individuals who are not Medicaid eligible, the SEP must receive funding from a source other than Medicaid. For example, the SEP system currently offers case management services to individuals who do not qualify for Medicaid. The SEPs charge fees ranging between \$11 and \$125 per hour, depending on the case and its complexity.

The goals of the Older Americans Act program and the home and community-based services provided through Medicaid are similar—to provide supportive services in the community that allow seniors to live independently. As a result, program eligibility determination and case management efforts, including coordination of services for the two programs, could be combined. Other states, including Oregon and Indiana, have similar programs that provide seniors with a one-stop shop for application and management of community services, including Older Americans Act, Medicaid home and community-based services, and other public- and private-funded programs.

The Department recognizes the advantages of coordinating eligibility determination and service authorization by encouraging Area Agencies to contract with the Single Entry Point agencies for case management services. Although 3 of the 16 Area Agencies currently operate as joint Area Agency/SEP offices, these joint Area Agencies/SEPs have only established agreements for referrals. This means that the SEP will refer Older Americans Act applicants to Area Agency staff for service provision but will not provide case management or other services.

The United States Department of Health and Human Services (HHS) also recognizes the value of coordinating efforts to improve access to community services for people who are elderly or who have disabilities. In 2003, HHS issued a solicitation for grant

proposals from states that were interested in setting up a one-stop shop for community-based services. The grant stated that:

A single, coordinated system of information and access for all persons seeking long term support will minimize confusion, enhance individual choice, and support informed decision-making. It will also improve the ability of state and local governments to manage resources and to monitor program quality through centralized data collection and evaluation.

The grant provided up to \$800,000 to states for pilot programs establishing single points of contact for elderly and disabled individuals to access long-term community supportive services, whether funded through Medicaid, the Older Americans Act, or other public- or private-funding sources.

The grant requires the cooperation of both the Department of Human Services and the Department of Health Care Policy and Financing. We believe that the Departments should move forward with a pilot project to establish a one-stop shop for community-based services for seniors. The pilot should be flexible, ensuring that SEPs provide case management and service coordination at a range of intensities in accordance with client needs. The Department should reallocate a portion of its Older Americans Act funds to pay SEPs for managing and coordinating care to seniors who are not eligible for Medicaid, on the basis of the care that individuals require.

Reorganizing the Older Americans Act program to deliver services through a single, coordinated entry point and providing case management and service coordination, as appropriate, will substantially improve access and service quality for Colorado's seniors. Further, a centralized structure will increase program accountability and service tracking. Since implementing the pilot will take some time, the Department should take immediate steps to improve access to services by standardizing the application and assessment process and ensuring application forms and other program information are available in Spanish, as appropriate.

(CFDA Nos. 93.043, 93.044, 93.045, 93.777, 93.778; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special Programs for the Aging - Title III, Part C - Nutrition Services, State Survey and Certification of Health Care Providers and Suppliers, and Medical Assistance Program; Eligibility, Subrecipient Monitoring.)

**Recommendation No. 79:**

The Department of Human Services and the Department of Health Care Policy and Financing should work together to pilot a system for reorganizing the Older Americans Act and Older Coloradans' Act programs. The pilot should use the State's current Single Entry Point system for determining eligibility, assessing participant needs, and providing service coordination and case management services, as appropriate, to individuals qualifying for Older Americans Act services.

**Department of Human Services Response:**

Agree. Implementation date: January 2007 (contingent on funding).

The Department agrees with this recommendation. Contingent upon grant funding and on Health Care Policy and Financing participation, Area Agencies on Aging, Single Entry Points, local governments, and the Department will pilot this recommendation by State Fiscal Year 2007.

**Department of Health Care Policy and Financing Response:**

Agree. Implementation date: August 2004.

Funding is the missing element that would ensure Single Entry Points (SEPs) deliver case management and service coordination for non-Medicaid persons who qualify under the Older Americans Act. The Department of Health Care Policy and Financing does not have the authority to fund case management and service coordination to non-Medicaid eligible clients. Allocating Older Americans Act funds to pay the SEPs for service coordination of non-Medicaid clients will resolve the funding issue.

Representatives from the Mesa County/Grand Junction county department of social services, county commissioners, health plan, mental health providers, legislature and medical providers got together and expressed an interest to the Department of Health Care Policy and Financing that they wanted to find a way to coordinate all services for the elderly population within their area. Mesa County may be willing to participate in a pilot program coordinating all services provided to those who qualify for under the Older Americans Act. After the audit is released, the Department of Health Care Policy and Financing will discuss this issue with Mesa County.

## **Recommendation No. 80:**

While the Department of Human Services is working on implementing a pilot system for reorganizing the Older Americans and Older Coloradans' programs, it should increase access and improve the application and eligibility determination processes for Older Americans Act services by:

- a. Working with the Area Agencies to develop a single, standardized assessment and eligibility determination form and process that eliminates the need for clients to apply with multiple service providers.
- b. Translating program information, including applications and assessment forms, into appropriate languages for those regions where at least 5 percent of the population primarily speaks a language other than English.
- c. Providing training to Area Agency and service provider staff on the application and eligibility determination processes.

## **Department of Human Services Response:**

Agree. Comprehensive implementation date: April 2005.

The Department agrees with this recommendation and is currently in the process of developing a standardized assessment to be completed by October 2004. This assessment will be available in languages where at least 5 percent of the population primarily speaks a language other than English by January 2005. Upon completion of the new intake and assessment tool, formal training will be provided to the Area Agencies by December 2004, with the intent to limit the need for participants to contact multiple providers to access services. Area Agencies will train service providers by April 2005.

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## **Service Access**

The State's service plan requires the Department and Area Agencies to give preference to individuals with the greatest economic or social needs, targeting people who have low incomes, who are minorities, and who live in rural areas. During our review we found that some service providers' practices impair seniors' financial and geographic access to the services they need to remain in their communities and avoid placement in more costly long-term care facilities.

## Financial Access

Federal law allows people receiving Older Americans Act services to contribute to the cost of their services, as long as their contributions are strictly voluntary. However, program laws do not allow Area Agencies or service providers to bill or refuse services to participants because they choose not to make a contribution. State rules specifically say that “under no circumstances may an eligible client be denied service(s) by a provider who received funds from the area agency to provide that service because of a decision not to contribute for services rendered.”

During the audit we identified three providers whose practices for handling voluntary contributions violate state and federal laws. One provider billed program participants over \$10,700 for homemaker services delivered in Calendar Year 2003. Bills sent to participants contained language such as “balance forward” and “total amount you agreed to pay.” A second provider billed participants about \$19,500 for meal supplements in Calendar Year 2003. The staff at this provider stated that their policy is to deny meal supplements to individuals who cannot contribute. At a third provider, case file review identified that one participant stopped receiving meal supplements when they could no longer pay a contribution of \$20 per month.

Further, we found that two of these three providers posted suggested contributions for nutrition supplements that exceeded the full cost of providing the supplements. One provider charges individuals \$19.50 per case for Ensure Plus. That provider actually pays only \$18.77 per case for Ensure Plus. A second provider marks up all meal supplements by 3 to 14 percent over their cost. These contribution collection practices are in direct violation of the laws and intent of the Older Americans Act program.

## Geographic Access

As we have stated, federal and state laws require that Older Americans Act services be targeted to those with the greatest social needs. Social need is defined as a need caused by non-economic factors, which include physical and mental disabilities; language barriers; and cultural, social, or geographical isolation. We identified three providers whose practices promoted, rather than reduced, geographic isolation for seniors. According to grant agreements, two providers of transportation services agreed to serve entire counties, yet these providers reported that they only served individuals who lived within the city limits. One provider that delivers home-delivered meals does not deliver to people more than five miles outside of the city limits. One case file showed that the participant did not receive home-delivered meals because the senior lived 5 miles away from the meal site. This same provider discontinued provision of home-delivered meals to one senior because of ruts in the

participant's driveway that were causing food to spill. These practices leave the most isolated seniors, such as those living outside of the city limits, without access to needed nutrition services.

Transportation services are meant to help individuals continue living independently, enabling them to access community services such as grocery shopping, doctor appointments, and senior center meal sites. Geographically isolated seniors are most in need of transportation services, since transportation options are considerably limited in rural areas. Further, to live independently, seniors need to be able to access services regardless of their ability to pay. The Department and Area Agencies need to work with transportation providers to expand access for seniors in rural areas and work with all service providers to ensure qualified seniors receive services regardless of their incomes. Unless these issues are addressed, seniors are less likely to remain independent, increasing costs to state and federal governments later.

(CFDA Nos. 93.043, 93.044, 93.045; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special Programs for the Aging - Title III, Part C - Nutrition Services; Activities Allowed or Unallowed, Eligibility, Subrecipient Monitoring.)

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## **Recommendation No. 81:**

The Department of Human Services should work with the Area Agencies to improve access to services and decrease inappropriate service denials by:

- a. Increasing service provider oversight and service planning, and targeting services to those individuals with the greatest social and economic need.
- b. Working with the Area Agencies to issue specific guidance for improving access to transportation services for rural participants.
- c. Providing training to Area Agencies and service providers on voluntary contributions. Service provider agreements should clarify allowable contribution solicitation practices and provide for enforcement action if providers deny services for individuals who choose not to contribute toward their services.

## **Department of Human Services Response:**

Agree. Comprehensive implementation date: March 2005.

The Department will work with the Area Agencies to increase oversight by January 2005, issue transportation guidance by March 2005, and provide training to the Area Agencies and providers on appropriate solicitation of contributions by September 2004.

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## Wait Lists

State rules mandate that “if sufficient resources are not available to serve all eligible individuals who request a service, the area agency on aging shall ensure that preference is given to those of greatest social or economic need, with particular attention to low income minorities.” The Department and Area Agencies recognize that resources are often insufficient. However, the Department has not outlined specific policies for Area Agencies and service providers to track individuals waiting for services.

We requested waiting list information from all 16 Area Agencies around the State and found that 12 of the 16 Area Agencies do not track the total number of individuals waiting for services and do not require their service providers to track and report this information either. This was confirmed during our visits with 13 service providers when we found that 8 did not have any method for tracking individuals waiting for services. The five service providers in our sample that tracked waiting list information did not have an efficient system for managing their waiting lists, resulting in some individuals waiting longer for services than necessary. For example, one of the nutrition providers we visited used a file folder to track information on seniors waiting for home-delivered meals. The information in the folder was not organized and consisted mostly of Post-it notes and telephone messages from seniors requesting services. When reviewing this file, we identified one senior who had been waiting for home-delivered meals for 11 months. When we asked the provider why the person was still waiting for services, the provider immediately placed the individual on a home-delivered meal route.

Waiting list information is a key component of the Area Agency and Department planning process and assists with focusing scarce resources on key services. The Department needs to establish practices for tracking waiting lists in a systematic manner and ensure Area Agencies and service providers use waiting list information to plan for future services.

(CFDA Nos. 93.043, 93.044, 93.045; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special

Programs for the Aging - Title III, Part C - Nutrition Services; Eligibility, Subrecipient Monitoring.)

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## **Recommendation No. 82:**

The Department of Human Services should work with the Area Agencies and service providers to develop standard policies for establishing and tracking waiting lists in an organized manner to ensure that individuals are not forgotten or overlooked when services become available. Further, the Department should require Area Agencies to compile and analyze waiting list information annually as part of developing their annual service plans.

### **Department of Human Services Response:**

Agree. Implementation date: September 2004.

The Department will work with Area Agencies and local agencies to ensure that waiting lists are established and tracked to provide services to the consumers in their regions. The Department will establish policies that direct the Area Agencies on how waiting list information is provided to the Aging Services Unit.

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## **Nutrition Supplements**

The intent of the nutrition program is to provide nutritious meals to seniors to improve their health and prevent them from becoming nutritionally at risk. By law, nutrition programs are required to provide at least one meal per day, five days a week, in every region of the State. Meals provided through the nutrition program are typically hot meals that constitute at least one-third of a person's daily nutritional requirements. State rules (Volume 10, Section 10.320) require Area Agencies to provide special menus, where feasible and appropriate, to meet dietary needs arising from an individual's health, religious, or ethnic background.

According to staff at the federal Administration on Aging, nutritional supplements, such as Ensure, should not be used to replace hot meals. Additionally, federal law prohibits service providers from earning a profit on Older Americans Act services. Our audit found that of four nutrition providers interviewed, three provide meal supplements, such as Ensure, in place of hot home-delivered meals. For a sample of 37 individuals receiving home-delivered meals, we identified 3 seniors who

received only nutritional supplements (such as cans of Ensure). One of these seniors is unable to consume solid food and the meal provider does not make alternative soft-foods available. The other two seniors did not have any disabilities or special needs that would require a liquid supplement instead of a hot meal. Yet, these two individuals did not receive a hot meal or any other delivered food in addition to the meal supplements. During 2003 these three participants received a total of close to 600 meal supplements as substitutes for home-delivered meals.

Of the three nutrition providers that routinely supply meal supplements, we identified two that abuse their use on a regular basis. Of a total of 116,000 meals delivered by these two providers in Calendar Year 2003, about 24,000, or 21 percent, were meal supplements. This is nine times the number of supplements provided by the largest provider of home-delivered meals in the State and places seniors who rely on home-delivered meals for their nutritional health at risk.

Providers have financial incentives to provide meal supplements rather than hot meals, since providers can access three different funding sources to cover more than their costs. First, providers are paid by individuals receiving the supplements. Two of the three nutrition providers we visited (that provide meal supplements) charged participants more than their costs for the supplement product. Second, all three providers charged the Area Agency for the full price of a home-delivered meal. A home-delivered meal costs about \$2.23 and a meal supplement costs about \$1.58, or 29 percent less. Third, all three providers also received reimbursements of about \$.54 per meal for each supplement reported as a meal under the Nutrition Services Incentive Program (NSIP). NSIP provides federal funding to encourage states to efficiently deliver nutritious meals to older individuals. In total, we estimate that these three providers were paid up to \$99,000 for meal supplements that cost only \$43,000 to provide.

These practices directly violate program requirements, since providers are receiving more than their costs for services and providers are billing participants. The Department should take immediate steps to curtail these practices to ensure that homebound seniors receive needed meals to maintain their nutritional health.

(CFDA No. 93.045, 93.053; Special Programs for the Aging - Title III, Part C - Nutrition Services, Nutrition Services Incentive Program; Activities Allowed or Unallowed, Allowable Costs.)

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### **Recommendation No. 83:**

The Department of Human Services and its nutritionist should work to develop a statewide policy on the use of nutrition supplements. The policy should:

- a. Establish standards for provision of meal supplements and clarify the circumstances when it is appropriate to provide supplements alone and the circumstances when supplements can be supplied in addition to a nutritionally balanced meal.
- b. Clarify processes for reporting meal supplements separately from home-delivered meals in the Social Asset Management System, and requirements for reporting meal supplements to NSIP for reimbursement.
- c. Standardize provider billing procedures for meal supplements.
- d. Determine appropriate contribution amounts for meal supplements and clarify that these contributions must be voluntary.

### **Department of Human Services Response:**

Agree. Comprehensive implementation date: March 2005.

The Department will determine appropriate contribution amounts by October 2004 and establish policies on the appropriate use of supplements provided through the Nutrition Program by March 2005.

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## **Service Costs**

During Calendar Year 2003 the Department of Human Services reports delivering over 3.4 million units of service to about 34,800 people through the Older Americans Act and Older Coloradans' Act programs, an average of nearly 100 units of service per person. Area Agencies on Aging (Area Agencies) received nearly \$14.6 million in federal and state funds for these programs. Area Agencies used these funds to pay local service providers, such as Volunteers of America, the Visiting Nurses Association, Meals on Wheels, or local recreation centers, to deliver services to Colorado's seniors. The average cost per person was about \$418 and the average cost per unit of service was about \$4.

Our audit reviewed practices for managing and controlling service costs at state and local levels. We found that the program as a whole lacks sufficient controls over payment for services, resulting in duplicate billings and inappropriate service payments. We also found that services were provided to people who are not eligible and that additional controls over cash are needed. The problems we identified raise serious concerns about the Department's fiscal management of program funds and its ability to meet service goals presented in the statewide plan and reported to the Administration on Aging.

## Payment Controls

The Social Asset Management System (SAMS) is a central database developed to track the number and types of services provided to individuals and in aggregate to program participants. However, SAMS does not include any information on the dollars paid to providers for each unit of service and, therefore, does not provide any control over service provider payments or billing. In fact, the Department does not have any means of tracking service provider payments or billings other than self-reported information provided by the Area Agencies. Our audit compared the information in the SAMS database with underlying service provider documentation and services required by grant agreements. We concluded that substantial improvements to SAMS are needed to ensure information is reliable for payment controls, program management, and decision making.

We found that SAMS lacks essential components that are needed to manage and control payments. For example:

- **Payments to service providers are not linked to service data.** Basic information such as the amount billed to, and paid for, by the Older Americans Act program is not captured in SAMS. Consequently, the Department cannot compare service payments among Area Agencies and service providers, or evaluate the payments for reasonableness. Further, since SAMS service data have no relationship to payments, Area Agencies and providers have little incentive to report service data to SAMS accurately and timely.
- **SAMS does not track services by type of Title III funding.** Some services under the Older Americans Act can be purchased with more than one type of Title III funds. For example, personal care services can be paid from Part B or Part D of Title III funds. Since SAMS does not track the portion of Title III funds used to pay for each service, the Department relies on self-reported information from Area Agencies to determine the portion of Title III funds used to pay for a particular service.

We also found numerous errors in the SAMS database, raising questions about the accuracy of the data. For example:

- **Some services were not Older Americans Act services and should not have been reported in SAMS.** In June 2003, 1 of the 13 providers we visited reported over 100 transportation services in SAMS that were paid for with funding from a different program. Only services provided through Older Americans and Older Coloradans' Act program funds should be reported in SAMS.
- **Participant characteristics in SAMS did not match information on hard copy application forms.** For 45 of 133 files we reviewed (about 34 percent), SAMS data on participant services, such as whether they were living alone, had disabilities, were living in poverty, or were nutritionally at risk, did not match information on the participants' applications.
- **SAMS data are not complete.** One provider we visited did not report any services to SAMS for June 2003; however, the provider's records showed that nearly 3,000 units were delivered in that month. Another provider documented 236 units of service for June 2003, but only 85 of those units were recorded in SAMS.

Finally, we found that data are entered into SAMS inconsistently, making the data unusable for program analysis and decision making. For example:

- **Fields do not capture all relevant information.** Providers enter a "0" if an individual has no need for assistance with their activities of daily living. However, if the provider fails to enter data into this field, the system automatically defaults to a "0" as well. The system performs similarly for other data fields, such as fields specifying whether an individual is a minority, is impoverished or nutritionally at risk, or has a disability. Additionally, SAMS does not contain specific identifiers to track individuals who are receiving services but who refuse to provide identifying information. Information on unidentified recipients could be used to identify fraudulent service provider practices if trends were particularly high at one provider, or in one region.
- **Data reporting is not standardized.** Some providers report each can of the same meal supplement as a separate meal, while others report two cans as one meal. Additionally, SAMS records some services in an aggregate component (by provider and service type) and some services in a detailed component (by individual, provider, and service type). Depending on the type of service, providers should record services either in aggregate or in

detail, but not in both. We reviewed SAMS data for 15 providers and found that 8 reported 12 different types of services in both the aggregate and detailed components of SAMS. We could not determine if services reported in both components were counted more than once.

The problems with SAMS data accuracy and reliability are significant, and impair the Department's ability to control costs and analyze basic data for management decision making. The Department cannot use SAMS data to accurately determine the number of participants who are impoverished, are minorities, have disabilities, or need assistance with activities of daily living. The Department cannot demonstrate that it is serving people who are most economically or socially in need, as required by program goals. Finally, reports from SAMS data may be overstating or understating the performance of Area Agencies and the State as a whole. Since federal oversight agencies receive reports from SAMS, data inaccuracies could impact future funding.

The Department needs to enhance SAMS to ensure the system is capable of providing accurate and useful data for managing Older Americans Act services and payments. This should include developing a fiscal component that captures unit of service billing and payment information. Additionally, the Department should work with Area Agencies and service providers to establish clear parameters for data reporting. Staff at the four Area Agencies we visited reported that SAMS data were not reliable and that reports were not useful. These issues must be addressed, in addition to those discussed above, to improve the overall functionality of the SAMS database.

(CFDA Nos. 93.043, 93.044, 93.045; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special Programs for the Aging - Title III, Part C - Nutrition Services; Allowable Costs/Cost Principles, Subrecipient Monitoring.)

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## **Recommendation No. 84:**

The Department of Human Services should improve overall accountability and functionality of the SAMS database by:

- a. Reviewing SAMS system components to determine whether additional coding mechanisms could be implemented to better track services provided by funding source (including Parts B through E of Title III funds).
- b. Incorporating fiscal components, such as billing functions, into the SAMS system to enable Area Agencies to pay providers for units of service.
- c. Performing scheduled reviews and comparisons of service data reported in SAMS to identify outliers or inconsistencies, and following up with Area Agencies and service providers to determine possible causes.
- d. Including specific requirements for reviewing and reconciling service provider documentation to SAMS data during Area Agency annual on-site reviews.
- e. Incorporating automated system edits that eliminate inaccurate data entry and issuing specific guidance to Area Agencies and service providers to improve consistency of data entry of SAMS information.
- f. Conducting surveys of Area Agencies and service providers to determine what types of reporting and system functions would improve SAMS. The Department should then work with the SAMS system contractor to implement modifications to address Area Agency and service provider concerns.

## **Department of Human Services Response:**

Agree. Comprehensive implementation date: June 2007.

The Department agrees with this recommendation. The Department will perform scheduled reviews by December 2004 and review SAMS components for coding by March 2005. Contingent upon additional funding, the Department will work with Synergy (the manufacturer of the SAMS software) to enhance the software to improve the accuracy of data and include financial components. Due to the requirement of software enhancements by Synergy, an implementation date of June 2007 is necessary

to allow for the implementation and testing of billing functions through the SAMS system.

The Department will work this year to increase provider data accuracy of client level information and to improve the system edits to SAMS by August 2005. The Department will provide the Area Agencies documentation for reviewing and reconciling provider service delivery documentation to SAMS data by April 2005 and conduct surveys by September 2004.

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## Provider Payments

The Department requires Area Agencies and service providers to enter information on the units and types of services provided under Older Americans Act programs into SAMS. The Department then uses the data to track and report the services provided to the federal Administration on Aging. Depending on the type of service, Area Agencies or service providers can enter the service information in one of two ways: (1) for each individual served or (2) in aggregate by service type. At some Area Agencies, the Area Agency enters most of the service provider data into SAMS. At other Area Agencies, the service providers enter these data.

As part of our audit, we matched the number of units reported in SAMS to the number of units required by provider agreements and to the number of units documented in the providers' records. We conducted this analysis for 15 providers reporting to the four Area Agencies we visited. For 13 of the 15 providers we also reconciled services reported in SAMS for June 2003 to underlying service provider documentation including transportation logs, participant contact sheets, meal sign-in sheets, or delivery logs. We identified multiple instances where SAMS data did not align with provider records.

Previously, we discussed concerns with the accuracy of service information reported in SAMS. In some cases we used alternative procedures to verify the accuracy of service provider payments. These procedures included reconciling service provider documentation to SAMS data and service provider payments. Understanding the limitations of SAMS, some of the data contained therein indicate significant payment problems and require the immediate attention of the Department. Of the 15 providers in our sample, we identified 11 that received \$262,000 in payments for services that do not appear to have been delivered. We found:

- Seven providers received full payment for their grant award, even though, according to SAMS data, these providers did not provide all the services required by their agreements. The grant agreements required these seven

providers to deliver over 469,000 units of service. However, these seven providers reported providing only 416,000 units, or about 89 percent of the total units required. We estimate that the Area Agencies paid these seven providers about \$261,000 more than they should have. These services should have been reviewed and verified before payment. The Department should work with the Area Agencies to either substantiate these units of service or recover the funds.

- Two of the thirteen providers we visited (one nutrition provider and one transportation provider) routinely bill for “no-show” services. Department policy prohibits billing and reporting services when a participant does not show up. Between January 1, 2003, and June 30, 2003, the transportation provider billed a total of 84 no-show transportation trips for 16 participants. The total cost for these 84 trips was over \$700.
- Two of the thirteen providers in our sample could not furnish records showing that they actually provided the services reported in SAMS. During June 2003 these two providers were paid about \$680 in program funds for 470 services that could not be verified. (The cost per service is low because one of the providers reported services that were paid from a different funding source. For 435 of the 470 services, only about \$1 per unit of service was funded with Older Americans Act or Older Coloradans’ Act funding.) We also identified one provider that did not maintain records for participants receiving meals at the senior center meal site. This provider’s practice is to destroy these records as soon as the information is entered into SAMS. We could not verify the accuracy of SAMS data for any of the participants receiving senior center meals from this provider. This same provider was unable to locate files for some of the participants in our sample who received home-delivered meals. This provider reconstructed files for these participants. These practices could overstate the number of individuals served and the units of service provided, increasing the risk of fraud and abuse.
- One provider billed the Area Agency for uncollected participant contributions. Current federal and state laws allow service providers to collect program income from voluntary participant contributions, guest fees, proceeds from the sale of equipment and supplies, and interest earnings, but program income must be used to expand program services and not to defray the cost of current services. One provider’s service agreement listed its cost per unit of homemaker service as \$15. The service agreement stated that “clients contribute what they can afford and [the Area Agency] will pay the difference.” This means that if the participant contributes \$5 for the service, the provider bills the Area Agency for \$10. If the participant contributes \$15

for the service, the provider does not bill the Area Agency at all. These billing practices violate the law in two ways: (1) the provider is using participant contributions to support an existing service, rather than to expand services (the provider reports delivering only about 63 percent of the units required by its service agreement, so the contributions collected from clients were clearly not used to expand program services); and (2) the provider is using federal and state funds to supplement program income. Only voluntary participant contributions, guest fees, proceeds from the sale of equipment, and interest earnings, and not federal and state funds, qualify as program income.

Our review identified several reasons for the discrepancies between payments and services. First, billing practices are inconsistent. Service providers are permitted to bill Area Agencies on the basis of (1) the actual number of units of service provided, (2) actual expenditures for providing the service, (3) one-twelfth of the provider's grant budget each month, or (4) some combination of all three practices. When service providers bill one-twelfth of their grant budget or bill for their expenditures, it is more difficult for Area Agencies to ensure that service providers actually delivered, and billed for, the quantity of services required by their agreements. The best method for ensuring that the State pays only for services actually rendered is billing based on units of service provided.

Second, the Department and some Area Agencies do not perform audits of service provider data to reconcile the services reported in SAMS to supporting records, such as transportation trip sheets, meal sign-in sheets, or delivery logs. Further, Area Agencies do not reconcile the units of services reported in SAMS to the number of services required by provider service agreements. As a result, neither the Department nor Area Agencies can be confident that program funds are paying only for services actually delivered, or that providers are delivering the amount of services they agreed to provide.

(CFDA Nos. 93.043, 93.044, 93.045; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special Programs for the Aging - Title III, Part C - Nutrition Services; Activities Allowed or Unallowed, Program Income, Reporting, Subrecipient Monitoring)

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## **Recommendation No. 85:**

The Department of Human Services should establish fiscal controls to ensure that services paid for are provided and that program funds are spent appropriately by:

- a. Requiring Area Agencies to reconcile the number of units provided and reported in SAMS to the number of units in each agreement and attempt to recover funds if all services are not provided.
- b. Incorporating a review of service provider records and a reconciliation of those records to SAMS data into the Area Agencies' annual on-site evaluation of service providers.
- c. Working with the Area Agencies to develop standardized practices for documenting and reporting services. The Department should investigate recovery of Older Americans Act funds and state general funds paid for undocumented services, no-show services, or services that were not provided.

## **Department of Human Services Response:**

Agree. Comprehensive implementation date: July 2005.

The Department will require the Area Agencies to reconcile the number of units in SAMS to the number of units provided by June 2005. The Department will investigate and attempt to recover funds when appropriate. Current on-site evaluation of Area Agency service provider records will incorporate a reconciliation to SAMS data for verifying billing and service unit accuracy by September 2004. The Department will work with the Area Agencies to develop standardized practices for documenting and reporting services by July 2005.

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## **Medicaid Billings**

During Fiscal Year 2003 about 11,800 seniors in Colorado were eligible for services under both the Older Americans Act and home-based Medicaid programs. The intent of both Older Americans Act and home-based Medicaid programs is to provide services to individuals in their communities to avoid placement in nursing facilities. Some of the services provided by these programs are identical. The Medicaid programs that provide similar services to the Older Americans Act program are described below:

**Medicaid Home and Community Based Services program for the Elderly, Blind, and Disabled (HCBS-EBD)**—provides unskilled care to Medicaid recipients in their homes. The unskilled services offered by the HCBS-EBD program include adult day care, personal care, homemaker, non-medical transportation, home modification, and respite care services. To access the Medicaid HCBS-EBD program, individuals must be over 18 years of age and have a disability, require the level of care provided by a nursing facility, earn less than \$1,656 per month, and have total financial resources of less than \$2,000.

**Medicaid Home Health program**— provides skilled care to Medicaid recipients in their homes. Some of the skilled services provided by the Medicaid Home Health program include skilled nursing care, home health aide services, occupational therapy, and physical therapy. Medicaid home health services are available to all Medicaid-eligible individuals who need them.

During our review we visited 13 Older Americans Act service providers, 9 of which also provide services under the Medicaid HCBS-EBD or Home Health programs. Our review identified one service provider that, as a matter of policy, bills both the Medicaid and Older Americans Act programs for transportation services. This provider bills both programs the full reimbursement rate for each transportation trip provided to all dually eligible individuals.

Between January 1, 2003 and June 30, 2003, this service provider billed both the Medicaid and the Older Americans Act programs for about 1,600 transportation trips provided to 16 individuals. This provider received a total of about \$32,500 for these 1,600 trips, or about \$20 per one-way trip. Medicaid paid this provider almost \$12 per trip and the Older Americans Act program paid \$8.65 per trip. Under no circumstances should the provider bill both Medicaid and Older Americans Act programs for the same services.

When more than one source is available to pay for a Medicaid service, federal Medicaid laws, as well as state Medicaid rules, require Medicaid to be the payer of last resort. In other words, Medicaid providers must first determine whether other third-party resources exist for payment and must access those funds before billing Medicaid. Third party payers are defined by federal law to include other federal and state programs, unless excluded by statute. Conflicting guidance concerning payments exists under Older Americans Act law. Section 321 of the Older Americans Act states that Older Americans Act funding is to be used to supplement, not replace, other federal, state, and local funding sources. This appears to indicate that if a person is eligible to receive services through another federal program, such as Medicaid, the Older Americans Act should not be funding the same services.

The United States Department of Health and Human Services (HHS), which oversees the federal agencies that administer the Older Americans Act and Medicaid programs, is investigating each programs' payment responsibility when participants are eligible for services under both programs. The Departments of Human Services and Health Care Policy and Financing should continue to follow up with HHS until the payment issue is resolved. On the basis of HHS' decision, the Departments should establish a policy for billing Medicaid and Older Americans Act services, and the appropriate agency should recover the overbilled funds. If Medicaid is the program responsible for recovery, it should recover about \$5,000. If the Older Americans Act program is responsible, it should recover about \$14,000. Additionally, the appropriate agency should review all services delivered to dually eligible individuals by this transportation provider over a period of several years and recover any additional overpayments.

(CFDA Nos. 93.043, 93.044, 93.045, 93.778; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special Programs for the Aging - Title III, Part C - Nutrition Services, Medical Assistance Program; Activities Allowed or Unallowed, Allowable Costs or Cost Principles, Subrecipient Monitoring.)

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### **Recommendation No. 86:**

The Department of Human Services and the Department of Health Care Policy and Financing should work with the United States Department of Health and Human Services (HHS) to clarify the program that is responsible for payment when participants are eligible for services under both the Older Americans Act and Medicaid programs. On the basis of HHS's decision, the appropriate program should recover any inappropriate payments made to the transportation provider, and review the transportation services provided to dually eligible individuals over several years to identify and recover additional overpayments, as indicated. The Departments should establish appropriate billing practices for Medicaid and Older Americans Act services and train providers on those practices. Additionally, the Departments should implement procedures for identifying and recovering duplicate billings in the future, as appropriate.

### **Department of Human Services Response:**

Agree. Implementation date: July 2005.

The Department will develop clarification of appropriate billing practices. The Department has requested from the United States Department of Health and Human Services an interpretation of who the payer of last resort is between the Older Americans Act and Medicaid Social Security Act. On the basis of the HHS decision, the Department will investigate and determine appropriate steps for recovery of payments.

The Department will work with Health Care Policy and Financing to develop a service review process to identify duplicate billing.

### **Department of Health Care Policy and Financing Response:**

Agree. Implementation date: September 2004.

The Department of Health Care Policy and Financing will work with the Department of Human Services and the United States Department of Health and Human Services to clarify appropriate billing practices for these services when clients are eligible for both Medicaid and Older Americans Act Services. Service providers will be educated on the appropriate billing practices for Medicaid payments in such situations through a provider Medicaid Bulletin. Recovery will be pursued on any substantiated Medicaid overpayment. The provider will be reviewed for all other applicable service periods and any additional overpayment identified will be pursued.

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## **Eligibility**

In general, individuals are eligible to receive Older Americans Act services as long as they are 60 years of age or older. For certain types of services, including home-delivered meals and in-home services, individuals must also have physical or mental impairments and be unable to leave their homes. We reviewed service provider data for a sample of 133 participants and reviewed data in SAMS for the State as a whole to determine whether individuals receiving Older Americans Act services were eligible to receive services. We found multiple instances where individuals did not appear to be eligible for services provided. The value of the services provided to individuals who were not eligible to receive them totaled about \$213,000.

To receive in-home services, participants must have difficulty performing at least three activities of daily living and be mentally or physically unable to arrange for and manage their own services. In-home services include homemaker, personal care, chore, home health, and adult day care services, among others. We reviewed SAMS data to identify all the individuals who received in-home services during Calendar Year 2003 but did not have any listed deficiencies in their activities of daily living. We identified about 39,500 units of in-home services provided to 1,130 individuals who did not have impairments listed in SAMS. At an average cost of \$4.27 per unit of service, we estimate that the total cost of services provided to nonqualifying individuals was about \$168,700.

To receive home-delivered meals, participants must be unable to leave home because of a disabling physical or emotional condition. Our case file review revealed that 8 of 37 individuals receiving home-delivered meals did not appear to be homebound. These individuals either could drive, were living with family members who prepared all their meals, or were able to attend senior center meal sites. These eight individuals received nearly 700 home-delivered meals in 2003. At the cost of about \$2.23 per unit for a home-delivered meal, we estimate the total cost of providing meals to these eight individuals in our sample was nearly \$1,600.

To receive most other types of Older Americans Act services, participants must be at least 60 years old. Our analysis of the information in SAMS revealed that, during Calendar Year 2003, 13 of the 16 Area Agencies provided services to a total of 164 participants under 60 years of age. On average, these individuals were 49 years old. These 164 participants received over 10,000 services, including homemaker, personal care, transportation, material aid, and adult day care services. At an average cost of \$4.27 per service, we estimate the total cost of services provided to these 164 individuals to be about \$43,000.

Some of the exceptions in our test work may be due to SAMS data errors, as we discussed previously in this chapter. However, the exceptions are so widespread that they raise substantial questions regarding irregularities and overpayments. Further, these exceptions raise serious concerns about Department and Area Agency oversight of provider eligibility determination practices. All 13 of the service providers we visited were solely responsible for determining participant eligibility. Neither the Department nor the Area Agencies overseeing these providers review the eligibility determination process. Service providers have incentives to increase eligibility because, in some instances, they are paid by unit of service and they are required to serve a certain number of individuals with the program funds they receive. It is in these providers' best interest to determine that everyone who applies is eligible. As a result, it is important that the Department and Area Agencies review samples of assessments to ensure that participants were determined eligible for

services appropriately. Eligibility determination is a key component to ensuring that resources are effectively used to serve seniors most in need.

(CFDA Nos. 93.043, 93.044, 93.045; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special Programs for the Aging - Title III, Part C - Nutrition Services; Eligibility, Subrecipient Monitoring.)

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### **Recommendation No. 87:**

The Department of Human Services should reduce the costs of providing services to people who are ineligible by:

- a. Training Area Agencies and service providers on correct assessment practices and methods for documenting participant eligibility.
- b. Reviewing participant eligibility during the Department's on-site assessments of Area Agencies and during the Area Agencies' on-site assessments of service providers.
- c. Examining options for improving the objectivity of assessments and service authorizations by using independent case managers to authorize all services or reorganizing the program as discussed in Recommendation No. 79.

### **Department of Human Services Response:**

Agree. Comprehensive implementation date: January 2007.

The Department will provide training to the Area Agencies by December 2004, and train providers on the eligibility criteria for Older Americans Act services by April 2005. The on-site evaluation tool will be expanded to include participant eligibility during the review by August 2004. Upon implementation of Recommendation No. 71, the Department will determine the feasibility of using independent case managers for authorizing services.

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## **Program Administration**

The Department's four-year State Plan, presented to the federal Administration on Aging, commits to a quarterly review of each Area Agency's programmatic and financial performance. During our audit we reviewed the Department's practices for monitoring Area Agencies and awarding Older Americans Act and Older Coloradans' Act program funds to the Area Agencies. We found that the Department provides minimal oversight of these programs.

### **Area Agency Oversight**

We found that the Department has not conducted regular on-site reviews of Area Agencies. Three of the four Area Agencies we interviewed stated that they could not remember the last time anyone from the Department had visited to review records, case files, or general compliance with laws and regulations. Substandard monitoring practices have contributed directly to many of the problems we have identified throughout this audit. As discussed previously, we found that Area Agencies and service providers (1) received payment for services never delivered, (2) provided services to ineligible people, and (3) billed both the Medicaid and the Older Americans Act programs for some of the same services. Insufficient monitoring has impaired both financial and geographic access to services for seniors. Further, inconsistent practices among Area Agencies and service providers have made it difficult for the Department to examine service provider activities. Increased standardization is needed, as we have recommended throughout this report, to help the Department and Area Agencies better oversee program services and improve fiscal accountability.

Additionally, the Department does not review Area Agencies' management of service providers. Although state rules require Area Agencies to conduct quarterly reviews and annual on-site visits of all service providers, the Department does not monitor the results of these reviews. Consequently, Department staff did not know that one of the four Area Agencies we visited was not conducting any on-site reviews of service providers.

Recently the Department created a tool and established a schedule for conducting on-site reviews of Area Agencies around the State. The tool includes a questionnaire for assessing the Area Agencies' compliance with program laws and rules. The Department also plans to review participant case files and underlying service documentation during on-site visits of service providers. In March 2004, the Department conducted its first on-site review of Area Agencies. As of May 2004, the Department had completed on-site reviews of four Area Agencies and plans to visit the remaining Area Agencies over the next year.

## Area Agency Grants

The Department uses a Notice of Grant Award, rather than a standard state contract, to award funding to the Area Agencies. These grant awards are based on the Area Agencies' approved four-year and annual service plans. The Area Agencies' annual service plans contain information on the amount of Older Americans Act funding requested, the amount of matching funds that will be provided by the Area Agency (or its service providers), and the number of units of service and number of participants to be served, by service type. Although the combination of the Area Agencies' service plans and grant awards provide some measure of required performance, we found that provisions were not sufficient to protect program funds. Neither the grant awards nor the Area Agencies' approved service plans contained specific performance requirements, such as requirements for Area Agencies to oversee service providers. Additionally, the grant awards did not set forth the remedies available to the Department should Area Agencies fail to comply with contract provisions.

The Department's four-year plan submitted to the Administration on Aging states that beginning Fiscal Year 2004, the Department will use contracts as the vehicle for awarding funds. The four-year plan notes that contracts provide advantages, including setting forth contractor requirements in clearly worded, understandable, and legally enforceable terms, and providing specific remedies for parties if breach of contract occurs. The Department has not yet implemented standard contracts for awarding Older Americans Act funds to Area Agencies. As a result, the Department continues to lack appropriate enforcement mechanisms for addressing Area Agencies that do not perform in accordance with agreed-upon standards and service levels.

The Department has expressed concerns about the adequacy of its staff resources for monitoring the Area Agencies and service providers. The Department can address these issues by establishing a risk-based review process for Area Agencies and by using contracts to award funding to the Area Agencies. A risk-based approach uses risk factors to identify high-risk Area Agencies. High-risk Area Agencies would receive more comprehensive reviews more frequently; low-risk Area Agencies would receive less comprehensive reviews less frequently. State rules provide the Department with authority to remove an Area Agency's designation if the agency consistently fails to carry out the requirements specified in the Older Americans Act. Specific performance requirements and enforcement actions in Area Agency contracts would provide the Department with additional tools to enforce Older Americans Act program requirements.

(CFDA Nos. 93.043, 93.044, 93.045; Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services, Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers, Special

Programs for the Aging - Title III, Part C - Nutrition Services; Subrecipient Monitoring.)

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### **Recommendation No. 88:**

The Department of Human Services should establish comprehensive monitoring of Area Agencies and service providers by using a risk-based schedule for conducting on-site reviews. On-site reviews should include:

- a. Review of Area Agencies' policies and procedures, including Area Agencies' on-site evaluations of service providers.
- b. Review of Area Agencies' oversight of provider billing and service reporting practices, including reconciliation of services reported in SAMS to services documented in provider records and services required by provider agreements.
- c. Interviews with service providers, including review of participant case files to ensure participants are eligible for, and receive, appropriate services.
- d. Review of Area Agency and service provider financial audits.

### **Department of Human Services Response:**

Agree. Comprehensive implementation date: June 2005.

The Department has begun a comprehensive evaluation of the Area Agencies and their service providers. This will include reviewing policies, procedures, and participant case files by August 2004, and reviewing Area Agency oversight by June 2005. The Department will review the financial statement audits of Area Agencies and recommend that Area Agencies review service provider financial statement audits where available and appropriate.

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# Department of Local Affairs

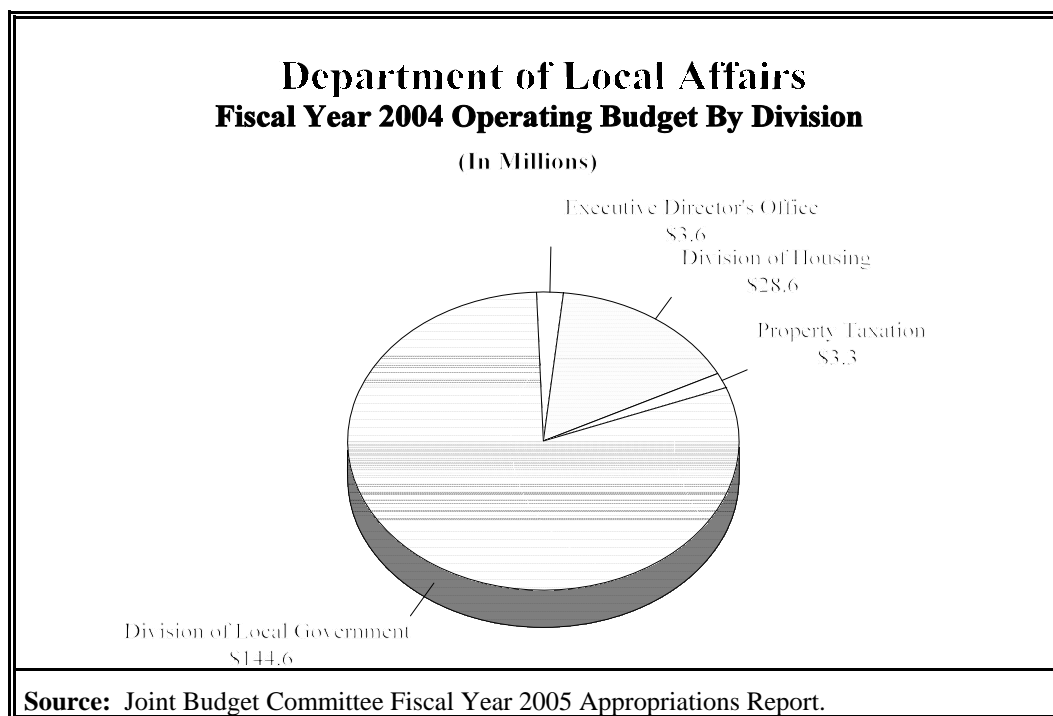
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## Introduction

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department is comprised of the following major divisions: Executive Director's Office, Property Taxation, the Division of Housing, and the Division of Local Government. Key responsibilities of the Department include:

- Administering state and federal low-income housing programs.
- Assisting local governments in emergency preparedness and response.
- Supervising property tax collection and ensuring that property assessment and valuation procedures are consistent throughout the state.

The Department was appropriated about \$180 million and 172.1 full-time equivalent staff (FTE) for Fiscal Year 2004. The following graph shows the operating budget by division for Fiscal Year 2004.



Pursuant to Senate Bill 04-236, the Office of Emergency Management within the Division of Local Government became a separate division – Division of Emergency Management – effective August 2004.

## **Homeland Security Grant and Related Programs**

During Fiscal Year 2004 federal funds were granted to the Department of Public Safety (DPS) for the State Domestic Preparedness Equipment Support Program (CFDA #97.004), now referred to as the Homeland Security Grant Program. The Homeland Security Grant Program was administered by DPS prior to the beginning of Fiscal Year 2005 on July 1, 2004. At that time, administration responsibility for the program, with the exception of the 2002 State Domestic Preparedness Grant, was transferred to the Department of Local Affairs. Administrative responsibilities for the 2002 State Domestic Preparedness Grant remain at DPS. The recommendation contained in this report relating to the Homeland Security Grant Program is directed to both the Department of Public Safety and the Department of Local Affairs. Please refer to the Department of Public Safety chapter in the Federal Award Findings and Questioned Costs section of this report for the narrative comment and recommendation.

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# Department of Public Safety

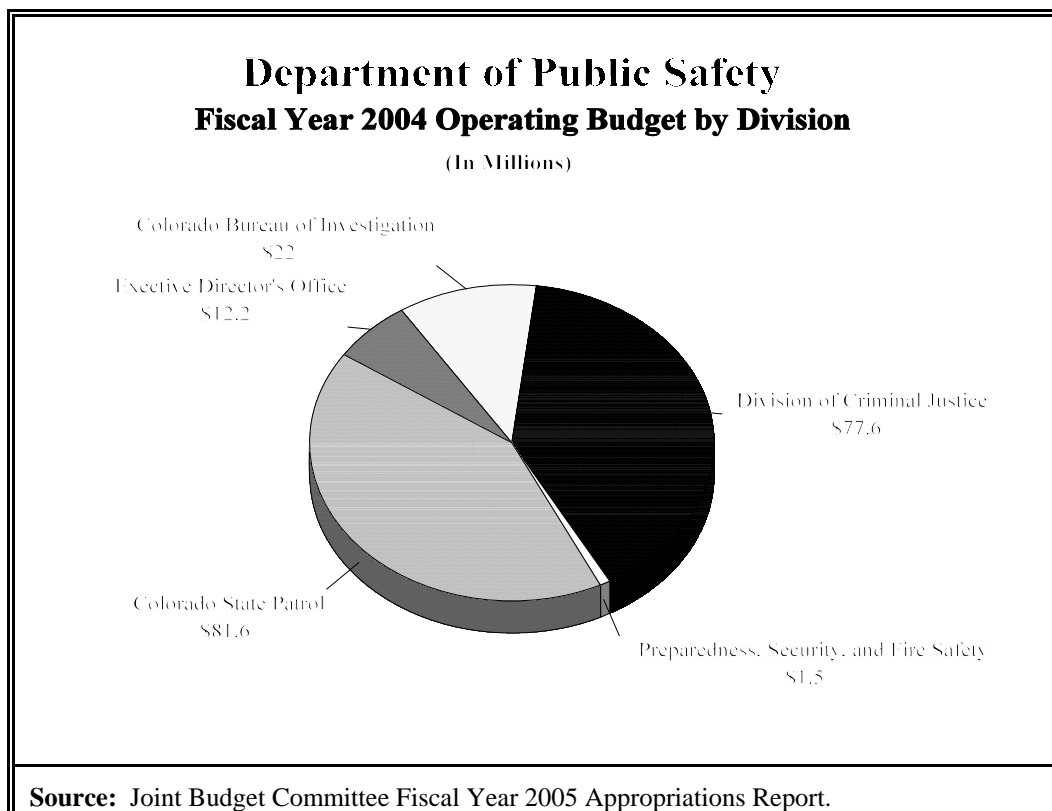
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## Introduction

The Department of Public Safety is responsible for providing a safe environment for the citizens of Colorado. The Department operates under the authority of Section 24-1-128.6, C.R.S., and is composed of an Executive Director's Office and the following four divisions:

- Colorado State Patrol
- Colorado Bureau of Investigation
- Division of Criminal Justice
- Office of Preparedness, Security, and Fire Safety

The Department was appropriated about \$195 million and 1,247.4 full-time equivalent staff (FTE) for Fiscal Year 2004. The following graph shows the Department's operating budget by division for Fiscal Year 2004.



## Homeland Security Grant Program

As of the end of Fiscal Year 2004, the Department of Public Safety had expended \$13.7 million in federal funds for the State Domestic Preparedness Equipment Support Program (CFDA #97.004), now referred to as the Homeland Security Grant Program. The Homeland Security Grant Program is awarded and administered by the federal Office of Domestic Preparedness (ODP). ODP was located within the U.S. Department of Justice, Office of Justice Programs until March 1, 2003, when it was transferred to the U.S. Department of Homeland Security. Within the Department of Public Safety (DPS), the Office of Preparedness, Security, and Fire Safety (OPSFS) is responsible for administering the Homeland Security Grant Program in the State.

The purpose of the Homeland Security Grant Program is to provide financial assistance to enhance state and local jurisdictions' capabilities to prevent and respond to and managing terrorist incidents involving weapons of mass destruction, including chemical, biological, radiological, nuclear, or explosive agents and cyber attacks. Allowable program activities include (1) purchase of specialized equipment for first responders or for the protection of critical infrastructure, (2) acquisition of specialized training, (3) conduct of preparedness exercises, and (4) planning and administration. There is no requirement for nonfederal matching funds to be used under the program.

Over the past few years, DPS has been awarded a total of \$76.8 million in federal funding under the Federal Fiscal Year 2002 State Domestic Preparedness Grant, the Federal Fiscal Year 2003 State Homeland Security Grant, and the Federal Fiscal Year 2004 State Homeland Security Grant. The Department was also awarded an additional \$24.1 million under the Federal Fiscal Years 2003 and 2004 Urban Area Security Initiative Grant (CFDA #16.011). Because expenditures incurred by the Department under this last federal program did not meet the criteria for Fiscal Year 2004 Single Audit testing, we did not test the program as part of this audit.

The Department reports that it has made approximately 240 individual subawards to state and local government agencies under the Homeland Security Grant Program. The table below shows grants awarded to DPS and grant expenditures incurred by DPS through State Fiscal Year 2004 by federal program title.

<b>Colorado Department of Public Safety Homeland Security Grant Program Grant Awards and Expenditures As of June 30, 2004</b>		
<b>Federal Program Title</b> (Years refer to Federal Fiscal Year)	<b>Grant Award</b>	<b>Expenditures through State Fiscal Year 2004</b>
2002 State Domestic Preparedness Grant	\$5,220,000	\$4,506,188
2003 State Homeland Security Grant <sup>1</sup>	\$34,591,000	\$9,316,918
2004 State Homeland Security Grant	\$36,944,000	\$0
<b>Total</b>	<b>\$76,755,000</b>	<b>\$13,823,106</b>
<b>Source:</b> Grant Award Letters from the United States Department of Homeland Security and COFRS Expenditure data for State Fiscal Years 2003 and 2004. <b>Notes:</b> <sup>1</sup> The 2003 State Homeland Security Grant was awarded under two agreements: Part I for equipment acquisition, exercise funds, training, and planning; and Part II, for Critical Infrastructure Protection and First Responder Preparedness. The Department was awarded \$9,480,000 and expended \$4,067,980 through 6/30/04 for Part I and was awarded \$25,111,000 and expended \$5,248,938 through 6/30/04 for Part II.		

Federal regulations require that all grant funds must be spent within two years unless an extension is granted by the U.S. Department of Homeland Security. Under the 2002 State Domestic Preparedness Grant, the Department was required to expend the \$5,220,000 awarded under the grant by July 31, 2004. However, the Department requested, and the federal government granted, an extension of the time requirement. Under the extension, the Department must expend the 2002 grant award by July 31, 2005. The Department must expend \$9,480,000 under Part I of the 2003 award by March 31, 2005; \$25,111,000 under Part II of the 2003 award by April 30, 2005; and \$36,944,000 under the 2004 award by November 30, 2005.

DPS also is required to pass a percentage of each year's award to local government agencies. Specifically, under the 2002 and 2003 grant awards, DPS is required to pass through 80 percent of its equipment allocation. Under the 2004 grant award, DPS is required to pass through 80 percent of its "First Responder Preparedness" allocation and 50 percent of its "Critical Infrastructure Protection" allocation. In total, based on total grant awards and allocations received through state Fiscal Year 2004, the Department was required to pass a total of \$57,953,000, or 76 percent of the amount awarded, to local government agencies.

As of the beginning of Fiscal Year 2005, the administration of the Homeland Security Grant Program, with the exception of the 2002 State Domestic Preparedness Grant, was moved from DPS to the Department of Local Affairs, Division of

Emergency Management. DPS maintains the administrative responsibilities for the 2002 State Domestic Preparedness Grant. Therefore, our recommendation has been addressed to both the Department of Public Safety and the Department of Local Affairs.

## **Federal Compliance Requirements**

As the administrator and primary recipient of the Homeland Security Grant, the Department is responsible for ensuring the federal funds are used in compliance with laws, regulations, and provisions of grant agreements. This responsibility includes monitoring activities of local government subrecipients to ensure funds are used appropriately.

For both the Federal Fiscal Year 2002 and Federal Fiscal Year 2003 grants, potential subgrantees are required to submit a grant application to the Department detailing how they intend to use the Homeland Security Grant Program funds. To receive an award, grant applicants must demonstrate how they will meet specific criteria as set forth in federal grant guidelines. The Department evaluates the grant application to determine the amount awarded to the subrecipient.

Once the Department has approved an award amount to a subrecipient, the subrecipient may begin submitting reimbursement requests to the Department as expenditures are incurred. Department guidelines require that a subrecipient submit a reimbursement request form, along with a list of all purchases and expenditures that are included in the total amount of funds requested. Department staff report that they review each reimbursement request and compare it with the approved grant application. Staff report that a request will be denied if the expenditure is for equipment or an activity not on the approved application.

During our testing to determine the Department's compliance with Homeland Security Grant Program requirements under the federal Office of Management and Budget's (OMB) *Circular A-133*, we determined that controls need to be strengthened to ensure that the State is complying with grant requirements in the areas of allowable costs and activities, cash management, equipment, subrecipient monitoring, and federal reporting. Additional information and recommendations will be provided in the Office of the State Auditor's *Homeland Security Grant Program Performance Audit*, Report No. 1687, which will be released by the Legislative Audit Committee at a date subsequent to this report.

We recommend that the Departments of Public Safety and Local Affairs improve controls over the administration of the Homeland Security Grant Program in order to ensure that the State is in compliance with all federal requirements of the grant. This should include instituting a formal process for monitoring subrecipient

activities. Monitoring should focus on ensuring that subrecipients are in compliance with grant requirements including those in the areas of allowable costs and activities, equipment management, and cash management. This should also include ensuring that federal reports are submitted timely and within stated deadlines.

(CFDA No. 97.004; State Domestic Preparedness Equipment Support Program; Activities Allowed or Unallowed, Allowable Costs, Cash Management, Equipment and Real Property Management, Reporting, and Subrecipient Monitoring.)

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### **Recommendation No. 89:**

The Departments of Public Safety and Local Affairs should improve controls over the administration of the Homeland Security Grant Program in order to ensure that the State is in compliance with federal requirements for the grant in the areas of allowable costs and activities, cash management, equipment management, reporting, and subrecipient monitoring.

#### **Department of Public Safety Response:**

Agree. Implementation date: June 30, 2005.

During Fiscal Year 2004, the Colorado Department of Public Safety (DPS) made considerable progress in achieving the goals of the Homeland Security Grant program, allocating and expending the funds, and establishing new grant processes. DPS retains responsibility for the Federal Fiscal Year 2002 State Domestic Preparedness Grant.

DPS will continue to improve controls over this grant to ensure it is in compliance with federal requirements in the areas of allowable costs and activities, reporting, subrecipient monitoring, and equipment management.

#### **Department of Local Affairs Response:**

Agree. Implementation date: May 1, 2005.

The Colorado Department of Local Affairs (DOLA) currently has strong administrative and financial controls. DOLA recognized the importance and need to develop and implement a monitoring and auditing instrument related to the management and administration of the Homeland Security Grant Program.

Starting in October 2004, after the Homeland Security funds were transferred to DOLA from the Office for Domestic Preparedness (ODP) the Division of Emergency Management (DEM) field staff performed an initial monitoring of the 2003 and 2004 homeland security equipment grants. An internal meeting is scheduled for March 2, 2005 to form a DEM monitoring team consisting of DEM Field Representatives, grants management personnel, and financial staff. A Financial and Compliance Monitor (GPPII) has been hired. Additional training will be conducted on the Homeland Security federal regulations and the Office for Domestic Preparedness (ODP) and DEM Administrative Guide.

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# Department of Transportation

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## Introduction

The Colorado Department of Transportation is responsible for programs that impact all modes of transportation. The following comments were prepared by the public accounting firm of Grant Thornton LLP, who performed audit work at the Department of Transportation. Please refer to the Financial Statement Findings section for additional background information.

## Highway Planning and Construction Subrecipient Monitoring

During our testing of federal Highway Planning and Construction grants, we found that the Department had not properly identified subrecipients of federal funds that it passes through to municipalities and counties. As a result, the Department did not adequately monitor its subrecipients to ensure federal funds were spent in accordance with applicable requirements. The federal OMB Circular A-133 requires that the pass-through entity, in this case the Department, obtain reasonable assurance that federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated. Also, the pass-through entity is required to perform procedures to provide reasonable assurance that the subrecipients obtain required audits and take appropriate corrective action on audit findings. During Fiscal Year 2004 the Department passed through about \$14 million in federal Highway Planning and Construction funds to subrecipients.

If subrecipient monitoring is not performed and adequately documented, there is a risk that the Department would not be aware of misused funds or other noncompliance problems, and the federal government could require the Department to repay the federal funds passed through to the subrecipients and not used appropriately. The Department would subsequently have to try to recover the funds from the subrecipients.

The Department should maintain a database that lists all subrecipients, the amount paid to each subrecipient, and ensure that subrecipients are informed of their responsibilities to obtain an annual audit under OMB *Circular A-133* if their federal expenditures from all sources exceed \$500,000 within a fiscal year. The database

should be used to document that the subrecipients have submitted their annual audit and that Department personnel have performed their review of the audit and responded to any reported findings and questioned costs. If the Department does not receive an A-133 audit from a subrecipient, staff should contact the subrecipient and determine if one should have been performed. The database should also track any other communication or monitoring procedures performed by the project manager. If an A-133 audit is required but not received, the subrecipient should be considered not in compliance, and the project manager should inform the subrecipient that payments will be withheld until it is in compliance with the audit requirement.

(CFDA No. 20.205; Highway Planning and Construction; Subrecipient Monitoring.)

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### **Recommendation No. 90:**

The Department of Transportation should identify all subrecipients and the amount paid to each subrecipient, and develop subrecipient monitoring policies and procedures to ensure that audit requirements are met, findings and questioned costs are followed up on in a timely manner, and all subrecipient monitoring activities are documented and problems identified are resolved.

### **Department of Transportation Response:**

Agree. Implementation date: September 30, 2005.

Subsequent to the audit, several grant managers were contacted and it was determined these managers are monitoring subrecipients and maintain documentation of compliance with the requirements of A-133. However, in order to better document the monitoring process, the Center for Accounting and the Audit Division will work cooperatively to develop procedures to standardize this process. CDOT will also obtain additional training for grant managers on the requirements of OMB *Circular A-133*.

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## **CDOT Contract Management**

As noted previously, the Colorado Department of Transportation (CDOT) is responsible for constructing, operating, and maintaining over 9,000 miles of state highways throughout Colorado. One of the Department's primary responsibilities is to oversee the design and construction of the State's highways and bridges. The Department contracts with private firms for the majority of the design work and

almost all of the construction of state transportation projects. Consequently, contract management is a key Department activity, consuming significant staff resources.

During Fiscal Year 2004 the Office of the State Auditor conducted a performance audit of Contract Management - Highway Design and Construction Projects. The audit comments below were contained in the *Contract Management - Highway Design and Construction Projects Performance Audit*, Report No. 1520, dated May 2004.

## Background

The Department of Transportation enters into contracts with private firms for work on highway and bridge transportation projects. First, the Department contracts with professional engineering firms (consultants) to perform design, materials testing, and other engineering-related services. The Department selects consultants on the basis of their competence and qualifications, as required by statutes. Once a qualified consultant is selected, statutes require the consultant's fee to be "fair and reasonable." Although the Department has used lump sum and cost plus fixed fee type contracts, the Department typically contracts using a specific per hour rate that includes direct labor, overhead, and profit on a majority of its consultant contracts. In Fiscal Year 2003 the Department contracted out 72 percent of its design work and 64 percent of its materials testing and other engineering-related services. The Department awarded 29 consultant contracts at a total value of \$79 million and as of June 30, 2003, had 162 open and active consulting contracts totaling \$604.9 million.

Second, the Department contracts with private construction companies (contractors) to build highways and bridges based on a unit price bid using estimated quantities for construction materials. Statutes require the Department to use a sealed, competitive bidding process to select the contractor bidding the lowest price. The Department awarded 206 construction contracts in Fiscal Year 2003 at a total value of \$418 million.

For purposes of administration, the Department divides the state into six regions, each with its own office.

## Surplus Funds

According to Department and Federal Highway Administration (FHWA) procedures, construction projects should be closed within six months of the date the Department accepts a project as complete. When a project is closed, it means that all of the required paperwork has been submitted to the appropriate parties, no additional charges can be made against the project, and all final payments are issued. If a

project has surplus funds, those funds can be released and reallocated to other projects. Surplus funds can also be released after project acceptance, but prior to closure, if the region retains sufficient funds to cover the final payment for the project and sets the funds aside in an escrow account.

We reviewed 17 of the almost 600 construction projects that were closed in Fiscal Year 2003 and found that it took an average of 663 days, or almost two years from the final acceptance date, to close these projects. Further, we found that 11 of the 17 projects (65 percent) in our sample had surplus funds totaling more than \$4.3 million available after the projects were accepted by the Department. For all 11 projects, the regions retained the full amount of surplus funds after project acceptance, rather than retaining only the amount needed for final payment. As a result, the \$4.3 million sat unused on these projects for almost two years when the dollars could have been reallocated to other projects.

We identified problems with efficient cash management in our 2000 and 2002 audits of the Department. We noted that the Department consistently maintained a monthly operating cash balance in excess of \$200 million, raising concerns about whether cash was being used in the most efficient manner. We raise similar concerns about the Department's management of surplus funds.

According to the Department, contractors and region staff are not filing required paperwork on time, and both contractors and region staff are responsible for project closure delays. The Department needs to ensure that, after project acceptance, regions retain only the final payment amount and that they release excess funds for use on other projects. In addition, the Department should require contractors and region staff to submit final paperwork within the six-month time frame, and provide training on these requirements when appropriate. Timely paperwork submission should be included as an evaluation factor for contractors and region staff in project management positions. The Department should also consider other methods for ensuring that the appropriate paperwork is submitted in a timely manner such as retaining performance bonds for contractors who consistently fail to meet project closure timelines.

(CFDA No. 20.205; Highway Planning and Construction; Cash Management.)

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## **Recommendation No. 91:**

The Department of Transportation should ensure that construction projects are closed in a timely manner and that surplus funds are released for use on other projects by:

- a. Implementing measures to expedite the submission of forms required for project closure by both contractors and region staff. This may include providing training to region staff and contractors on project closure requirements, considering the timely submission of paperwork in contractor and staff evaluations, and retaining performance bonds for contractors who consistently fail to meet project closure timelines.
- b. Establishing requirements and monitoring region practices to ensure they retain only the estimated final payment amount on projects and then release any surplus funds within six months of the date the project was accepted as complete by the Department.

## **Department of Transportation Response:**

Agree. Implementation date: December 31, 2004.

The Center for Accounting and the Staff Services Branch will work cooperatively with Regional Finals Engineers to identify ongoing issues related to project closure and the subsequent release of funds. Action will be taken to improve this process based upon issues identified. Training will also be provided as necessary.

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## **Contractor Claims**

A contractor files a claim when the contractor and the Department disagree about whether the scope of work, or the time required to complete the work, exceeds the amount defined in the contract. The Project Engineer is responsible for reviewing all claims and determining whether a claim should be paid and, if so, the payment amount. Claims in excess of \$250,000 must be reported to the Department's Division of Audit and reviewed for reasonableness. According to the Department's construction manual, all claims on federal oversight projects and claims in excess of \$250,000 on federal-aid projects must be reported and reviewed by FHWA. During Fiscal Year 2002, contractors filed 18 claims totaling \$10.5 million. During Fiscal Year 2003, contractors filed 29 claims totaling \$4 million.

We reviewed the Department's claims payment and settlement process and identified a number of problems. First, we identified three claims filed during Calendar Years 2001 and 2002 that exceeded \$250,000, but were not reported to the Division of Audit. These claims totaled \$10.6 million. The Division of Audit reviewed three other claims totaling \$2.8 million between Calendar Years 2002 and 2003. The auditors recommended that these claims be reduced by a total of \$2.1 million, or 77 percent. If the auditors review the three unreported claims and recommend similar reductions, the \$10.6 million in claims may be reduced by as much as \$8.1 million.

Second, we identified two claims on federal oversight projects that were not reported to the FHWA for review prior to settlement. One claim was for about \$93,000 and the other claim was for a 28-day project extension. Failure to report claims to the FHWA before settlement can potentially reduce the amount of federal reimbursement the State receives on the claims.

Third, we found the Department does not maintain data on the types of claims filed or the settlement amount. Claims may be settled for less than the original amount. Without information on the types of claims filed and their final settlement amounts, the Department cannot identify recurring problems with particular contractors or project managers and use this information to reduce the number and value of future claims.

The Department needs to improve its management of the claims payment and settlement process. At minimum, this should include improving its existing claims tracking process by including the number, nature, amount, and outcome of all claims filed with the Department. This information should be used to identify trends among contractors, regions, and the State as a whole. In addition, the Department should hold the regions accountable for notifying the Division of Audit and the FHWA of all appropriate claims.

(CFDA No. 20.205; Highway Planning and Construction; Allowable Costs/Cost Principles.)

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## **Recommendation No. 92:**

The Department of Transportation should improve management of the claims payment and settlement process by:

- a. Improving its process for tracking the number, nature, total value, and final outcome of all claims that are filed with the Department. This information

should be used to identify trends among contractors, regions, and the State as a whole, and to improve the claims review and payment process.

- b. Holding region staff accountable for notifying the Division of Audit of all claims over \$250,000 as required by Department policy.
- c. Ensuring region staff notify the FHWA of all appropriate claims.

### **Department of Transportation Response:**

Agree. Implementation date: July 2005.

- a. Due to the relatively small number of claims, CDOT does not do an in depth analysis to establish trends among Contractors and Regions, but the information is fairly obvious from the report. The report will be modified to include settlement amount. An increased number of claims may warrant creation of a more formal analysis process.
- b. The Region Staff are required to report all claims to the Area Engineer (AE) in the Project Development Branch. The AE notifies Division of Audit if an audit is required. The reporting system will be modified to include an entry field for notification of Audit to serve as a reminder to Area Engineers.
- c. The Region Staff are required to report all claims to the Area Engineer (AE) in the Project Development Branch. The AE prepares the quarterly report and submits a copy to FHWA. The Department will ensure the FHWA is notified about all claims.

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## **Consultant Fees**

As stated previously, statutes require the Department to select consultants based on their qualifications. Once a qualified consultant is selected, statutes require the Department to negotiate fees that are *fair and reasonable* (emphasis added). The Department's Consultant Audit Unit reviews a consultant's proposed fees for fairness and reasonableness after the consultant has been selected, but before the start of formal contract negotiations.

Consultant fees include three cost components: indirect costs, direct costs, and profit. Indirect costs are often referred to as "overhead" and include those costs that cannot be directly associated with a particular project (e.g., salaries of managerial

and administrative staff, benefits, rent, utilities, and workers' compensation insurance). Indirect costs (overhead) are established as a percentage of direct labor costs on a project. We estimate that the State will spend approximately \$326.6 million in indirect costs, or 54 percent of total contract costs of \$604.9 million, for the 162 consultant contracts active at the end of Fiscal Year 2003.

Direct costs include the actual costs of labor (e.g., salaries) for personnel assigned to the project and any nonlabor costs (e.g., travel, photocopying) that can be directly associated with and billed to a particular project. Finally, consultant contracts include a profit component equal to a percentage of the total direct and indirect costs on a project. On average, the Department pays about a 10 percent profit margin on consultant contracts.

We reviewed the Department's management of indirect cost rates in consultant contracts. We found that (1) the Department lacks criteria for determining that consultant indirect cost rates are reasonable and (2) the Department approves the proposed indirect cost rates with limited verification of the underlying charges.

## **Reasonableness Criteria**

Section 31.201-3 of the Federal Acquisition Regulations (FAR) states that "a cost is reasonable if in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business." In addition, according to Section 31.201-3 of the FAR, states should not presume that the indirect cost rates proposed by consultants are reasonable. We reviewed the Department's methods for evaluating indirect costs and found that the Department has neither defined "reasonable costs" nor established criteria for including or excluding costs based on their reasonableness. As a result, the Department may be paying higher indirect cost rates than it should be.

The Department's Division of Audit recently reported that indirect cost rates have been increasing. The Audit Division has attributed the increases, in part, to the increases in executive compensation paid to owners, principals, and executives of consulting firms, which are recovered through the indirect cost rate on contracts. The auditors have recommended that the Department consider market rates when evaluating executive compensation, and that the Department scrutinize large executive bonuses, which can be paid from profits. Since the Department already pays an average profit percentage of 10 percent on consultant contracts, paying executive bonuses can result in paying profit twice: once in the profit percentage and, if bonuses are paid from profits, again through the indirect cost rate. The Department audit suggested that increased scrutiny of executive compensation could save as much as \$1.6 million annually (\$16 million over 10 years).

We requested salary and bonus information for the top ten salaried employees from a sample of five consulting firms. Two of the five firms did not supply us with any of the requested data. One of the firms provided us only with bonus data (i.e., this firm did not provide salary data). Only two of the firms supplied us with both salary and bonus data, as requested. The Department will work on obtaining information that was not provided to us during the audit.

We compared the salary and bonus data for the two firms supplying the requested information against market data collected by the Division of Audit. The Division has recommended that, on the basis of market data, principal-president salaries plus bonuses in excess of \$162,500 be scrutinized further. The Department is currently evaluating this and other standards that could be used when reviewing executive compensation. For purposes of this analysis, however, we used the \$162,500 standard and found that 16 of the 20 (80 percent) top-salaried employees at these two firms had base salaries plus bonuses in excess of this threshold. The average salary plus bonus was \$244,720. In total, the salaries and bonuses for these 16 employees exceeded the threshold by \$1.7 million.

We compared employee bonuses (without salaries) against the Division's \$162,500 salary plus bonus threshold for the one firm providing only bonus information. Even without including salaries, we identified three employees whose bonuses alone exceeded the \$162,500 threshold. Each bonus was \$200,000.

We surveyed seven other state departments of transportation to determine if they had established criteria to define "reasonableness" and to determine whether they have established criteria related to executive compensation. We found that two states, Utah and Texas, had established "reasonableness" criteria for executive compensation. Utah does not reimburse any bonuses or incentives for key management officers. Texas reviews executive compensation on a case-by-case basis, but any allowable compensation over \$200,000 must be disclosed along with justification in the notes to the firm's schedule of indirect costs.

The Department needs to establish criteria for reviewing executive compensation and define "reasonable costs" in general. This should include identifying those indirect costs that are generally recognized as ordinary and necessary for the conduct of competitive business or contract performance. This could also include conducting a market analysis to determine if a consultant's proposed costs are generally consistent with what the Department would expect to see had the selection been based on competitive pricing. The Department could also compare proposed indirect costs with those of other firms of the same size, in the same industry, in the same geographic area, and engaged in similar nongovernment work under comparable circumstances. In addition, the Department should maintain historical cost data for

consultants so that any significant changes in a firm's indirect cost rate can be easily identified and reviewed for reasonableness.

(CFDA No. 20.205; Highway Planning and Construction; Allowable Costs/Cost Principles.)

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### **Recommendation No. 93:**

The Department of Transportation should improve its management of indirect cost rates to ensure costs are reasonable. More specifically, the Department should:

- a. Define clear criteria to determine the reasonableness of consultants' proposed costs on consultant contracts. Criteria should be consistent with the cost principles established in the Federal Acquisition Regulations and audit procedures outlined in the American Association of State Highway Transportation Officials Audit Guide and FHWA regulations. At a minimum, this process should involve tracking and maintaining historical cost data for consultants that contract with the Department and conducting market comparisons.
- b. Define clear criteria for reviewing executive salaries and bonuses included in the indirect cost rate. This should include comparing market rates for executive compensation, establishing reasonable cost thresholds, and excluding executive compensation above those thresholds without adequate justification.

### **Department of Transportation Response:**

Agree. Implementation date: April 2005.

- a. The Department will continue to maintain cost data for consultants, and will establish a system of capturing historical consultant cost records, then will use the information to help determine fair and reasonable compensation. We will use a number of factors to assess fair and reasonable costs, and to establish a tiered analysis and decision process.
  - b. We will develop criteria for reviewing and reporting on executive salaries in the pre-contract audit evaluations. The criteria will include comparisons to market rates for use in determining reasonable costs.
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## Cost Verification

The Department's Consultant Audit Unit reviews proposed cost schedules submitted by consulting firms and approves the indirect cost rate. We found that the Consultant Audit Unit does not consistently verify supporting data before establishing audited indirect cost rates. The Unit relies on highly summarized schedules of direct labor, fringe benefits, and general overhead prepared by independent certified public accounting (CPA) firms and, if these are not available, on self-reported schedules prepared by consultants. The Department requires consulting firms to provide limited detailed cost information to support their indirect cost schedules. Additionally, the Department does not require firms to provide a crosswalk from their indirect cost schedules to their audited financial statements to show how costs were derived. As stated earlier, indirect costs comprise roughly 50 percent of the contract. Therefore, it is important to determine that indirect costs are reasonable.

We performed a detailed review of the audited indirect cost rates and supporting documentation for a sample of five consulting firms under contract with the Department. The audited indirect cost rates for these five firms ranged from 147 to 174 percent of their total direct labor cost pools. We identified problems in the following areas:

- **Insufficient documentation.** Although all five sampled firms had an indirect cost schedule that had been audited by an independent certified public accounting firm, four of the firms provided only limited detailed financial documentation to support their audited indirect cost rates. One of the five consulting firms we reviewed did not provide any of the detailed financial documentation we requested. Documentation provided was not sufficient to determine whether the audited indirect cost rate was reasonable.
- **Indirect cost reconciliations.** We could not reconcile indirect costs to the audited financial statements for three of the four firms submitting documentation. Unreconciled indirect costs for these three firms totaled \$625.5 million and represent each firm's total indirect cost pool, which is applied as a percentage to direct labor hours on specific contracts. Every time the Department purchases an hour of labor from these firms, it pays for a portion of these unreconciled costs. Because the Consultant Audit Unit does not consistently review supporting documentation, staff were not aware of these substantial differences and did not attempt to reconcile them. The Department will work with these consulting firms to address this problem.
- **Direct labor cost reconciliations.** The four firms in our sample submitting documentation had direct labor cost pools totaling \$509.8 million. However,

we could not reconcile direct costs to the audited financial statements for three of the four firms submitting documentation. The direct cost pools for these three firms totaled \$407 million. This is a concern because understating direct labor costs could result in an overstatement of the indirect cost rate.

- **Documentation for indirect salary expenses.** None of the five firms in our sample could provide information (such as job title or operating component detail) to verify that the firm was charging salaries to overhead correctly. Indirect salary allocations totaled \$258 million and represented 31 percent of the total indirect cost pool for these five firms. Since indirect salaries are a significant portion of the indirect cost expense, firms should be able to provide evidence that salaries have been charged appropriately.

It is clear that the Department does not have sufficient procedures to substantiate and scrutinize indirect cost rates prior to contracting with consultants. Consequently, the basis for the approximately \$326.6 million in indirect costs that will be paid over the contract life on the 162 executed consultant contracts outstanding at the end of Fiscal Year 2003 is in question.

We contacted seven states (Arizona, Florida, Kansas, Oregon, Texas, Utah, and Washington) to determine the extent to which their pre-contract audit functions reviewed consultant indirect cost rates. We found that four of the seven states we contacted (Arizona, Florida, Oregon, and Washington) require consultants to submit an indirect cost schedule that has been audited by an independent CPA firm. However, these states also review all of the CPA audits for appropriateness and reasonableness and conduct regular quality assurance reviews of the CPA audits (e.g., examine working papers and other financial documentation used to prepare the CPA audit report). These states also conduct their own indirect cost audits of consultant rates when appropriate.

The Department needs to verify and substantiate indirect cost rates prior to contracting with consultants. This should include developing documentation requirements and pre-contract audit programs that are extensive and rigorous enough to provide the Department with assurance that proposed indirect costs are allowable and reasonable according to the established criteria, and to minimize the risks of errors and irregularities. When developing audit programs, the Department should consider best practices established by other states as well as guidelines established by the American Association of State Highway Transportation Officials Audit Guide.

(CFDA No. 20.205; Highway Planning and Construction; Allowable Costs/Cost Principles.)

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## **Recommendation No. 94:**

The Department of Transportation should adequately verify and substantiate indirect cost rates to ensure consultant fees are fair and reasonable. This should include:

- a. Developing requirements that consultants and subconsultants who perform work on consultant contracts over a certain dollar threshold submit a schedule of direct labor, fringe benefits, and general overhead that has been audited by an independent CPA firm. For contracts under this threshold, the principal agent of the consulting firm should be required to certify a self-prepared schedule with supporting documentation. The Department should review all of these CPA firm audit reports and self-prepared indirect cost schedules for appropriateness and to identify areas where additional detailed supporting documentation and audit work is required. This detailed supporting documentation should include a copy of the firm's audited financial statements along with a crosswalk from the financial statements to the indirect cost schedules to show how costs were derived.
- b. Developing and implementing an audit program to conduct quality assurance reviews of CPA firm audit reports and ensure that indirect cost rates are prepared in accordance with Department policy. Such reviews should be conducted at regular intervals on a sample basis according to predetermined risk factors such as the dollar value of the contract, results of final cost audits, or lack of concurrence on CPA audits from other federal or state transportation agencies.
- c. Developing and implementing an audit program to conduct, on a sample basis, actual indirect cost rate audits at regular intervals according to predetermined risk factors.

## **Department of Transportation Response:**

- a. Agree. Implementation date: December 2004.

The Department will develop criteria for obtaining accurate financial information from firms with contracts over a certain dollar amount. A review of recent contracting activity will be used to determine the appropriate level. Testing of the CPA audits and the self-prepared indirect cost schedules will be included in the audit reviews. The requirement of a CPA audit will be based on the reliability of the financial information received from the firm.

- b. Agree. Implementation date: December 2004.

The Department will develop an audit program to conduct quality assurance reviews of CPA audit reports and assure that the indirect rates are prepared in accordance with Department policy. Reviews will be selected on the basis of risk factors such as those listed in the recommendation.

- c. Agree. Implementation date: June 2005.

The Department will develop a program to conduct these audits. Selection will be according to risk-based criteria. The biggest issue is training staff to conduct these complex audits.

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## Disadvantaged Business Enterprise Goals

Federal regulations require state departments of transportation to maintain a disadvantaged business enterprise (DBE) program to receive federal-aid highway funds. The goal of the DBE program is to provide assistance to minorities, women, and other socially and economically disadvantaged individuals to enter into the highway construction and design industries. On an annual basis, the Transportation Commission establishes a statewide DBE goal, which is a commitment from the State to the federal government that a certain percentage of the total federal-aid contract dollars will go to DBE firms. In an effort to meet its statewide DBE goals, the Department establishes specific DBE goals for some consultant projects.

Our review of the Department's DBE program found that a large percentage of consultants are not meeting their contracted commitment to use DBE firms as subconsultants. Specifically, we found that only \$3.1 million of the \$8 million in contract funds (39 percent) committed to DBE firms were actually paid to these firms. This can jeopardize future federal-aid highway funding when it affects the Department's ability to meet its statewide DBE goals. Data reported by the Department show that Colorado has not met its statewide DBE goals for the past four federal fiscal years.

DBE goals are included as a contractual term. However, prior to October 2003, the Department did not monitor or track actual DBE usage so that this information could be used on consultant performance evaluations and considered in future selections. Including DBE goals in the consultant performance evaluations would hold consultants accountable for meeting or failing to meet their contracted DBE commitments and help ensure compliance with federal regulations.

(CFDA No. 20.205; Highway Planning and Construction; Eligibility.)

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### **Recommendation No. 95:**

The Department of Transportation should ensure the selection of qualified consultants for contracts by tracking and monitoring consultant compliance with contract terms related to disadvantaged business enterprises, and include a review of consultants' progress toward meeting the disadvantaged business enterprise goals in the consultant performance evaluations.

### **Department of Transportation Response:**

Agree. Implementation date: July 2005.

The Department has developed a database and software to track DBE usage on contracts, but it has not performed to our expectations. The firm that developed the system is no longer available to work on it, and our internal Information Systems staff is attempting to correct the problems to allow us track this information and make it available during consultant selections. The new automated system is scheduled to be functional in July 2005. An interim system to capture data will continue until the new system is implemented.

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# Summary of Auditor's Results

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## Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_yes\_\_\_ **X**\_\_\_no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_**X**\_\_\_yes\_\_\_\_\_none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_yes\_\_\_ **X**\_\_\_no

## Federal Awards

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_yes\_\_\_ **X**\_\_\_no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_**X**\_\_\_yes\_\_\_\_\_none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*?

\_\_\_\_\_ **X**\_\_\_yes\_\_\_\_\_no

## Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.551, .561	Food Stamp Program Cluster
10.553, .555, .556, .559	Nutrition Cluster
10.558	Child Care and Adult Food Program
10.664	Cooperative Forestry Assistance
14.871	Section 8 Housing Choice Vouchers
15.unknown	Royalties Management/National Forest
17.207, .801, .804	Employment Services Cluster
17.258, .259, .260	Workforce Investment Act Program Cluster
20.205	Highway Planning and Construction
21.999	Jobs and Growth Tax Relief Reconciliation Act of 2002
84.010	Title 1 Grants to Local Education Agencies
84.126	Rehabilitation Services: Vocational Rehabilitation
93.283	Centers for Disease Control and Prevention: Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families (TANF)
93.575, .596	Child Care Cluster
93.775, .777, .778	Medicaid Cluster
97.004	State Domestic Preparedness Equipment Support Program
Various	Research and Development Cluster
Various	Student Financial Aid Cluster

Dollar threshold used to distinguish  
between type A and B programs: \$13.9 million

Auditee qualified as low-risk auditee?     X    yes         no

## **Prior Recommendations**

# Disposition of Prior Audit Recommendations

The following audit recommendations are summarized from the Statewide Audit for Fiscal Years 1997 through 2003 and include only the recommendations not implemented Fiscal Year 2004. The Statewide Audit includes both financial audit and Single Audit recommendations.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
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<b>Department of Corrections</b>		
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2003 Single Audit Rec. No. 1	Expand the monitoring process for privately operated facilities to ensure that complete and accurate documentation is maintained to support all activity in inmate bank accounts.	Partially implemented. The Department expanded its current monitoring function by utilizing its internal auditor to perform additional monitoring as required by the Fiscal Year 2003 recommendation. Per Department staff, the internal auditor began an audit at two private facilities in late Fiscal Year 2004 and completed the audit in Fiscal Year 2005. Although steps have been taken to expand the monitoring function, our Fiscal Year 2004 audit identified problems with transactions in inmate bank accounts. See current year Recommendation No. 1.
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**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Department of Health Care Policy and Financing**

2003 Single Audit Rec. No. 2	Ensure that the accounts receivable balance for Medicaid Management Information System (MMIS) receivables is routinely reconciled on a periodic basis to the subsidiary ledger balance in the MMIS system, and perform appropriate and timely follow-up on those cases where provider overpayments cannot be recouped through MMIS.	Not implemented. See current year audit Recommendation No. 32.
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**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 27

Improve oversight of Medicaid eligibility data contained in the Client Oriented Information Network (COIN) and Colorado Trails systems to ensure that benefits are paid only to individuals eligible for the Medicaid programs by (a) initiating and completing targeted pilot reviews on a timely basis, (b) establishing procedures to ensure that COIN is updated accurately to reflect the date of death for all beneficiaries, (c) performing random testing of eligibility information included in the COIN and Trails systems compared with information in individuals' files, and (d) performing recoupment more frequently than once a year for payments made on behalf of individuals not eligible for Medicaid.

a. Not implemented. See current year audit Recommendation No. 27.

b. Not implemented. The Department has a Colorado Benefits Management System (CBMS) change request on file for adding an automated link between the Bureau of Vital Statistics and CBMS eligibility system to ensure more accurate data is maintained regarding client dates of death. Since the change request was not part of the original CBMS scope of work, it will be prioritized with other post-implementation changes. Implementation date: June 2005.

c. Partially implemented. Random sampling will be part of the annual work plan for Medicaid Eligibility Quality Control (MEQC) beginning in July 2004. Additionally, the Payment Accuracy Management (PAM) project, initiated in April 2004 through the Quality Improvement Section is currently doing a random file study to test eligibility against paid claims data.

d. Partially implemented. Recoupments will take place on a biannual basis and will be calculated every six months beginning in June 2005 for dates of services beginning in July 2004.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit Rec. No. 28	Ensure payments are made only for allowable costs under the Medicaid program by continuing its internal reviews for prescription drug claims to ensure payments are made for properly supported drug claims.	Ongoing. The Department's Quality Improvement section will continue to conduct quarterly random reviews of pharmacy provider compliance with return to stock requirements. Additional post payment reviews and recovery of overpayments from pharmacy providers has been conducted for the Department through its contract with Health Watch Technologies.
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**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 29

Continue to improve controls over provider eligibility by (a) continuing to monitor the fiscal agent's review of all provider files to ensure each file includes a current provider agreement and documentation of applicable provider licenses and registrations and (b) developing procedures to ensure provider licensing information is updated on an annual basis to ensure its accuracy for changes that occur throughout a given year.

a. Partially implemented. See current year Recommendation No. 29. In addition, the Department's fiscal agent completed a review for years 12/1/1998 to 1/1/2003, and invalid or missing license information was updated. Further audits had to be stopped due to the HIPAA (Heath Insurance Portability and Accountability Act) workload. The Department will notify the fiscal agent to resume the review with another transmittal. The fiscal agent continues to conduct quality assurance activities over provider enrollment documents.

b. Partially implemented. See current year Recommendation No. 29. In addition, the Department review continues as follows. The Department monitors the fiscal agent's quality assurance activities, which includes checking the license and verifying the location address is a physical one and not a post office box. When required information is missing, the provider is contacted. The Department manually reviews provider licenses and terminates any providers who are found ineligible. When the HIPAA rule for the National Provider Identifier is implemented in May 2007, then it will be possible to do electronic matches on licenses with the Department of Regulatory Agencies.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit Rec. No. 30	Work with the Colorado Office of the State Treasurer to determine the appropriate funding technique that should be used for the State's Medicaid program under the Cash Management Improvement Act (CMIA) and update the Treasury-State CMIA Agreement as deemed appropriate.	Implemented.
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**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 28

Require that the fiscal agent generate accurate claims summary reports for settling all hospital outpatient service claims payments within a specified time frame. If reports meeting the Department's requirements are not produced within the time frame, the Department should assess liquid damages against the fiscal agent.

Partially implemented. As noted in 2003, the Department's fiscal agent began generating claims summary reports in Fiscal Year 2003 for the backlogged years as far back as 1998. These reports did not contain accurate clinic data as the reports were run under 2003 regulations versus the regulations that were in effect when the services were provided. The Department is able to recover the appropriate clinic data for the fiscal years outstanding by reloading the archived claims data and is forwarding the claims summary reports to its fiscal intermediary as it is recovered. The fiscal intermediary is conducting cost settlements as this data is received.

In addition, there were several instances during 2004 where the claims reports generated by the fiscal agent contained Medicare cross-over claims that should not have been included for calculating Medicaid cost settlements. Issues such as this are being resolved as they are discovered by the fiscal agent. The Department reports that it is current with producing claims settlement reports as of March 2005.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 31

Follow up on results of the data match performed by the Office of the State Auditor between the Colorado Indigent Care Program (CICP) and the Medicaid program, and seek reimbursement as appropriate.

Implemented. In its response to the original recommendation the Department stated it did not plan to contact providers regarding the results of the data match, but that it would work to eliminate or minimize the problem in the future. However, the Department agreed that it would clarify language in the CICP Program Manual that outlines procedures and policies regarding claims filed to both Medicaid and CICP, and Medicaid eligibility more generally. These changes have taken place.

2002 Single Audit  
Rec. No. 35

Ensure charges submitted for the Colorado Indigent Care Program (CICP) are consistent with the program's intent and reported on the same basis for all providers performing periodic on-site testing of charges and related adjustments.

Partially implemented. The Department made revisions to the CICP Provider Audit requirements effective Fiscal Year 2003. Among these changes is the addition of an administrative audit provision which puts providers on notice that they are subject to audit by the Department or an agent of the program. The Department did not conduct any administrative audits in Fiscal Year 2004 and reports that none are planned for Fiscal Year 2005. The Department reported that it lacked the available resources to perform periodic testing of the validity of charges and related adjustments submitted to CICP.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 37

Improve controls over the certification process for the Colorado Indigent Care Program (CICP) by (a) formally documenting annual comparisons of certified public expenditures by each provider to the provider's actual CICP write-off costs, (b) obtaining confirmation from the federal Centers for Medicare and Medicaid Services (CMS) on whether shortfalls in certified expenditures under Component 1A may be offset by excess certifiable expenditures under a different amendment to the State Plan, (c) informing providers of the purpose of certification and that expenditures cannot be certified if they are reimbursed by other federal funds, and (d) requiring that providers include an assurance in quarterly certification letters stating that no federal fund were received as reimbursement for the certified expenditures, other than those through CICP.

a. Not implemented. The Department partially agreed with the overall audit recommendation stating that it did not plan to formally document annual comparisons of certified public expenditures to each provider's actual write-off costs.

b. Not implemented. The Department partially agreed with the overall audit recommendation stating that it would contact CMS regarding shortfalls from one State Plan amendment to another. However, subsequent to our audit, the Department reported that it would not be contacting CMS concerning shortfalls in certified public expenditures.

c. and d. Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2001 Single Audit  
Rec. No. 40

Strengthen controls over the eligibility process for individuals under the Medicaid program by (a) ensuring all county departments of social services are maintaining current and complete files for Medicaid-eligible beneficiaries, (b) ensuring claims are not paid for an individual who is ineligible for benefits, and (c) performing periodic random testing of eligibility claims in conjunction with targeted reviews.

a. Partially implemented. The Department deferred rewriting the eligibility rules until after the transition to the Colorado Benefits Management System (CBMS). There is a comprehensive procedures manual related in determining eligibility within CBMS that is available to the counties. CBMS was implemented in September 2004.

b. Partially implemented. See current year Recommendation No. 27.

c. Not implemented. See current year Recommendation No. 27.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2001 Single Audit  
Rec. No. 44

Modify its Interagency Agreement with the Department of Human Services for single entry point subrecipient monitoring by (a) establishing procedures for conducting risk assessments for evaluating the need of an on-site financial compliance review, and (b) requiring that all single entry point entities receive an on-site financial compliance review within a reasonable period of time to ensure new and revised financial policies and procedures are being followed.

a. Partially implemented. A risk assessment is performed annually by the Department of Human Services. This assessment focuses on dollars at risk, length of time since the last review was performed, and other risk factors. The Department is in the process of developing a Request for Proposal (RFP) for a contract to perform the Single Entry Point agency financial compliance reviews. The RFP and the resulting contract will specifically contain the provision for this item. The Department expects to issue the RFP in May 2005.

b. Not implemented. See current year Recommendation No. 30. Additionally, the interagency agreement with the Department of Human Services (DHS) was not modified as DHS no longer performs the work for the Department as of July 1, 2004. Further, the Department has not received the funding to conduct on-site financial compliance reviews for all Single Entry Point agencies.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2001 Single Audit Rec. No. 45	Ensure claims processed through Medicaid Management Information System (MMIS) are accurate and allowable under the Medicaid program by conducting regular claims audits on at least a quarterly basis. Timeliness of Processing should be included in the testing procedures.	Not implemented. See current year Recommendation No. 34. The Department has postponed conducting regular claims audits on a quarterly basis due to budget cutbacks. The team responsible for performing the audits is awaiting resources from the Colorado Benefits Management System (CBMS) development team. The Department plans to begin reviews in January 2005.
2001 Single Audit Rec. No. 48	Develop and implement adequate controls over the provider database in MMIS by establishing formal policies, procedures, and time frame for the routine reenrollment of Medicaid providers.	Partially implemented. The Department has recently created a Provider Liaison position to address issues such as a policy for enrolling providers with associated procedures and time frames. The fiscal agent has drafted procedures and the policies have been outlined. The project should be completed by July 2005.
2001 Single Audit Rec. No. 50	Implement edits in Medicaid Management Information System (MMIS) to review laboratory claims for compliance with Clinical Laboratory Improvement Amendment (CLIA) requirements in accordance with state Medicaid policy.	Partially implemented. The Department has assigned key staff members to this project. The team involved with the MMIS change request will meet in early 2005 to reinstate this effort and determine what changes must be made to come into compliance with state Medicaid policy on CLIA. The plan will be revised and updated at that time.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Department of Higher Education**

**State Historical Society**

2003 Single Audit Rec. No. 3	Properly record revenue for TABOR reporting purposes.	Implemented.
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**University of Colorado at Denver**

2003 Single Audit Rec. No. 31	Report the questioned costs identified in the Internal Audit Department's report to the appropriate federal sponsors and refund the amounts owed.	Implemented. The federal sponsors subject to overcharges have been contacted and apprised of the amount owed as follows: <ul style="list-style-type: none"><li>• For Education and Human Resources - A letter was written to the sponsoring agency and the amount owed was returned.</li><li>• For Vocational Education Counseling - The actual amount owed to the agency was determined to be \$4,697 and was returned to the sponsor.</li><li>• For Child Care Apprentice Program - The amount owed was returned.</li><li>• For Special Education Grants - The funds not expended were refunded to the grantor agency.</li></ul>
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**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 32

Establish adequate controls over sponsored programs by (a) conducting a comprehensive review of its sponsored program processes, controls, and competencies; (b) clearly identifying respective responsibilities, authorities, and procedures that will fully comply with federal and state requirements, and developing guidance that reflects the same; and (c) conducting training to ensure all parties involved in sponsored program financial compliance are adequately equipped to carry out their responsibilities.

- a. Implemented.
- b. Implemented.
- c. In progress. Finalization of the Health Sciences Center on-line training for Principle Investigators was delayed until July 2004. A training schedule for all Denver Campus research faculty and administrative staff is currently being developed with a planned final implementation date of June 30, 2005.

**Colorado State University**

2003 Single Audit  
Rec. No. 33

Ensure cash management requirements are adhered to by (a) ensuring the request-for-funds function is assigned to someone familiar with cash management compliance requirements; (b) implementing a formal secondary review by a person that did not directly prepare the draw; (c) considering a cursory review by the Office of Sponsored Programs (OSP), for those programs that are not already drawn or billed by OSP, to ensure cash management compliance; and (d) designating a knowledgeable person or group to monitor interest earned on the advancement of federal funds to ensure that interest earned is remitted to the appropriate federal agency.

Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 34

Include a standard clause in all cooperator and vendor agreements or obtain a separate certification from the vendors and cooperators stating that the cooperator/vendor is not suspended or debarred from federal procurement and nonprocurement programs.

Partially implemented. Although this recommendation was implemented by some departments of Colorado State University (CSU), during federal testwork of the Research and Development Cluster, we noted that the CSU Purchasing Department did not verify contracting entities' status to ensure the contracting entity was not suspended or debarred as discussed in current year Recommendation No. 55.

2003 Single Audit  
Rec. No. 35

Comply with subrecipient monitoring compliance requirements by (a) developing a formal policy requiring subrecipients to take timely and appropriate corrective action on all audit findings, (b) requiring proper follow-up procedures to be performed to ensure the corrective action plan was properly adhered to by the subrecipient reporting significant noncompliance findings, and (c) incorporating procedures into the policy regarding the monitoring of subrecipients not subject to OMB Circular A-133 audits.

Implemented.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
2003 Single Audit Rec. No. 36	Strengthen controls over subrecipient monitoring for the Cooperative Forestry Assistance award program by (a) obtaining A-133 reports for all subrecipients and established follow-up procedures to ensure the proposed corrective action plan is adhered to by the subrecipients and (b) including in subrecipient agreements all necessary compliance elements, including the title of the award and the federal awarding agency, the CFDA number, and the need for the subrecipient to follow OMB Circular A-133 requirements.	Implemented.
2003 Single Audit Rec. No. 37	Establish procedures to ensure that the withdrawal dates of students who withdraw from CSU without providing notification are determined by 30 days after the end of the payment period or academic year from which the students withdrew, whichever is earlier. Also, these procedures should ensure proper return of Title IV funds.	Implemented.
2003 Single Audit Rec. No. 38	Establish procedures to ensure that cost of attendances that have been manually changed prior to receiving data corrections from the Central Processing System are examined to ensure appropriateness.	Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 39

Implement procedures to ensure that documentation is maintained to substantiate its compliance with exit counseling requirements.

Implemented.

2003 Single Audit  
Rec. No. 40

Implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate are accurate. Such procedures should include a formal review that agrees amounts reported to supporting documentation.

Partially implemented. Colorado State University did implement a formal review process of the Fiscal Operations Report and Application to Participate (FISAP); yet, certain errors were noted during the review of the current year FISAP. See current year Recommendation No. 54.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 41

Strengthen controls over cash management and expenditures for the Cooperative Forestry Assistance grant by (a) performing a detailed review, on a test basis, of expenses submitted to monitor payments made to subrecipients, as approved by field offices, to ensure that sufficient, allowable expenses are submitted for reimbursement, consistent documentation is provided, and procedures for reviewing allowability at the field office level are performed accurately; (b) approving payments only to subrecipients for actual costs incurred rather than estimated costs to be incurred; (c) comparing the maximum allowable contract amount to total amounts expended and documenting any variances or amended funding levels on a project basis when the payments are approved; (d) maintaining a roll-forward of the total amounts eligible and amounts available to ensure the subrecipient has met the required matching contribution; and (e) having requests for reimbursement reviewed by an individual at least one level higher than the person preparing the request prior to submission to the granting agency.

Implemented.

2003 Single Audit  
Rec. No. 42

Reconcile the following, on a grant by grant basis, within the fiscal year as well as the life of the grants: the amounts drawn from the federal agency, the amounts reported as federal expenditures and revenue in the general ledger, and the amounts reported on the Exhibit K.

Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 43

Establish procedures to review all grant agreements upon initiation and implement the necessary processes to ensure compliance with reporting and other applicable requirements. An individual should be assigned responsibility for completing required reports timely, and a secondary review of the report should be performed by another individual knowledgeable of the program prior to submission.

Implemented.

**Colorado State University - Pueblo**

2002 Single Audit  
Rec. No. 39

For the Federal Perkins Loan Program (a) strengthen procedures to ensure that adequate documentation is obtained from borrowers to support financial hardship for deferment or cancellation of student loans, (b) modify its loan collection program to ensure that the date a student loan enters repayment status is calculated in accordance with federal guidelines, and (c) strengthen procedures to ensure that student withdrawal information is reported to the National Student Loan Data System for all students.

Parts a. and c.: Implemented.

b. Not implemented. The University has investigated options to modify its loan collections program and has identified a product that could possibly provide the required functionality. The University reports however, that funding reductions and budget constraints prevents it from proceeding with any solution at this time.

**Adams State College**

2003 Single Audit  
Rec. No. 44

Improve procedures and controls over student financial aid reporting and eligibility by ensuring that the Fiscal Operations Report and Application to Participate reports are prepared and filed on a timely basis and contain accurate data that agree with accounting and financial aid records.

Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Colorado Community College System**

**Arapahoe Community College**

2003 Single Audit  
Rec. No. 45

Establish procedures to ensure that carryforward balances are disbursed prior to disbursing current year allocations, and ensure that it has reimbursed the U.S. Department of Education for the difference between the earnings that the excess cash balance would have yielded if invested under the applicable current value of funds rate and the actual interest earned on that balance.

Implemented.

**Colorado Community College System**

**Community College of Denver**

2003 Single Audit  
Rec. No. 46

Establish procedures to ensure that all required data elements are verified, all required verification worksheet sections are completed and appropriately signed, all required documents are received, and assigned budgets correspond with verified data.

Implemented.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
	<b>Colorado Community College System</b>	
	<b>Front Range Community College</b>	
	<b>Community College of Denver</b>	
2003 Single Audit Rec. No. 47	Establish procedures to ensure that enrollment dates are reported correctly in the Pell reporting process.	Implemented.
	<b>Colorado Community College System</b>	
	<b>Trinidad State Junior College</b>	
2003 Single Audit Rec. No. 48	Establish procedures to ensure that Pell disbursements are reported within 30 days after making payment to students.	Implemented.
	<b>Colorado Community College System</b>	
	<b>Front Range Community College</b>	
	<b>Community College of Denver</b>	
2003 Single Audit Rec. No. 49	Establish procedures to ensure that Verification Status Codes are reported correctly in the Pell reporting process.	Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Colorado Community College System**

**Community College of Denver**

2003 Single Audit  
Rec. No. 50

Establishes procedures to ensure that the proper Title IV funds are included in the Return of Title IV Funds calculations.

Implemented.

**Colorado Community College System**

**Community College of Denver**

**Front Range Community College**

**Trinidad State Junior College**

**Pueblo Community College**

2003 Single Audit  
Rec. No. 51

Establish procedures to ensure that the institution's portion of a student's unearned Title IV funds are returned within 30 days after the school has determined a student has withdrawn.

Not implemented at Front Range Community College and Community College of Denver. See current year Recommendation Nos. 60 and 64.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
	<b>Colorado Community College System</b>	
	<b>Trinidad State Junior College</b>	
	<b>Pueblo Community College</b>	
	<b>Community College of Denver</b>	
2003 Single Audit Rec. No. 52	Establish procedures to ensure that the withdrawal dates of students who withdraw without providing notification are determined by 30 days after the end of the term, at the latest.	Not implemented at Trinidad State Junior College. See current year Recommendation No. 63.
	<b>Colorado Community College System</b>	
	<b>Pueblo Community College</b>	
2003 Single Audit Rec. No. 53	Establish procedures to ensure that students are not requested to repay grant overpayments that are originally less than \$25.	Implemented.
	<b>Colorado Community College System</b>	
	<b>Pueblo Community College</b>	
2003 Single Audit Rec. No. 54	Establish procedures to ensure that students are allowed the 45-day period of extended eligibility before they are reported to the National Student Loan Data System if they do not take positive action regarding their grant overpayments during the 45 days.	Implemented.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
	<b>Colorado Community College System</b>	
	<b>Arapahoe Community College</b>	
2003 Single Audit Rec. No. 55	Establish procedures to ensure that amounts that could have been disbursed are properly accounted for in Return of Title IV Funds calculations.	Implemented.
	<b>Colorado Community College System</b>	
	<b>Trinidad State Junior College</b>	
2003 Single Audit Rec. No. 56	Implement procedures such that cash drawdowns are conducted routinely, and that bank reconciliations are reviewed by the appropriate supervisor and documentation of the review is affixed to the reconciliation. The supervisory review should include clerical testing of the reconciliations, as well as follow-up procedures to ensure all unreconciled items are investigated and resolved.	Implemented.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
<b>Colorado Community College System</b>		
2003 Single Audit Rec. No. 57	Work with the community colleges and the U.S. Department of Education to evaluate Pell Grant assistance to students in the Agriculture Business Management (ABM) and the Small Business Management (SBM) programs. Verify that documentation exists to show that students who enrolled in the ABM or SBM program and received federal financial aid attended a lecture class, received one-on-one instruction, or performed cooperative education hours. For those students for whom documentation does not exist, work with the community colleges to reimburse the federal government for excess amounts claimed.	Implemented.
<b>Trinidad State Junior College</b>		
2002 Single Audit Rec. No. 49	Consider the need to automate the award packaging process, and consider the need for additional mitigating controls to ensure proper segregation of duties for carrying out the Student Financial Aid (SFA) programs.	Implemented.
<b>Colorado Community College System</b>		
2002 Single Audit Rec. No. 50	Evaluate the student financial aid findings noted above, and ensure all colleges are in compliance and have adequate internal control over the areas noted. Develop systemwide policies to address key student financial requirements such as Return of Title IV Funds and professional judgments.	Implemented.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
<b>Colorado School of Mines</b>		
2003 Single Audit Rec. No. 58	Develop subrecipient monitoring documentation policies and procedures to help ensure that subrecipient files are properly maintained and provide documentation for the monitoring that has occurred.	Implemented.
2003 Single Audit Rec. No. 59	Follow its policies and procedures to help ensure close-out procedures are documented for each project completed to prevent erroneous expenses being charged to these projects and help ensure compliance with applicable laws and regulations.	Implemented.
2003 Single Audit Rec. No. 60	Develop policies and procedures to help ensure that all communications with the National Student Loan Data System are complete, accurate, and timely.	Implemented.
<b>Student Loan Division</b>		
2003 Single Audit Rec. No. 61	Continue to ensure that adequate controls are in place over default aversion fees ensuring that all data on consolidated loans converted to the mainframe guarantee system are adequately tested to avoid unforeseen problems and impacts on the mainframe system.	Partially implemented. See current year Recommendation No. 70.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 62

Continue to follow established procedures to monitor the Federal Fund with emphasis on (a) determining the adequacy of funding to maintain required reserves and taking timely action, such as charging other allowable fees and investigating other solutions, to address potential problems by means other than using the Operating Fund to subsidize the Federal Fund; and (b) contingent upon establishing adequate funding and reserves for the Federal Fund, making transfers of default aversion fees to the Operating Fund as permitted under the Federal Higher Education Act.

Implemented.

**Colorado Student Obligation Bond Authority**

2003 Single Audit  
Rec. No. 4

Work with the State Controller's Office to resolve discrepancies between the Statement of Cash Flows prepared by CollegeInvest and by the State Controller's Office by (a) determining what additional accounts need to be created on the CollegeInvest accounting system to facilitate the mapping of accounts to COFRS, (b) utilizing the new accounts in the development of the Statement of Cash Flows, (c) testing the procedures by preparing and reconciling the Statement of Cash Flows for an interim period agreed upon with the State Controller's Office, and (d) upon resolution of discrepancies, document the procedures that should be used to prepare the Statement of Cash Flows, including information on how accounts map to COFRS.

Ongoing. CollegeInvest has created and utilized new accounts in the development of the Statement of Cash Flows, and established procedures for interim reconciliations to minimize discrepancies at year end.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
2003 Single Audit Rec. No. 63	Adopt a policy requiring that certain safeguards be in place for changes in interpretations of the federal regulations prior to implementation. The policy should include (a) requiring that adequate research be performed and written documentation obtained such as opinions from third-party consultants to support the interpretation and (b) obtaining formal documented approval from management and the Board of Directors on new interpretations and procedures.	Implemented.
2003 Single Audit Rec. No. 64	Strengthen internal controls and minimize the risk of errors by implementing a policy that requires changes/transfers of groups of loans within each of the existing bond indentures or any new Bond IDs created or changed be in writing and approved at a higher level within management than the employee requesting the change.	Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Department of Human Services**

2003 Single Audit  
Rec. No. 5

Strengthen overall accounting controls by (a) providing ongoing staff training in critical areas including accounting-related statutory requirements and legal obligations, (b) establishing written procedures for all basic accounting functions and requiring that adequate documentation be maintained for all entries, (c) implementing the appropriate level of supervisory review over all accounting activities, and (d) reviewing all programs to ensure that the expenditures are properly recorded in compliance with spending authority.

Partially implemented. The Department is providing periodic training on accounting-related statutory requirements, revising desk manuals for accounting positions as determined necessary, and has assigned responsibility to program accountants for reviewing expenditures to ensure they are properly recorded in compliance with spending authority. However, we identified a lack of supervisory review over Fiscal Year 2004 accounting activities at the Colorado Mental Health Institute at Fort Logan. See current year Recommendation No. 6.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 6

Adhere to state statutes regarding expenditure of funds by (a) ensuring staff are sufficiently familiar with statutory requirements related to departmental programs, (b) charging expenditures to the proper appropriation code and reviewing entries to the State's accounting system for unusual activity, (c) reimbursing excess Title IV-E funds due to the counties but used by the Department for non-Title IV-E purposes in prior fiscal years, (d) requesting supplemental appropriations from the Joint Budget Committee for Title IV-E related expenditures exceeding the original base appropriation in future years, and (e) notifying the State Controller when an overexpenditure occurs.

Parts a., b., d., and e.: Ongoing. The Department is providing periodic training on accounting-related statutory requirements, has developed "fiscal teams" to review all financial issues, and has implemented procedures requiring review of coding accuracy of all expenditures on COFRS. The General Assembly enacted HB 04-1414, that, in future years, anticipated excess Title IV-E funds be appropriated for the following fiscal year; the Department will need to request a supplemental appropriation for any excess funds.

c. Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 7

Improve controls over capital assets by (a) ensuring that retainage payable accounts are reconciled at fiscal year-end balances; (b) transferring costs for completed capital construction projects to appropriate asset accounts prior to year-end close; (c) notifying the Office of the State Auditor in advance of physical inventories conducted after March 31 but prior to June 30, investigating all discrepancies, and making adjustments on COFRS as appropriate; (d) revising existing capital asset reconciliation procedures to state that reconciliations be prepared through fiscal year-end and list all the balances to be reconciled, and requiring all Department agencies to perform capital asset reconciliations timely and accurately and in accordance with Department policies; (e) maintaining adequate supporting documentation for capital lease entries recorded on COFRS; and (f) requesting federal reimbursement of outstanding construction expenditures at the Fitzsimons State Veterans Nursing Home project on a timely basis.

a. Implemented.

b. Implemented.

c. Partially implemented. While the Department properly notified the Office of the State Auditor in advance of physical inventories conducted after March 31 but prior to June 30 during Fiscal Year 2004, we were unable to determine if 17 assets contained on asset listings were physically inventoried for Fiscal Year 2004. Further, we determined that the Department has not inventoried leased microcomputers. See current year Recommendation No. 8.

d. Partially implemented. We determined that the Department's nursing homes did not submit quarterly fixed asset reconciliations as required by Department procedures. Further, we identified errors on 7 of the Department's reconciliations and 12 of the reconciliations did not contain all Department-required information.

e. Implemented.

f. Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 8

Improve controls over the preparation of exhibits to increase the accuracy of information submitted to the State Controller's Office and to lessen staff time required to correct and revise exhibits by (a) developing and conducting training prior to year-end for staff preparing exhibits and (b) instituting a secondary review process over all exhibits to ensure their accuracy prior to submission.

Partially implemented. The Department provided training on exhibits preparation to appropriate staff prior to fiscal year-end. We noted, however, that 12 of 108 exhibits submitted by the Department, or 11 percent, required at least one revision. All of these errors were identified through our audit testwork rather than through the Department's supervisory review process.

2003 Single Audit  
Rec. No. 9

Improve payroll controls by (a) monitoring time sheets to ensure they are dated by both the employee and the supervisor and (b) establishing a time frame during which time sheets must be certified by the employee and supervisor and requiring that certifications be dated.

Partially implemented. The Department instituted procedures to conduct reviews on a random sample of certified time sheets and established a time frame in which time sheets must be certified and dated. However, during our Fiscal Year 2004 audit, we identified 15 exceptions on 13 different timesheets in which the timesheets were either not properly certified or not certified within the established timeframe.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
2003 Single Audit Rec. No. 65	Ensure that adequate controls over fraud and abuse in the Temporary Assistance for Needy Families program are in place at the counties by (a) requiring counties to annually submit policies and procedures to safeguard against program fraud and abuse by a specified date, (b) reviewing these standards and procedures for compliance to the State Plan and providing timely feedback to the counties as needed, and (c) monitoring for counties' compliance with the policies and procedures during on-site visits to counties.	Implemented.
2003 Single Audit Rec. No. 66	Improve oversight of the Adoption Assistance program by (a) scheduling and performing reviews throughout the fiscal year, (b) establishing a set time frame for furnishing feedback to the counties, and (c) providing timely feedback to counties of issues identified in program reviews.	Implemented.
2002 Single Audit Rec. No. 61	Continue to improve its cash management for federal programs by ensuring federal draws are made timely and in accordance with the Cash Management Improvement Act (CMIA) agreement.	Partially implemented. See current year Recommendation No. 74.
2002 Single Audit Rec. No. 62	Strengthen the payment review process within the Temporary Assistance for Needy Families (TANF) program to ensure expenditures are consistent with supporting documentation, paid timely and charged to the correct fiscal year, and coded to the proper account.	Partially implemented. See current year Recommendation No. 72.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 64

Work to achieve a greater degree of accountability related to Medicaid-reimbursable case management services provided by child placement agencies.

No longer applicable. As of July 1, 2004, oversight responsibility for the Mental Health Assessment and Services Agencies (MHASAs) has transferred to the Department of Health Care Policy and Financing.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 65

Ensure that child placement agencies (CPAs) are meeting state and federal requirements related to how public foster care funds can be spent.

Partially implemented. The Department has (1) audited 15 child placement agencies (CPAs) to date, (2) maintained logs on all financial statements received by CPAs, (3) developed procedures to fine agencies that do not submit required financial statements, (4) provided training to CPAs on allowable uses of foster care funds, and (5) proposed changes to rules that define allowable and unallowable expenditures by CPAs.

The Department has indicated, however, that due to budget and full-time equivalents (FTE) cuts for Fiscal Year 2005, it no longer has staff to continue auditing CPAs, review their financial statements, follow up on questionable expenditures, and provide training to CPAs. The Department indicates that it will continue to use its 24-Hour Monitoring Team "to review basic financial information during regular provider monitoring and will notify the Child Care Division of irregularities." Further, the Department plans to explore other options to implement this recommendation, which may include requiring CPAs who meet certain risk factors to pay for in-depth audits conducted by the Department and submitting, as part of its budget request, a Decision Item to request additional staff to perform in-depth financial

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
2002 Single Audit Rec. No. 66	Ensure that counties pay child placement agencies (CPAs) a reasonable level of compensation based upon individual cost experiences by (a) modifying the rate-setting approaches used by the Department and counties, (b) collecting and analyzing information on licensed child placement agencies' cost experiences at least every two years and ensuring that administrative rates set by the Department and counties reflect these cost experiences, and (c) reviewing counties' methodologies for establishing administrative rates at least every two years to determine if they accurately reflect the cost experiences of CPAs.	a. The Department disagreed with this part of the recommendation and did not implement it.  Parts b. and c.: Implemented.
2002 Single Audit Rec. No. 67	Ensure that the Department submits reimbursement claims that include all federal Title IV-E funds available to the State.	Implemented.
2002 Single Audit Rec. No. 68	Ensure that counties' placement and data entry processes result in the Department's accessing all of the federal Title IV-E funds available to the State by (a) working with the U.S. Department of Health and Human Services to determine why states cannot receive Title IV-E reimbursements for children placed with for-profit Child Placement Agencies (CPAs) and whether any flexibility in this requirement exists; (b) evaluating the costs and benefits of requiring CPAs to be nonprofit organizations and proposing changes to statutes, as necessary; and (c) issuing a written policy to all counties in the State that details how counties should enter foster care rates into Trails.	Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 69

Eliminate duplicate records within Trails, and enhance input controls by (a) performing regular search processes to identify possible duplicate records and communicating results to counties; (b) providing training to counties regarding the process of communicating duplication errors to the State; (c) following up with counties to ensure counties are actively resolving duplications; (d) implementing an outlined, specific methodology for county staff to use during the search process; (e) enhancing the system search engine; (f) implementing detection controls; and (g) establishing a process where referral information without a valid social security number would be considered a temporary record.

Parts a., b., c., d., and e.: Implemented.

f. Not implemented. The Department has not implemented detection controls within Trails that would avoid the duplication of Social Security numbers of State ID's.

g. Not implemented. The Department has not established a process for referral information remaining temporary without a valid Social Security number and excluded from certain reports and processing.

2002 Single Audit  
Rec. No. 71

Address interface problems between Trails and the County Financial Management System (CFMS) and improve controls over provider payments by (a) implementing modifications to correct provider matching issues between the two systems, (b) establishing provider payment limits that would allow counties to identify excessive payments, and (c) creating standard reconciliation processes to reconcile payments calculated by Trails to payments disbursed through CFMS and collect overpayments.

Partially implemented. The Department implemented a system modification to address provider matching between the two systems. The Department has also expanded its existing reconciliation procedures. However, based on the Department's consultation with county users who did not support the establishment of provider payment limits within CFMS and Trails, the Department did not establish payment limits in either system.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 73

Enhance the Trails system so that changes made by caseworkers do not inadvertently approve a suspended payment.

Ongoing. A workgroup of county and state staff has been formed to review the entire fiscal area of Trails. This group will be making recommendations for changes to fiscal processing within Trails. Initial requests will be generated in January 2005 and submitted to the various Trails' user groups for approval and submitted to the Trails' Change Control Board for approval and prioritization.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 75

Ensure reports from the Trails system are accurate and meet requirements by (a) providing specialized training to appropriate county workers on reports, (b) working with the counties and other stakeholders to identify critical reports and other reporting issues, and (c) establishing procedures to solicit courts to accept one established format for court documents.

a. Implemented.

b. Ongoing. The Department reports that it has implemented 331 fixes to existing reports since January 2004; additional requests have been prioritized and are awaiting development as resources are available. The Trails' user groups and Trails' Change Control Board meet monthly to review and prioritize modifications and enhancements to Trails, including reports.

c. Partially implemented. The Department is developing a project in conjunction with the Judicial Department to allow for a direct interface between Trails and the court system (ICON) for passing of court data from and to Trails. This project will include the development of a standard report format along with the capability to electronically submit court reports from Trails to ICON. The project plan is expected to be developed in January 2005.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 80

Verify identity and income information submitted by applicants for Colorado Works diversion by (a) processing all diversion applicants through the federal Income, Eligibility, and Verification System (IEVS) on a timely basis, (b) submitting all identified identity and income discrepancies to the counties for investigation and follow-up, and (c) requiring counties to address and resolve discrepancies identified through IEVS in a timely manner.

Not implemented. While all Temporary Assistance for Needy Families (TANF) applicants are entered into the Client-Oriented Information Network (COIN) system, IEVS data matches are only conducted on active cases. Since a majority of diversion cases are closed immediately after the applicant receives the diversion payment, these applicants are not matched through IEVS. The Department reports that the new Colorado Benefits Management System (CBMS), implemented during Fiscal Year 2005 on September 1, 2004, will have the capability to run all cases through the IEVS system.

2002 Single Audit  
Rec. No. 82

Require that counties have policies in their county plans for granting any Temporary Assistance for Needy Families (TANF) benefits or services to county employees. Policies should ensure that eligibility determination is performed in compliance with requirements and that potential conflict-of-interest issues are addressed.

Implemented.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
2002 Single Audit Rec. No. 84	Improve the timeliness of the Low-Income Energy Assistance Program (LEAP) application process by (a) implementing a time requirement for providing Crisis Intervention Program services, (b) continuing to emphasize the importance of documenting actions taken on cases, and (c) evaluating the 50-day time requirement for processing standard LEAP applications.	a. The Department disagreed with this part of the recommendation and did not implement it.  b. Implemented.  c. Implemented.
2001 Single Audit Rec. No. 67	Improve inventory controls for the Food Distribution Program by (a) resolving identified discrepancies and (b) developing formal procedures for tracking commodities.	Partially implemented. See current year Recommendation No. 71.
2001 Single Audit Rec. No. 80	Work with the Department of Health Care Policy and Financing to identify the most cost-effective methods for having financial compliance reviews completed more frequently.	No longer applicable. As of July 1, 2004, the Department no longer performs this function for the Department of Health Care Policy and Financing.
1997 Single Audit Rec. No. 9	The Division of Vocational Rehabilitation should (a) examine the types of services it purchases and develop a process for competitively bidding those services, and (b) work with the Division of Purchasing to ensure that its new procedures comply in all respects with purchasing requirements.	Partially implemented. See current year Recommendation No. 77.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
<b>Division of Child Welfare Services</b>		
2002 Single Audit Rec. No. 88	Ensure the State is in compliance with federal and state requirements regarding adoption subsidy payments after children reach the age of 18.	Implemented.
<b>Division of Child Support Enforcement</b>		Implemented.
2003 Single Audit Rec. No. 67	Develop policies and procedures regarding the automatic issuance of administrative liens for all incarcerated noncustodial parents with a child support order.	
2003 Single Audit Rec. No. 68	Develop a system to actively monitor case closures by (a) developing a method to review closed cases involving incarcerated noncustodial parents on a continual basis; (b) requiring its Monitoring Unit to review closed child support cases involving an incarcerated noncustodial parent; (c) reopening any improperly closed cases immediately and ensure an administrative lien is issued, if appropriate; (d) providing additional training to ensure that all counties are aware of the case closure requirements for cases with incarcerated noncustodial parents; and (e) taking steps to ensure counties comply with state and federal rules regarding case closures for incarcerated noncustodial parents.	Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Department of Human Services and**

**Department of Health Care Policy and Financing**

**State and Veterans Nursing Homes**

2003 Single Audit  
Rec. No. 70

Implement a formal procedure for consulting with and receiving approval from the Department of Health Care Policy and Financing for policy changes that affect billings to the Medicaid program.

Ongoing. The Department has implemented a procedure for consulting with and receiving approval from the Department of Health Care Policy and Financing for policy changes that affect Medicaid billings. The Department reports that it will submit future proposed changes to policies affecting Medicaid billings in writing to HCPF for review and approval prior to implementation.

**Department of Human Services**

2003 Single Audit  
Rec. No. 69

Work with the federal Centers for Medicare and Medicaid Services to determine if the current Medicaid billing policy in relation to Veterans Administration per diem payments is appropriate and allowable.

No longer applicable. Under the federal Veterans Health Program Improvement Act of 2004 (H.R. 3936) passed during Fiscal Year 2005 (in December 2004), VA per diem payments are not to be used to offset Medicaid payments.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 71

Review the effect of the current Veterans Administration per diem policy on Medicaid residents and non-Medicaid, private-pay residents and ensure that any inconsistencies caused by policy changes are eliminated.

Deferred. The Department will address this recommendation based on the passage of the federal Veterans Health Program Improvement Act of 2004 (H.R. 3936) in December 2004 regarding the treatment of VA per diem payments.

**Department of Health Care Policy and Financing**

2003 Single Audit  
Rec. No. 72

Address gaps in current nursing facility audit practices by developing analytical tools and procedures to identify significant changes in reimbursements received by providers and investigate these instances as appropriate.

Partially implemented. The Department contracted with an external audit firm last year to do post-payment reviews of the Medicaid nursing facility billing practices. The Department's data section currently pulls claims data, which is being used to construct internal reporting and monitoring tools. The Department is continuing to work to refine and expand these tools. A risk based review methodology is being developed by the Department's new auditor to assist in identifying problem nursing facilities for scheduling audits.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Judicial Department**

**Office of the Child's Representative**

2003 Single Audit Rec. No. 10	Process attorney payments in accordance with policy.	Implemented.
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**Department of Labor and Employment**

2003 Single Audit Rec. No. 11	Improve controls over federal expenditure and revenue reporting by implementing a periodic reconciliation process to identify and resolve discrepancies found between the Financial Accounting and Reporting System (FARS) and COFRS in a timely manner.	Not implemented. The Department has implemented a periodic reconciliation process, but it will be conducting additional research on differences between FARS and COFRS and intends to finalize the reconciliation and propose any adjustments that would be needed by June 30, 2005.
2003 Single Audit Rec. No. 12	Improve controls over accounts receivable in the Petroleum Storage Tank Fund by (a) establishing procedures for periodically reviewing aging analysis reports in COFRS to identify delinquent accounts and submitting accounts 30 days past due to Central Collections and (b) obtaining verification of the owner name and address during the annual inspections and ensuring changes to the Department's records are made as needed.	Deferred. The Department is on track to fully implement this recommendation by the December 31, 2004 implementation date.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 73

Improve controls over the use of Workforce Investment Act (WIA) funds by working with the regions to ensure that limited funds are used effectively in compliance with WIA requirements and to promote achievement of WIA's goals by (a) revising policies on training and supportive services to provide additional guidance to the regions in determining and documenting the need for such services in each case (b) ensuring that regions adopt policies and practices consistent with the Department's additional guidance through its monitoring efforts.

a. Not implemented. The Department agreed to revise relevant policies on training and supportive services provided that the reauthorization of the Workforce Investment Act (WIA) did not change federal requirements in these areas. Although WIA reauthorization appeared imminent in November 2003, it is now scheduled for 2005. Once WIA has been reauthorized, the Department anticipates completion of this recommendation within 90 days of the publication of the final regulations governing the new legislation.

b. Partially implemented. The Department reviewed local policies on training and supportive services during its 2004 monitoring cycle to ensure the appropriateness of expenditures under current WIA requirements. Once WIA has been reauthorized, the Department anticipates completion of this recommendation during the first monitoring cycle that follows the publication of the final regulations governing the new legislation.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 74

Clarify the circumstances under which funds can be considered limited for purposes of offering priority of service to low-income clients in the Adult program by (a) developing criteria to help the regions determine the availability of funds, (b) working with the regions to expand and clarify regional policies to be consistent with the Department's criteria and to contain specific criteria for determining funds availability, and (c) ensuring that the regions maintain priority systems for low-income clients in the Adult program unless the regions demonstrate that funds are not limited in accordance with state and local criteria.

a. The Department disagreed with this part of the recommendation and did not implement it.

b. and c. Partially implemented. The Department reviewed local policies on priority of service in the Adult program during its 2004 monitoring cycle to determine the need for modification and clarification. Once WIA has been reauthorized, the Department anticipates completion of this recommendation during the first monitoring cycle that follows the publication of the final regulations governing the new legislation.

2003 Single Audit  
Rec. No. 75

Improve the compliance monitoring process by (a) collecting and analyzing information on all subregions for use in risk-based monitoring, (b) ensuring that all discretionary grants provided to the regions and subregions are monitored by the state field representatives in their annual monitoring visits to the regions, and (c) promoting consistency in monitoring by formalizing procedures in written guidance and training for the state field representatives.

a. The Department disagreed with this part of the recommendation and did not implement it.

b. Implemented.

c. Partially implemented. The Department has hired a supervisor for its workforce system monitors who will have the responsibility for developing formalized guidance and training. The supervisor is in the process of developing these tools.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
2002 Single Audit Rec. No. 6	Ensure that the <i>genesis!</i> system will generate reports listing benefits payable at any point in time and use this information to record benefits payable on the State's financial system.	Deferred. See current year Recommendation No. 12.
2002 Single Audit Rec. No. 90	Work with the State Treasurer to ensure that its draw methods and funding techniques achieve interest neutrality with the federal government.	Implemented.
2001 Single Audit Rec. No. 81	Improve coordination efforts between Welfare-to-Work, Temporary Assistance for Needy Families (TANF), and other employment programs in the State.	No longer applicable. The federal Welfare-to-Work program was discontinued by the U.S. Department of Labor effective September 30, 2003. The Department completed final close-out of the program in January 2004.
2001 Single Audit Rec. No. 83	Improve how the State's Welfare-to-Work programs are monitored.	No longer applicable. The federal Welfare-to-Work program was discontinued by the U.S. Department of Labor effective September 30, 2003. The Department completed final close-out of the program in January 2004.
<b>Department of Military and Veterans Affairs</b>		
2003 Single Audit Rec. No. 13	Improve controls over the Tuition Assistance Office by establishing a supervisory review over the identification and calculation of accounts receivable for the tuition refunds owed to the State.	Not implemented. See Recommendation No. 2 in the OSA's <i>Department of Military and Veterans Affairs National Guard Tuition Assistance Program Performance Audit</i> , Report No. 1671, dated September 2004.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2001 Financial  
Review Report  
No. 1404

Ensure that the Tuition Assistance Office is notified prior to the discharge of soldiers so that any refunds due can be collected.

Not implemented. See Recommendation No. 1 in the OSA's *Department of Military and Veterans Affairs National Guard Tuition Assistance Program Performance Audit*, Report No. 1671, dated September 2004.

Rec. No. 5

**Department of Natural Resources**

2003 Single Audit  
Rec. No. 14

Improve controls over capital assets and ensure assets are recorded accurately on the State's accounting system by (a) entering all Fiscal Year 2003 adjustments to capital assets as needed; (b) requiring divisions to submit inventory adjustments, including adequate documentation, to the Department within a reasonable time after an asset is added or deleted, reviewing the documentation for completeness, and following up as appropriate; (c) ensuring adjustments made when revising capitalization thresholds are accurate; (d) recording depreciation and adjusting the remaining useful lives of capital assets in accordance with generally accepted accounting principles when changing the estimated useful lives of assets; (e) completing periodic reconciliations between the internal database of capital assets and the State's accounting system and making adjustments in a timely manner; (f) implementing independent review procedures over the reconciliation process.

- a. Implemented.
- b. Partially implemented. See current year Recommendation No. 14.
- c. Implemented.
- d. Implemented.
- e. Implemented.
- f. Not implemented. See current year Recommendation No. 14.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 8

Improve the administration and monitoring of the procurement card program by ensuring that (a) all monthly procurement card statements are reviewed and signed by both the employee and the approving official, (b) all employees and approving officials have signed cardholder agreement and/or approving official forms, and (c) reviews of procurement card statements are performed in accordance with policy.

Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Division of Minerals and Geology**

2003 Single Audit

Rec. No. 15

Improve its controls over reclamation deposits held in custody by (a) ensuring that confirmation forms used for certificates of deposit held by financial institutions include all necessary information; (b) developing and implementing procedures to identify and resolve all exceptions related to certificates of deposit between internal records and information reported by financial institutions; (c) enforcing the policy stating that no interest shall accrue on reclamation deposits held by financial institutions by working with the operators and financial institutions, or changing its policy; (d) establishing and implementing adequate segregation of duties between individuals who maintain records of reclamation deposits and individuals authorized to withdraw these deposits from Treasury; (e) ensuring that receipts for reclamation deposits with Treasury are safeguarded and that withdrawals of items and the related adjustments to the Division's internal listings are completed timely and accurately; and (f) reconciling internal records on reclamation deposits held at Treasury to the State's accounting system and Treasury's records, and implementing independent reviews procedures over these reconciliations in a timely manner.

a. Implemented.

b. Deferred. The Division plans to complete its implementation of this part of the recommendation by June 2005.

c. Implemented.

d. Implemented.

e. Implemented.

f. Partially implemented. The cash bonds are being reconciled and reviewed on timely basis. The certificates of deposits were reconciled but not until mid-August, after the State's financial system was closed for the fiscal year. Thus, the Department did not perform this reconciliation timely.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**State Board of Land Commissioners**

2002 Single Audit  
Rec. No. 10

Improve surface lease procedures and systems through the following: (a) continuing to streamline its lease renewal process in order to reduce or eliminate the backlog, (b) billing for back rents on expired leases based upon the "hold-over tenant" concept, (c) recording revenue in the proper fiscal year, and (d) implementing the new State Asset Management (SAM) system as soon as possible.

- a. Partially implemented. The Land Board has reduced its backlog from 22 percent to 13 percent.
- b. Not implemented. See current year Recommendation No. 15.
- c. Implemented.
- d. Implemented.

**Division of Wildlife**

2001 Single Audit  
Rec. No. 18

Improve controls to reduce the number of cancelled payments by (a) ensuring applicant information is correct, (b) cross-checking between returned limited license refund checks and returning applicants, and (c) following up on returned limited license refunds.

Partially implemented. The division has improved its controls, improved the accuracy of data entry, and reduced the number of cancelled payments. However, the Point of Sale Licensing system did not become fully operational until August 2004 and a full year of system operations will be needed to assess the impact on the number of cancelled payments.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Water Conservation Board**

2003 Single Audit  
Rec. No. 16

Improve monitoring of borrowers' compliance with the liability insurance requirements by (a) extending testwork to review all the outstanding loan files to identify instances in which the borrower does not meet insurance requirements and following up to ensure compliance, (b) utilizing Access database reporting capabilities to monitor liability insurance expiration dates by borrowers on a monthly basis, and (c) developing procedures for following up in a timely manner with all borrowers who are delinquent in meeting insurance requirements.

- a. Implemented.
- b. Implemented.
- c. Partially implemented. During our review we found that 2 of 17 insurance policies had lapsed and no evidence could be provided that liability insurance was in place. The Board does not have a systematic process for following up on lapsed policies. The Board has set up a file for monthly status to be included with call dates and letters for follow up. The Board plans to document its follow up procedures and have this process implemented by March 1, 2005.

**Department of Personnel and Administration**

2003 Single Audit  
Rec. No. 17

Ensure that withholding information documented in employee payroll files is accurately recorded in the Colorado Personnel Payroll System.

Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 13

Improve the payroll function by (a) segregating the payroll processing and reconciliation duties, (b) reviewing employee personnel files and reconfirming that withholding documentation is accurate and complete, (c) implementing adequate supervisory reviews over the payroll calculation, and (d) ensuring adequate compensating controls are in place if payroll duties are not segregated.

Implemented.

2001 Single Audit  
Rec. No. 20

Monitor sick and annual leave on a statewide basis by (a) reviewing the adequacy of leave tracking systems and (b) establishing a project schedule and deadlines for implementing a statewide automated leave system.

Partially implemented. However, the Department has not fully implemented a defined and timely audit schedule. Further follow up on the timeliness of the agency audit schedule is being performed as part of the OSA's *Department of Personnel and Administration Performance Audit*, Report No. 1681, which will be released by the Legislative Audit Committee at a date subsequent to this report.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**State Archives**

2001 Single Audit  
Rec. No. 27

Require the submission of inventory listings of records stored and storage space used from each agency.

Deferred. During the 2003 legislative session Senate Bill 03-33 was passed, which gave agencies until January 2004 to provide an inventory listing to State Archives. State Archives provided training to agencies during 2004. Archives anticipates that state agencies should be in compliance with the statute in Calendar Year 2005.

2001 Single Audit  
Rec. No. 29

Convert the current cataloging system from a paper to an electronic format.

Partially implemented. The agency reports that it will perform the conversion as staff time is available.

**State Fleet Management**

2003 Single Audit  
Rec. No. 18

Implement year-end physical inventory procedures by (a) performing physical inventories of all capital assets and (b) comparing the results of the physical inventories with the Colorado Automotive Reporting System and the State's accounting system.

Not implemented. See the OSA's *Maintenance and Use of State Fleet Vehicles Performance Audit*, Report No. 1661, dated January 2005.

**Department of Public Health and Environment**

2003 Single Audit  
Rec. No. 19

Evaluate the administrative expenditures for the Colorado Children's Trust Fund and reduce them as appropriate to eliminate the deficit spending for the program.

Partially implemented. The Department eliminated the deficit spending; however, administrative expenditures continue to be high.

<b>Report and Rec. No.</b>	<b>Recommendation</b>	<b>Disposition</b>
2003 Single Audit Rec. No. 20	Reimburse the Colorado Children's Trust Fund for the Prevention and Intervention Services for Children and Youth Division retirement payouts charged to the program.	Implemented.
<b>Department of Regulatory Agencies</b>		
2003 Single Audit Rec. No. 21	Record revenue in accordance with generally accepted accounting principles. If proper revenue recognition results in excess fund balance, comply with SB 98-194 requirements by either reducing fees or requesting a waiver in accordance with Section 24-75-402 (8), C.R.S.	Partially implemented. See current year Recommendation No. 18.
<b>Department of Revenue</b>		
2003 Single Audit Rec. No. 22	Incorporate the most recent years' historical collection and refund claims payments information in its fiscal year-end estimating process.	Implemented.
2003 Single Audit Rec. No. 23	Cross train staff and have adequate written procedures for data retrieval in place to ensure that access to information is not compromised by employee turnover.	Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 18

Develop controls to ensure that future Taxpayers Bill of Rights (TABOR) credits are claimed and received only by eligible individuals by (a) identifying and billing individuals who were ineligible to claim TABOR credits; (b) implementing a methodology to verify taxpayers' federal adjusted gross income at the time a credit is claimed and to ensure that taxpayer's federal adjusted gross income at the time a credit is claimed; and (c) processing only complete returns, or evaluating alternative methods of ensuring that only qualifying credits are claimed, should the taxpayer fail to submit the required schedules.

a. Partially implemented. See current year Recommendation No. 19.

b. Deferred. The Department plans to implement the recommendation in years in which a TABOR surplus exists. Tax year 2004 did not have a TABOR surplus. The Office of State Planning and Budgeting has projected that the next TABOR surplus will occur in Fiscal Year 2005.

c. Deferred. The Department implemented edits to identify incomplete returns in Fiscal Year 2004. However, programming for the database that will store the information for retrieval and analysis is still in progress. In addition, the Department is currently developing internal policies to provide guidance on compliance and enforcement issues that may arise. The Department plans to implement in June 2005.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2002 Single Audit  
Rec. No. 19

Enhance controls over manual adjustments made to taxpayer returns by (a) performing reviews of data entered into its system on all returns with income of \$10 million or more, (b) developing procedures for reviewing manual adjustments to tax returns made by the Problem Resolution Unit, and (c) ensuring that staff making manual adjustments to tax returns do not improperly override system-generated letters to taxpayers.

Partially implemented. The Department developed and performed a quality control review of a sample of Calendar Years 2001 and 2002 tax returns in Fiscal Year 2004. The error rate was 1.1 percent. The Department provided additional guidance to staff and plans to perform annual quality control reviews. However, further evaluation of future quality control review is needed to assess the impact on controls over manual adjustments. A problem was identified on a return that was over \$10 million dollars.

2002 Single Audit  
Rec. No. 20

Develop and implement procedures to review charitable contribution deductions claimed by taxpayers.

Deferred. The Department plans to implement the recommendation in years in which the Taxpayers Bill of Rights (TABOR) surplus exists. Tax year 2004 did not have a TABOR surplus. The Office of State Planning and Budgeting has projected that the next TABOR surplus will occur in Fiscal Year 2005.

2002 Single Audit  
Rec. No. 21

Resolve outstanding check issues to ensure that taxpayers receive their personal property tax refunds in a timely manner by working with the General Assembly to extend legislation to allow personal property tax refunds to be turned over to the Treasurer's Unclaimed Property Section.

Implemented.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Office of the State Treasurer**

2003 Single Audit Rec. No. 24	Adjust the Fiscal Year 2004 allocations to counties to correct the Fiscal Year 2003 error related to vehicle registration data and implement review procedures over Highway Users Tax Funds distributions to ensure that the amounts are calculated correctly before issuing the payments to State agencies and local governments.	Implemented.
2003 Single Audit Rec. No. 76	Review and evaluate the reasonableness of the clearance patterns for payments issued by the State, given the change in financial institutions during Fiscal Year 2003.	Deferred. The Department required one full year of data in order to conduct the analysis. The Department now has the necessary data and intends to implement the recommendation in Fiscal Year 2005.
2002 Single Audit Rec. No. 92	Obtain and use the most current and accurate information available on federal program expenditures to annually amend the Treasury-State Agreement.	Implemented.
2002 Single Audit Rec. No. 93	Define the terms and methods used to establish funding techniques and draw patterns and provide to each department subject to the Agreement.	Partially implemented. Based on discussions with the Department, meetings were conducted with the various state agencies to communicate funding techniques and draw patterns and to answer questions. However, based on audit Fiscal Year 2004 results, issues noted still exist.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

**Department of Transportation**

2003 Single Audit  
Rec. No. 25

Implement a secure program to track and reconcile credit card purchases.

Partially implemented. The Department purchased an off-the-shelf computer program to track and reconcile credit card purchases during Fiscal Year 2004. The new process has two parts. The first part of the process which allows the Department to download transactions directly from the financial institution to the Department's general ledger was implemented in Fiscal Year 2004. The second part which entails allocating credit card purchases to the correct amounts at the region level, is beginning the testing phase and will be implemented by December 31, 2004.

**Report and  
Rec. No.**

**Recommendation**

**Disposition**

2003 Single Audit  
Rec. No. 26

Secure offsite data processing capabilities for use in the event a disaster occurs that renders current data processing functions partially or fully inoperable.

Deferred. The Governor's Office has initiated development of a continuity of government plan for the state. This plan will address information technology (IT) disaster recovery. The Department will participate in this effort which will result in a consistent statewide practice at a lower cost than can be achieved by the Department alone. This plan is expected to be completed in late March 2005. Implementation is expected to start shortly after that and be complete by the end of Calendar Year 2005. The Department anticipates having an interim arrangement in place with the Department of Human Services to backup its data to an off-site location about March 2005.

## **Federal Awards Schedule**



## STATE OF COLORADO

JOANNE HILL, CPA  
State Auditor

OFFICE OF THE STATE AUDITOR  
303.869.2800  
FAX 303.869.3060

Legislative Services Building  
200 East 14th Avenue  
Denver, Colorado 80203-2211

December 23, 2004

### Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the accompanying Schedule of Expenditures of Federal Awards of the State of Colorado (the Schedule) for the fiscal year ended June 30, 2004. This Schedule is the responsibility of the State's management. Our responsibility is to express an opinion on this Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the State of Colorado, as described above, for the fiscal year ended June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
A - UNCLUSTERED PROGRAMS								
*****								
ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
ENVIRONMENTAL PROTECTION AGENCY								
Non-Research Grants and Contracts				CTA	66.NON /	.BPA4X0029NAEX	2,067	0
Non-Research Grants and Contracts				CTA	66.NON /	.UNKNOWN	1,433	0
SUBTOTAL DIRECT FROM:							-----	-----
							3,500	0
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY							-----	-----
							3,500	0
SUBTOTAL							-----	-----
							3,500	0
-----								
AGENCY FOR INTERNATIONAL DEVELOPMENT								
AGENCY FOR INTERNATIONAL DEVELOPMENT								
PASS-THROUGH PROGRAMS FROM:								
RTI International 8-31U-8710								
Pakistan Ed Sector Reform Assnt Prog				GKA	02.391-A-00-03-01000-00		14,484	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							-----	-----
							14,484	0
SUBTOTAL AGENCY FOR INTERNATIONAL DEVELOPMENT							-----	-----
							14,484	0
SUBTOTAL AGENCY FOR INTERNATIONAL DEVELOPMENT							-----	-----
							14,484	0
-----								
OFFICE OF NATIONAL DRUG CONTROL POLICY								
OFFICE OF NATIONAL DRUG CONTROL POLICY								
DIRECT FROM:								
OFFICE OF NATIONAL DRUG CONTROL POLICY								
HIDTA Grants				RAA	07.UNKNOWN		431,407	87,421
SUBTOTAL DIRECT FROM:							-----	-----
							431,407	87,421
SUBTOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY							-----	-----
							431,407	87,421
SUBTOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY							-----	-----
							431,407	87,421
-----								
PEACE CORP								
PEACE CORPS								
DIRECT FROM:								
PEACE CORPS								
OF-CON				GFB	08.186993080		13,729	0
SUBTOTAL DIRECT FROM:							-----	-----
							13,729	0
SUBTOTAL PEACE CORPS							-----	-----
							13,729	0
SUBTOTAL PEACE CORP							-----	-----
							13,729	0
-----								

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE

DIRECT FROM:

AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE

Animal WS

Market News

Federal Seed

Organic Certification

Triazole

Verification Labels

Federal-State Marketing Improvement Program

Federal-State Marketing Improvement Program

Inspection Grading and Standardization

Market Protection and Promotion

Market Protection and Promotion

Market Protection and Promotion

Market Protection and Promotion

Market Protection and Promotion

AGRICULTURAL STATS

Lab Testing

BAA 10.03-7308-5679-CA  
BAA 10.12-25-A-2114  
BAA 10.12-25-A-3324  
BAA 10.12-25-A-4144  
BAA 10.12-25-A-4247  
BAA 10.12-25G-0353  
BAA 10.156 / 10.MY10100-93001  
BAA 10.156 / 10.none  
BAA 10.162 / 10.12-25-A-3270  
BAA 10.163 / 10.12-25-A-4191  
BAA 10.163 / 10.12-25-A-4215  
BAA 10.163 / 10.12-25-A-4294  
BAA 10.163 / 10.12-25-A-4328  
BAA 10.163 / 10.none  
BAA 10.43-3AEU-3-80042  
BAA 10.43-6395-3-0287

10,182  
21,131  
9,821  
44,500  
16,500  
0  
19,248  
4,282  
15,788  
101,160  
113,858  
217,493  
60,223  
138,210  
1,604  
9,140

0  
0  
0  
0  
0  
22,578  
0  
0  
0  
0  
0  
0  
0  
0  
0  
0

SUBTOTAL DIRECT FROM:

783,140

22,578

SUBTOTAL AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE

783,140

22,578

AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE

DIRECT FROM:

AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE

Agricultural Research Basic and Applied Research

GGB 10.001

213,918

0

SUBTOTAL DIRECT FROM:

213,918

0

SUBTOTAL AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE

213,918

0

ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE

DIRECT FROM:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE

Plant and Animal Disease, Pest Control, and Animal Care

Plant and Animal Disease, Pest Control, and Animal Care

Plant and Animal Disease, Pest Control, and Animal Care

Plant and Animal Disease, Pest Control, and Animal Care

Wildlife Services

Sudden Oak Death

Homeland Security

Emerging Plant Pest

Bio Control Program

Karnal Bunt

Exotic Woodboring Pest

Emerging Plant Pest Sharpshooter

Pest Detection

Animal Health

Scrapie

John's

Foreign Animal

Bovine

Swine

Exotic Newcastle

Animal WS

Caps Core

GGB 10.025  
PBA 10.025  
BAA 10.025 / 10.03-9708-1157-CA  
BAA 10.025 / 10.43-6395-2-1379  
BAA 10.028 / 10.FSIS-C-40-2003  
BAA 10.03-8564-0573-CA  
BAA 10.03-8564-0574-CA  
BAA 10.03-8564-0667-CA  
BAA 10.03-8564-0669-CA  
BAA 10.03-8564-0670-CA  
BAA 10.03-8564-0671-CA  
BAA 10.03-8564-0675-CA  
BAA 10.03-8564-0732-CA  
BAA 10.03-9708-0315-CA  
BAA 10.03-9708-1058-CA  
BAA 10.03-9708-1088-CA  
BAA 10.03-9708-1155-CA  
BAA 10.03-9708-1156-CA  
BAA 10.03-9708-1158-CA  
BAA 10.03-9708-1186-CA  
BAA 10.04-7308-5679-CA  
BAA 10.04-8564-0013-CA

26,660  
155,985  
8,176  
38,214  
23,238  
3,488  
126,436  
75,974  
19,433  
0  
11,110  
0  
0  
0  
319,228  
239,924  
77,786  
27,436  
18,033  
5,788  
12,878  
29,288  
37,128

0  
0  
0  
0  
0  
0  
0  
0  
0  
3,355  
0  
6,490  
89,248  
0  
0  
0  
0  
0  
0  
0  
0  
0

SUBTOTAL DIRECT FROM:

1,256,203

99,093

SUBTOTAL ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE

1,256,203

99,093

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE						
Higher Education Challenge Grants			GGB	10.217	26,287	0
Hispanic Serving Institutions Education Grants (B) -			GJH	10.223	48,007	0
Cooperative Extension Service			GGB	10.500	3,379,185	0
					-----	-----
SUBTOTAL DIRECT FROM:					3,453,479	0
PASS-THROUGH PROGRAMS FROM:						
AMERICAN DISTANCE EDUC CONSORTIUM (ADEC)						
INTERACTIVE & EDUCATIONAL ONLINE M			GGB	10.PX 2003-06237	10,534	0
KANSAS STATE UNIVERSITY						
Grants for Agricultural Research, Special Research Grants			GGB	10.200 / 10.S03056.01 TASK 5	9,600	0
Cooperative Extension Service			GFE	10.500 / 10.KSU 503003	45,105	0
UNIVERSITY OF WYOMING						
Cooperative Extension Service			GGB	10.500 / 10.UTSTUNV6130:6128STATE	888	0
2002 PDP SPEICAL INITIATIVES FUNDI			GGB	10.UTSTUNV6243	2,392	0
UTAH STATE UNIVERSITY						
Cooperative Extension Service			GGB	10.500 / 10.CO29764	1,779	0
WASHINGTON STATE UNIVERSITY						
Cooperative Extension Service			GGB	10.500 / 10.2003-48605-01815	645	0
Agricultural Telecommunications Program			GGB	10.501 / 10.G001174 OGRD#11838	586	0
					-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					71,529	0
					-----	-----
SUBTOTAL COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE					3,525,008	0
DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
DEPARTMENT OF AGRICULTURE						
NRCS WILDLIFE HABITAT MANAGEMENT I			GGB	10.03656102	(187)	0
					-----	-----
SUBTOTAL DIRECT FROM:					(187)	0
					-----	-----
SUBTOTAL DEPARTMENT OF AGRICULTURE					(187)	0
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE						
Food Distribution		*	IHA	10.550	464,541	0
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)			FAA	10.557	1,720,498	64,649,261
Child and Adult Care Food Program (CACFP)			FAA	10.558	22,558,966	0
Child and Adult Care Food Program (CACFP)		*	IHA	10.558	50,694	0
State Administrative Expenses for Child Nutrition			DAA	10.560	744,267	0
State Administrative Expenses for Child Nutrition			IHA	10.560	152,650	0
Commodity Supplemental Food Program (CSFP)			IHA	10.565	115,011	1,072,979
Commodity Supplemental Food Program (CSFP)		*	IHA	10.565	5,113,276	0
Team Nutrition Grants			DAA	10.574	14,138	79,360
					-----	-----
SUBTOTAL DIRECT FROM:					30,934,041	65,801,600
PASS-THROUGH PROGRAMS FROM:						
NEW MEXICO STATE UNIVERSITY						
Team Nutrition Grants			GGB	10.574 / 10.Q 00813 SUB CONTRACT	12,870	0
					-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					12,870	0
					-----	-----
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					30,946,911	65,801,600
FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE						
Nutrition Services Incentive			IHA	10.570	0	(36,424)
					-----	-----
SUBTOTAL DIRECT FROM:					0	(36,424)
					-----	-----
SUBTOTAL FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE					0	(36,424)

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
FOOD SAFETY AND INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
FOOD SAFETY AND INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE						
Meat, Poultry, and Egg Products Inspection			BAA	10.477 / 10.12-37-A-466	23,740	0
SUBTOTAL DIRECT FROM:					23,740	0
SUBTOTAL FOOD SAFETY AND INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE					23,740	0
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE						
FACULTY EXCHANGE PROGRAM II -USDA-			GGB	10.58-3148-3-040	78,955	0
Scientific Cooperation and Research			GGB	10.961	41,044	0
International Training: Foreign Participant			GGB	10.962	35,661	0
SUBTOTAL DIRECT FROM:					155,660	0
SUBTOTAL FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE					155,660	0
FOREST SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
FOREST SERVICE, DEPARTMENT OF AGRICULTURE						
Forest Fire Archaeology			GSA	10.00-CS-11021300-071	2,790	0
CostShare Agreement			GWA	10.01-CS-11020000-085	80	0
Challenge Cost Share			GCA	10.01-CS-11020000-086	13,058	0
San Juan Skyway C.I.P.			GSA	10.01-CS-11021300-020	16,573	0
UNITED STATES DEPARTMENT OF AGRICU			GGB	10.01F11020000-052/1422CAI	97,820	0
STEWARDSHIP INCENTIVES PROGRAM -US			GGB	10.02-DG-11020000-058	48,745	0
Fire Recovery Community Assist			GSA	10.02-DG-11021300-026	8,162	46,928
WINIGER RIDGE PROJECT -USDA-USFS-F			GGB	10.02-PA-11021001-009 MOD #	81,123	0
HISTORIC BUILDING PRESERVATION -US			GGB	10.03-CS-11020000-032	3,752	0
REGION 2 SPECIES ASSESSMENTS -USDA			GGB	10.03-CS-11020000-052	21,716	0
REGION 2 SPECIES ASSESSMENTS: AZTE			GGB	10.03-CS-11020000-052	4,899	0
REGION 2 SPECIES ASSESSMENTS: BRAN			GGB	10.03-CS-11020000-052	4,544	0
REGION 2 SPECIES ASSESSMENTS: GIAN			GGB	10.03-CS-11020000-052	3,157	0
REGION 2 SPECIES ASSESSMENTS: HARR			GGB	10.03-CS-11020000-052	756	0
REGION 2 SPECIES ASSESSMENTS: LEAS			GGB	10.03-CS-11020000-052	4,402	0
REGION 2 SPECIES ASSESSMENTS: LEAT			GGB	10.03-CS-11020000-052	4,544	0
REGION 2 SPECIES ASSESSMENTS: MYRT			GGB	10.03-CS-11020000-052	2,856	0
REGION 2 SPECIES ASSESSMENTS: RUSS			GGB	10.03-CS-11020000-052	7,171	0
REGION 2 SPECIES ASSESSMENTS: STMP			GGB	10.03-CS-11020000-052	4,738	0
REGION 2 SPECIES ASSESSMENTS: SLEN			GGB	10.03-CS-11020000-052	11,665	0
REGION 2 SPECIES ASSESSMENTS: SOUT			GGB	10.03-CS-11020000-052	4,544	0
REGION 2 SPECIES ASSESSMENTS: WEAH			GGB	10.03-CS-11020000-052	3,520	0
REGION 2 SPECIES ASSESSMENTS: WETH			GGB	10.03-CS-11020000-052	4,455	0
Cooperative Agreement			GWA	10.03-CS-11020407-032	9,700	0
SJNF Land & Resource Mgmt			GSA	10.03-CS-11021300-046	21,820	0
WHITE PINE DATA BASE -USDA-USFS-RO			GGB	10.03-CS-11221319-263	8,400	0
'03 FOREST INVENTORY -USDA-USFS-RO			GGB	10.03-CS-11222007-210	530,743	0
USFS Collaborative Research			GSA	10.03-DG-11020000-075	25,772	0
2003 CPG COOPERATIVE FIRE PROTECTI			GGB	10.03-DG-110200000023	26,767	0
FCSFP-Future Capacity Bldg Ph I			GSA	10.03-JV-11221615-291	23,177	0
Stemming the Tide			BAA	10.03-dg-11020000-055	47,858	0
ISSRM SPONSORSHIP -USDA-USFS-ROCKY			GGB	10.04-DG-11221617-157	800	0
MONITORING SCIENCE & TECHNOLOGY SY			GGB	10.04-JV-11221618-085	68,810	0
2004 CPG URBAN/COMMUNITY STEAMBOA			GGB	10.04124502	544	0
Forest Service Cost Share Mine Closures			PKA	10.1102001299045	5,617	0
Forest Service Cost Share Mine Closures			PKA	10.110201299045	1,512	0
Forest Service, Department of Agriculture			PIA	10.11020798035C	9,986	0
Forest Service, Department of Agriculture			PIA	10.11020798035D	27,187	0
Forest Service, Department of Agriculture			PIA	10.11020798035E	11,556	0
Forest Service, Department of Agriculture			PIA	10.11020798035F	6,409	0
Forest Service Cost Share Mine Closures			PKA	10.11020900030	9,800	0
Forest Service Cost Share Mine Closures			PKA	10.11021011026	2,267	0
Forest Service Cost Share Mine Closures			PKA	10.11021200086	52,489	0
White River National Forest			PKA	10.11021500-068	4,813	0
White River National Forest			PKA	10.11021500-068	1,250	0
Mosquito Creek & Turrent Areas Bat Surveys			PBA	10.4282BH30052	3,574	0
Cooperative Forestry Assistance			GGB	10.664	13,754,136	24,428
Cooperative Forestry Assistance			WBA	10.664	0	5,771,607
Cooperative Forestry Assistance			GGB	10.664 / 10. 04-DG-11020000-010	625	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Cooperative Forestry Assistance		GGB	10.664 / 10.04-DG-11020000-010	713	0
National Forest: Dependent Rural Communities		EFA	10.670 / 10.11020000-051	22,361	0
Rural Development, Forestry and Communities		GGB	10.672	174,574	0
Miramonted Burn Canyon Fire Land Use Agreement		PBA	10.CCE020418	1,457	0
USDA-SJNF-4-Corners Region Tourism		GSA	10.CCS-09-00-98-080	2,078	1,800
Historical Vegetation Photos		GSA	10.CCS-09-00-99-080	10,946	0
USDA-FS-SJNF		GSA	10.CCS-13-00-99-113	177,689	10,000
USDA-SJFS-Comm Fire Pln		GSA	10.CCS-13-00-99-113	3,709	0
Greenback Cutthroat Trout Recovery		PBA	10.CCS120098078	7,759	0
Colorado River Cutthroat Recovery		PBA	10.PA130099111	1,165	0
DEVELOPMENT & DISTRIBUTION OF KNOW		GGB	10.SRS 03-CA-11330144-225	3,500	0
SUBTOTAL DIRECT FROM:				15,416,633	5,854,763
PASS-THROUGH PROGRAMS FROM:					
USDA-COOPERATIVE FORESTRY ASSISTANCE					
Cooperative Forestry Assistance		GGB	10.664 / 10.0252104237	775	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				775	0
SUBTOTAL FOREST SERVICE, DEPARTMENT OF AGRICULTURE				15,417,408	5,854,763
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER, DEPARTMENT OF AGRICULTURE					
National Sheep Industry Improvement Center		GGB	10.774	8,891	0
SUBTOTAL DIRECT FROM:				8,891	0
SUBTOTAL NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER, DEPARTMENT OF AGRICULTURE				8,891	0
NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE					
Farm Bill		BAA	10.68-8-805-2-106	24,504	0
Farm Bill		BAA	10.68-8B05-3-51	497,304	0
Soil and Water Conservation		GGB	10.902	371,048	0
Soil and Water Conservation		PBA	10.902	194,394	0
SUBTOTAL DIRECT FROM:				1,087,250	0
SUBTOTAL NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE				1,087,250	0
SUBTOTAL DEPARTMENT OF AGRICULTURE				53,417,942	71,741,610
<hr/>					
DEPARTMENT OF COMMERCE					
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE					
Economic Development: Technical Assistance		GFB	11.303	94,100	0
SUBTOTAL DIRECT FROM:				94,100	0
SUBTOTAL ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE				94,100	0
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE					
DIRECT FROM:					
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE					
Measurement and Engineering Research and Standards		GFB	11.609	2,155,865	0
SUBTOTAL DIRECT FROM:				2,155,865	0
SUBTOTAL NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE				2,155,865	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE						
DIRECT FROM:						
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE						
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes			GFB	11.432	136,613	0
SUBTOTAL DIRECT FROM:					136,613	0
SUBTOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE					136,613	0
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL MARINE FISHERIES SERVICE, DEPARTMENT OF COMMERCE						
DIRECT FROM:						
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL MARINE FISHERIES SERVICE, DEPARTMENT OF COMMERCE						
Cooperative Science and Education Program			GFB	11.455	256	0
SUBTOTAL DIRECT FROM:					256	0
SUBTOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, NATIONAL MARINE FISHERIES SERVICE, DEPARTMENT OF COMMERCE					256	0
SUBTOTAL DEPARTMENT OF COMMERCE					2,386,834	0
DEPARTMENT OF DEFENSE						
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE						
Air Force Defense Research Sciences Program			GFB	12.800	78,397	0
USAOFAF			GGJ	12.UNKNOWN	2,665	0
SUBTOTAL DIRECT FROM:					81,062	0
SUBTOTAL AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE					81,062	0
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE						
Research & Technology Development			GFB	12.910	(602)	0
SUBTOTAL DIRECT FROM:					(602)	0
SUBTOTAL DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE					(602)	0
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE						
Military Medical Research & Development			GFB	12.420	39,040	0
Military Medical Research & Development			GFE	12.420	131,057	0
Pueblo Chemical Demilitarization			FAA	12.Cooperative Agreement	451,459	82,198
SUBTOTAL DIRECT FROM:					621,556	82,198
SUBTOTAL DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE					621,556	82,198
DEPARTMENT OF DEFENSE						
DIRECT FROM:						
DEPARTMENT OF DEFENSE						
Unclassified Grants and Contracts			DAA	12.000	0	304,900
TRACKED VEHICLE PROJECT SUPPORT FO			GGB	12.02345205	1,255	0
LIGHT ARMORED VEHICLE IMPACT STUDY			GGB	12.02434604	1,048	0
LAND CONDITION TREND ANALYSIS SUPP			GGB	12.02438603	24,195	0
MONITORING & FINAL REPORTING OF LA			GGB	12.02474104	83	0
MONITORING & FINAL REPORTING OF LA			GGB	12.02475804	5,885	0
HYDROLOGIST SUPPORT FOR TAKIMA TRA			GGB	12.03491403	3,864	0
HYDROLOGIST SUPPORT FOR YAKIMA TRA			GGB	12.03491504	23,311	0
IPA FOR DANIEL SMITH -DOD-ARMY-ARM			GGB	12.04078103	56,633	0
ENVIRONMENTAL RESTORATION SUPPORT			GCB	12.DAHC76-97-D-0014 DO #002	66,470	0
ENVIRONMENTAL COMPLIANCE SUPPORT			GCB	12.DAHC76-97-D-0014 DO# 002	134,370	0
ENVIRONMENTAL COMPLIANCE SUPPORT F			GCB	12.DAHC76-97-D-0014 DO# 002	5,058	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
MISSION TRANSFORMATION ENVIRONMENT		GGB	12.DAHC76-97-D-0014 DO# 002	1,972	0
ENVIRONMENTAL RESTORATION SUPPORT		GGB	12.DAHC76-97-D-0014 TO #28	1,413	0
ENVIRONMENTAL RESTORATION SUPPORT		GGB	12.DAHC76-97-D-0014 TO# 002	8,066	0
DATA RECOVERY MITIGATION TEST PROJ		GGB	12.DAMD17-02-2-0008 DO#000	122,705	21,283
CULTURAL RESOURCES MANAGEMENT ASSI		GGB	12.DAMD17-02-2-0008 DO 0006	3,311	0
CULTURAL RESOURCES MANAGEMENT ASSI		GGB	12.DAMD17-02-2-0008 DO# 000	64,152	0
CULTURAL RESOURCES MANAGEMENT ASSI		GGB	12.DAMD17-02-2-0008 DO#0001	151,095	0
NATURAL RESOURCES SUPPORT TO MEET		GGB	12.DAPC49-02-D-0002 DO 00	9,589	0
MISSION/TRANSFORMATION EIS SUPPORT		GGB	12.DAPC49-02-D-0002 D0004	489,244	0
INTEGRATED TRAINING AREA MANAGEMEN		GGB	12.DAPC49-02-D-0002 DO 0002	51,727	0
MISSION/TRANSFORMATION EIS SUPPORT		GGB	12.DAPC49-02-D-0002 DO 0004	423,363	0
MISSION/TRANSFORMATION EIS SUPPORT		GGB	12.DAPC49-02-D-0002 DO 0005	1,990	0
INTEGRATED TRAINING AREA MANAGEMEN		GGB	12.DAPC49-02-D-0002 DO 0006	395,548	0
NATURAL RESOURCES SUPPORT TO MEET		GGB	12.DAPC49-02-D-0002 D00007	290,960	0
US ARMY GARRISON, ALASKA RESTORATI		GGB	12.DAPC49-02-D-002 DO #0013	10,159	0
INTERGOVERNMENTAL PERSONNEL ACT (I		GGB	12.IPA FOR BRIAN HELMINGER	24,098	0
IPA CONTRACT FOR JOAN D. B. VANDER		GGB	12.IPA FOR JOAN D.B VANDERV	115,801	0
TECHNICAL FIELD SUPPORT FOR FOREST		GGB	12.MIPR3LCSUS0078	1,657	0
INTEGRATED TRAINING AREA MANAGEMEN		GGB	12.TASK ORDER # ITAM 03	332,623	0
GPS VEHICLE TRACKING SUPPORT AT YA		GGB	12.W68EV42218ITAM	1,252	0
SUBTOTAL DIRECT FROM:				2,822,897	326,183
PASS-THROUGH PROGRAMS FROM:					
CALIBRE SYSTEMS, INC.					
TECHNICAL SUPPORT & MANAGERIAL REC		GGB	12.S002-E010-001 MOD 01	158,067	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				158,067	0
SUBTOTAL DEPARTMENT OF DEFENSE				2,980,964	326,183
DEPARTMENT OF THE ARMY, NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
DEPARTMENT OF THE ARMY, NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
Military Construction, National Guard		OAA	12.400	144,168	0
SUBTOTAL DIRECT FROM:				144,168	0
SUBTOTAL DEPARTMENT OF THE ARMY, NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE				144,168	0
NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE					
National Guard Military Operations & Maintenance (O&M) Projects		OAA	12.401	7,751,008	0
SUBTOTAL DIRECT FROM:				7,751,008	0
SUBTOTAL NATIONAL GUARD BUREAU, DEPARTMENT OF DEFENSE				7,751,008	0
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY					
DIRECT FROM:					
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY					
Basic & Applied Scientific Research		GFB	12.300	2,047	0
SUBTOTAL DIRECT FROM:				2,047	0
SUBTOTAL OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY				2,047	0
OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, STRATEGY AND REQUIREMENTS, DEPARTMENT OF DEFENSE					
DIRECT FROM:					
OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, STRATEGY AND REQUIREMENTS, DEPARTMENT OF DEFENSE					
National Security Education: Scholarships		GFC	12.551	38,400	0
SUBTOTAL DIRECT FROM:				38,400	0
SUBTOTAL OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE, STRATEGY AND REQUIREMENTS, DEPARTMENT OF DEFENSE				38,400	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE						
Flood Control Projects			WBA	12.106	0	539
State Memorandum of Agreement Program for the Reimbursement of Technical Services			FAA	12.113	1,485,100	8,934
State Memorandum of Agreement Program for the Reimbursement of Technical Services			FAA	12.113 / 12.MOU 3/14/97	241,531	35,480
ARMY CORPS OF ENGINEERS COST SHARE CH			PJA	12.DACW45033001	1,016,459	0
ARMY CORPS OF ENGINEERS COST SHARE CC			PJA	12.DACW45033002	669,616	0
SUBTOTAL DIRECT FROM:					3,412,706	44,953
SUBTOTAL OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE					3,412,706	44,953
OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE						
Basic, Applied, & Advanced Research in Science and Engineering			GCJ	12.630	46,284	0
SUBTOTAL DIRECT FROM:					46,284	0
SUBTOTAL OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE					46,284	0
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND						
DIRECT FROM:						
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND						
Basic Scientific Research			GFB	12.431	2,000	0
Basic Scientific Research			GGB	12.431	134,604	0
Basic Scientific Research			GVA	12.431	237,974	0
WORKSHOP ON ELECTROCHEMICAL BIOSEN			GGB	12.DAAD19-02-1-0302 P00002	8,745	0
SUBTOTAL DIRECT FROM:					383,323	0
PASS-THROUGH PROGRAMS FROM:						
APC-ACADEMY OF APPLIED SCIENCE						
2004 RESEARCH & ENGINEERING APPREN			GGB	12.04-07 , 04-08	1,456	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					1,456	0
SUBTOTAL U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND					384,779	0
SUBTOTAL DEPARTMENT OF DEFENSE					15,462,372	453,334
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
DIRECT FROM:						
COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Community Development Block Grants/State's Program			NAA	14.228	302,632	10,053,553
Emergency Shelter Grants Program			NAA	14.231	28,075	916,602
Supportive Housing Program			IHH	14.235	96,723	0
Shelter Plus Care			IHH	14.238	1,629,395	0
HOME Investment Partnerships Program			NAA	14.239	645,051	4,458,131
Housing Opportunities for Persons with AIDS			NAA	14.241	36,004	433,240
Home Technical Assistance Grant			NAA	14.COHHM000102	14,807	0
SUBTOTAL DIRECT FROM:					2,752,687	15,861,526
PASS-THROUGH PROGRAMS FROM:						
CDBG/City Dgo						
Community Development Block Grants/State's Program			GSA	14.228 / 14.CDBG #00-002	216,311	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					216,311	0
SUBTOTAL COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					2,968,998	15,861,526

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
DIRECT FROM:								
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
College Housing Debt Service					GMA	14.100	168,440	0
College Housing Program					GSA	14.CH COLO 86D	16,964	0
Manufactured Housing Construction					NAA	14.DU100K900016684	37,209	0
SUBTOTAL DIRECT FROM:							222,613	0
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							222,613	0
HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
DIRECT FROM:								
HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Interest Reduction Payments: Rental and Cooperative Housing for Lower Income Families					GJB	14.103	3,626	0
SUBTOTAL DIRECT FROM:							3,626	0
SUBTOTAL HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							3,626	0
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
DIRECT FROM:								
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Fair Housing Assistance Program: State and Local					SDA	14.401	615,285	0
SUBTOTAL DIRECT FROM:							615,285	0
SUBTOTAL OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							615,285	0
OFFICE OF LEAD HAZARD CONTROL, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
PASS-THROUGH PROGRAMS FROM:								
Northeast Denver Housing Center								
Lead-Based Paint Hazard Control in Privately-Owned Housing					FAA	14.900	5,514	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							5,514	0
SUBTOTAL OFFICE OF LEAD HAZARD CONTROL, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							5,514	0
OFFICE OF POLICY DEVELOPMENT AND RESEARCH, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
DIRECT FROM:								
OFFICE OF POLICY DEVELOPMENT AND RESEARCH, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
General Research and Technology Activity					GFD	14.506	20,000	0
Community Outreach Partnership Center Program					GFD	14.511	1,803	0
Community Outreach Partnership Center Program					GGB	14.511	141,674	0
SUBTOTAL DIRECT FROM:							163,477	0
SUBTOTAL OFFICE OF POLICY DEVELOPMENT AND RESEARCH, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							163,477	0
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
DIRECT FROM:								
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Section 8 Housing Choice Vouchers					IHH	14.871	17,572,702	0
Section 8 Housing Choice Vouchers					NAA	14.871	16,516,430	1,133,734
SUBTOTAL DIRECT FROM:							34,089,132	1,133,734
PASS-THROUGH PROGRAMS FROM:								
STEVE WINTER ASSOCIATES, INC.								
Indian Housing Block Grants					GFD	14.867 / 14.HUD 18.1	239,166	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							239,166	0
SUBTOTAL PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							34,328,298	1,133,734

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
PUBLIC AND INDIAN HOUSING, OFFICE OF NATIVE AMERICAN PROGRAMS, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
PASS-THROUGH PROGRAMS FROM:						
City & County Denver			GTA	14.866	20,967	0
Demolition and Revitalization of Severely Distressed Public Housing					-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					20,967	0
SUBTOTAL PUBLIC AND INDIAN HOUSING, OFFICE OF NATIVE AMERICAN PROGRAMS, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					-----	-----
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					20,967	0
					-----	-----
					38,328,778	16,995,260
-----						
DEPARTMENT OF THE INTERIOR						
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR						
DIRECT FROM:						
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR			GGB	15.031	15,330	0
Indian Community Fire Protection (C) -					-----	-----
SUBTOTAL DIRECT FROM:					15,330	0
SUBTOTAL BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR					-----	-----
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR					15,330	0
DIRECT FROM:						
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR			GGJ	15.1422	18,892	0
BLM Caroshi Project			GGB	15.1422 C950A80010 T030	24,351	0
CANYON OF THE ANCIENTS NATIONAL MO			GGB	15.1422 CAA010010 T0 02	27,685	0
FFY01 TITLE IV FIRE ASSISTANCE -DO			GGB	15.1422 CAA010010 T0 11	6,955	0
DURANGO DISTRICT PUBLIC OUTREACH -			GGB	15.1422 CAA010010 T0 12	26,000	0
COUNTY & COMMUNITY FIRE PLANNING A			GGB	15.1422 CAA010010 T0 7 & 2	80,701	0
COOPERATING BLM ASSISTANCE -DOI-BL			GGB	15.1422 CAA010010 T01 MOD	442,061	0
COLORADO RURAL FIRE ASSISTANCE -DO			GSA	15.1422 CAA010019T01	33	0
USDI-BLM-Dev Fire Mgmt			PJA	15.1422CAA0010	12,453	0
BLM COST SHARE			GSA	15.1422CAA010019	14,080	0
USDI-BLM-Mitigation Edu Video			GSA	15.1422CAA010019 T06	5,876	0
USDI-BLM - Fire Edu & Collaboration			GSA	15.1422CAA010019-T03	3,712	0
USDI-BLM-Fuel Reduction Demo			GSA	15.1422CAA040001	8,066	0
BLM Map Survey			GZA	15.1422CAA990017 TASK T01	21,142	0
Bureau of Land Management Task Order			GZA	15.1422CAA990017 TASK T03	3,696	0
Bureau of Land Management Task Order			GZA	15.1422CAA990017 TASK T04	3,334	0
Bureau of Land Management Task Order			GSA	15.1422P850-A8-0025	2,077	0
USDI-BLM-4-Corners Region Tourism			GSA	15.15.DDG	12,301	0
STUDENT TRAINING			PDA	15.1703CO-921	17,805	0
Alamosa River Water Shed			PBA	15.222	286,089	0
Cooperative Inspection Agreements with States & Tribes			PKA	15.222	482,465	0
Cooperative Inspection Agreements with States & Tribes			FAA	15.222 / 15.1422 CAA040014	4,159	0
Cooperative Inspection Agreements with States & Tribes			GCA	15.224	107,044	0
Cultural Resource Management			BAA	15.225 / 15.1422-caa000013	3,532	0
Recreation Resource Management			GGB	15.228	22,116	0
Wildland Urban Interface Community and Rural Fire Assistance			PBA	15.CAA010003	47,402	0
Master Cooperative Agreement			PIA	15.CAA020003	85,208	0
BLM Department of Interior			GWA	15.UNKNOWN	1,116	0
COSTSHARE AGREEMENT			WBA	15.UNKNOWN	0	24,100
Sale of Public Land			WBA	15.UNKNOWN	0	115,386
Taylor Grazing					-----	-----
SUBTOTAL DIRECT FROM:					1,770,351	139,486
PASS-THROUGH PROGRAMS FROM:						
Nat Fish & Wildlife Foundation			PBA	15.02-0161	13,087	24,465
Bats Evaluation in Abandon Mines			PBA	15.02-0198	2,367	0
Gunnison Sage Grouse Habitat Restoration in Colorado					-----	-----
No. Ariz Univ			GSA	15.ER135EJ	21,510	0
USDI-BLM-San Juan Restoration Experiment					-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					36,964	24,465
SUBTOTAL BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR					-----	-----
					1,807,315	163,951

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

DIRECT FROM:

BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Coop Agreement

RIDGEWAY SEWER REPLACE AND IMPROVE

Little Hills Riparian Fence

Waterwise Landscape, SJ Basin

CATALOGING & STORAGE OF ARCHAEOLOG

Weather Modification

Assist in Recovery of Endangered Fish in the Upper Colorado River Basin

Escalante St. Wildlife Recreation Area

Arkansas River Research Study

WESTERN SLOPE REHABILITATION

Water Desalination Research and Development Program

Russel Lakes O&M

BONNY RESERVOIR DESIGN & DEVELOP

MOA WESTERN COLO RESERVOIRS

Take Pride in Am

Lone Dome Wetlands Area Cooperative Agreement

CLOSE BASIN PROJECT 15.BBE

Colorado Endangered Fish

GCA	15.00-FC-40-3880
PJA	15.02FC408720
PBA	15.02FC40C0010
GSA	15.03-FC-40-2046
GCB	15.03FC601857 MOD 001
PDA	15.03FC810925
PBA	15.03FC402050
PBA	15.0FCUC0010
PBA	15.3FC6003400
PJA	15.4-FC-40-16180
BAA	15.506 / 15.142597-fc-40-22430
PBA	15.6FC4019280
PJA	15.6FC6008120
PJA	15.7FC4019610
GCA	15.98FG810024
PBA	15.99-FC-40-1110
PEA	15.99FC401630
PBA	15.0FC4009000

10,342	0
147,000	0
10,889	0
5,743	0
11,013	0
237	63,818
66,389	0
76,652	0
160,497	0
1,525,572	0
400,674	0
54,021	0
50,000	0
340,511	0
2,000	0
19,109	0
22,579	0
40,310	0

SUBTOTAL DIRECT FROM:

2,943,538	63,818
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PASS-THROUGH PROGRAMS FROM:

Nat Fish & Wildlife Foundation

Wildlife Watch II (Amended)

PBA 15.99-189

6,401	0
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SUBTOTAL PASS-THROUGH PROGRAMS FROM:

6,401	0
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SUBTOTAL BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

2,949,939	63,818
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DEPARTMENT OF THE INTERIOR

DIRECT FROM:

DEPARTMENT OF THE INTERIOR

Unclassified Grants and Contracts

TAA 15.000

775,316	0
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SUBTOTAL DIRECT FROM:

775,316	0
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SUBTOTAL DEPARTMENT OF THE INTERIOR

775,316	0
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GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR

DIRECT FROM:

GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR

U.S. Geological Survey: Research & Data Acquisition

PIA 15.808

331,700	0
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SUBTOTAL DIRECT FROM:

331,700	0
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PASS-THROUGH PROGRAMS FROM:

American St Geologist

US Geological Survey

PIA 15.AASGOX

7,400	0
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SUBTOTAL PASS-THROUGH PROGRAMS FROM:

7,400	0
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SUBTOTAL GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR

339,100	0
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MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR

DIRECT FROM:

MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR

Royalties Mgmt

WBA 15.UNKNOWN

60,625,383	16,294,769
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SUBTOTAL DIRECT FROM:

60,625,383	16,294,769
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SUBTOTAL MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR

60,625,383	16,294,769
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NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

DIRECT FROM:

NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

Coop Agreement

Elk Fertility Control Study

GCA	15.1443-CA-1200-98-005
PBA	15.1520020007

4,121	0
1,254	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Historic Preservation Fund Grants-In-Aid		GCA	15.904	560,110	73,156
Historic Preservation Fund Grants-In-Aid		GFB	15.904	33,631	0
Historic Preservation Fund Grants-In-Aid		GFD	15.904	14,015	0
Outdoor Recreation: Acquisition, Development and Planning		GGB	15.916	16,429	0
Outdoor Recreation: Acquisition, Development and Planning		PJA	15.916	484,767	866,555
Native American Graves Protection and Repatriation Act		GCA	15.922	52,375	0
Site Testing and Remote Sensing		GSA	15.CA-6000A9003	24,905	0
USDI-NPS-Fort Carson Arch -1999		GSA	15.CA-6000A9003	3,905	0
Evaluation and Re-eval Phase II Testing		GSA	15.CA-6000A9003, Mod 007	8,446	0
Ute Ethnohistoric Research		GSA	15.CA-6000A9003, Mod 008	9,688	0
GeoPhys Prosp & Eval Testing		GSA	15.CA-6000A9003, Mod 009	72,549	0
Atmospheric Research Strategy		GSA	15.CA1248-00-008	7,248	0
USDI-NPS-4-Corners Region Tourism		GSA	15.No number assigned	2,077	0
Coop Agreement		GCA	15.P7700022008	22,185	0
WILDLAND URBAN INTERFACE EDUCATION		GGB	15.Y-1248-03-002	12,999	0
SUBTOTAL DIRECT FROM:				1,330,704	939,711
SUBTOTAL NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR				1,330,704	939,711
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining		PAA	15.250	16,110	0
Regulation of Surface Coal Mining & Surface Effects of Underground Coal Mining		PKA	15.250	1,920,483	0
Abandoned Mine Land Reclamation (AMLR) Program		GFB	15.252	32,540	0
Abandoned Mine Land Reclamation (AMLR) Program		PIA	15.252	18,494	0
Abandoned Mine Land Reclamation (AMLR) Program		PKA	15.252	2,456,815	0
OSM Office of Technology Trans		PKA	15.CA2003001	93,542	0
SUBTOTAL DIRECT FROM:				4,537,984	0
SUBTOTAL OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR				4,537,984	0
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
ASSISTANCE TO RURAL FIREFIGHTERS G		GGB	15.1448-60181-01-J345 AMD #	14,906	0
Effects of Grazing on Nesting Birds		GSA	15.2004-0173-000	655	0
Cooperative Endangered Species Conservation Fund		GCB	15.615	1,248	0
Cooperative Endangered Species Conservation Fund		PBA	15.615	23,600	0
Cooperative Endangered Species Conservation Fund		PJA	15.615	4,000	0
Wildlife Conservation & Appreciation		PBA	15.617	2,057	5,900
North American Wetlands Conservation Fund		FAA	15.623 / 15.1422 CAA000005	163	23,320
Wildlife Conservation and Restoration		PBA	15.625	87,410	0
State Wildlife Grants		PBA	15.634	2,607,716	0
South-Western Willow Flycatcher Surveys		PBA	15.655101261C63G	7,000	0
US Fish & Wildlife - Digital		GTA	15.65550-2-0075A	4,342	0
US Fish & Wildlife - Satellite		GTA	15.65550-3-0203A	168	0
Grazing Regimes-Nesting Success-Bird		GSA	15.98-035	1,341	0
SUBTOTAL DIRECT FROM:				2,754,606	29,220
PASS-THROUGH PROGRAMS FROM:					
The Nature Conservancy					
North American Wetlands Conservation Fund		PBA	15.623	33,040	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				33,040	0
SUBTOTAL U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR				2,787,646	29,220
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR					
National Cooperative Geologic Mapping Program		GSA	15.810 / 15.03HQAG0045	6,269	0
National Cooperative Geologic Mapping Program		GZA	15.810 / 15.USGS 04HQAG0087	563	0
Southwest Regional GAP Analysis Project-Phase 1 & 2		PBA	15.99HQAG0181	256,332	0
SUBTOTAL DIRECT FROM:				263,164	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
MAJOR SUBDIVISION OF FEDERAL AGENCY										
SOURCE TYPE (DIRECT OR PASS-THROUGH)										
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)										
PROGRAM NAME										
PASS-THROUGH PROGRAMS FROM:										
UNIVERSITY OF DENVER										
COWS & CLIMATE ON WESTERN SOILS -U							GGB	15.P0019482	33,348	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:									33,348	0
SUBTOTAL U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR									296,512	0
SUBTOTAL DEPARTMENT OF THE INTERIOR									75,465,229	17,491,469
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DEPARTMENT OF JUSTICE										
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, DEPARTMENT OF THE TREASURY										
DIRECT FROM:										
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, DEPARTMENT OF THE TREASURY										
Great Grant							RAA	16.UNKNOWN	71,493	0
SUBTOTAL DIRECT FROM:									71,493	0
SUBTOTAL BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, DEPARTMENT OF THE TREASURY									71,493	0
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE										
DIRECT FROM:										
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE										
State Identification Systems Grant Program (A) -							RAA	16.598	211,292	0
State Criminal Alien Assistance Program							CAA	16.606	3,942,172	0
Bulletproof Vest Partnership Program							RAA	16.607	6,127	0
Community Prosecution and Project Safe Neighborhoods							RAA	16.609	57,615	166,386
SUBTOTAL DIRECT FROM:									4,217,206	166,386
SUBTOTAL BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE									4,217,206	166,386
BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE										
DIRECT FROM:										
BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE										
State Justice Statistics Program for Statistical Analysis Centers							RAA	16.550	49,841	0
National Criminal History Improvement Program (NCHIP)							RAA	16.554	161,341	391,557
SUBTOTAL DIRECT FROM:									211,182	391,557
SUBTOTAL BUREAU OF JUSTICE STATISTICS, DEPARTMENT OF JUSTICE									211,182	391,557
CORRECTIONS PROGRAM OFFICE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE										
DIRECT FROM:										
CORRECTIONS PROGRAM OFFICE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE										
Offender Reentry Program							CAA	16.202 / 16.2002RECX0018	445,221	0
Residential Substance Abuse Treatment for State Prisoners							GFE	16.593	118,897	0
Residential Substance Abuse Treatment for State Prisoners							RAA	16.593	12,054	1,110,697
SUBTOTAL DIRECT FROM:									576,172	1,110,697
SUBTOTAL CORRECTIONS PROGRAM OFFICE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE									576,172	1,110,697
DEPARTMENT OF JUSTICE										
DIRECT FROM:										
DEPARTMENT OF JUSTICE										
Unclassified Grants and Contracts							CAA	16.000 / 16.C0022135C	100	0
Regional Information Sharing Systems							RAA	16.610	1,481	0
State and Local Anti-Terrorism Training							RAA	16.614	58,957	7,250
SUBTOTAL DIRECT FROM:									60,538	7,250
SUBTOTAL DEPARTMENT OF JUSTICE									60,538	7,250

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY			NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY			INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME							
DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE							
DIRECT FROM:							
DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE							
Drug Enforcement Admin				RAA	16. UNKNOWN	7,970	0
SUBTOTAL DIRECT FROM:						7,970	0
SUBTOTAL DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE						7,970	0
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE							
DIRECT FROM:							
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE							
National Institute of Justice Research, Evaluation, and Development Projects Grants				GFB	16.560	16,437	0
National Institute of Justice Research, Evaluation, and Development Projects Grants				RAA	16.560	22,111	50,159
Crime Laboratory Improvement: Combined Offender DNA Index System Backlog Reduction				RAA	16.564	441,349	0
SUBTOTAL DIRECT FROM:						479,897	50,159
SUBTOTAL NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE						479,897	50,159
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE							
DIRECT FROM:							
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE							
Public Safety Partnership & Community Policing Grants				GFC	16.710	15,613	0
Public Safety Partnership & Community Policing Grants				RAA	16.710	971,181	674,721
Troops to COPS				GFB	16.711	47,949	0
SUBTOTAL DIRECT FROM:						1,034,743	674,721
SUBTOTAL OFFICE OF COMMUNITY ORIENTED POLICING SERVICES, DEPARTMENT OF JUSTICE						1,034,743	674,721
OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE							
DIRECT FROM:							
OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE							
Byrne Formula Grant Program				RAA	16.579	1,039,649	6,486,501
Edward Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grants Program				RAA	16.580	17,997	157,721
Local Law Enforcement Block Grants Program				RAA	16.592	12,371	358,677
Motor Vehicle Theft Protection Act Program (B) -				RAA	16.597	79,098	0
SUBTOTAL DIRECT FROM:						1,149,115	7,002,899
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE						1,149,115	7,002,899
OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE							
DIRECT FROM:							
OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE							
Juvenial Drug Court				JAA	16.2000-DC-VX-0125	143,040	0
Drug Court Enhancement				JAA	16.2001-DC-BX-0024	93,989	0
Encourage Arrest				JAA	16.2002-WE-BX-0012	112,809	0
Family Drug Court				JAA	16.2003-DC-BX-0026	25,527	0
Crime Victim Compensation				RAA	16.576	123,823	2,905,522
Violent Offender Incarceration & Truth in Sentencing Incentive Grants				RAA	16.586	30,273	734,124
Violence Against Women Formula Grants				RAA	16.588	119,306	1,975,373
National Governors Assoc				RAA	16. UNKNOWN	22,864	0
SUBTOTAL DIRECT FROM:						671,631	5,615,019
PASS-THROUGH PROGRAMS FROM:							
City/Cnty Denver							
2nd Local Law Enforcement				JAA	16. n/a	27,330	0
TESSA							
Domestic Violence				JAA	16.2001-WR-VX-K001	45,503	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:						72,833	0
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE						744,464	5,615,019

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
OFFICE OF JUSTICE PROGRAMS, OFFICE FOR VICTIMS OF CRIME, DEPARTMENT OF JUSTICE						
DIRECT FROM:						
OFFICE OF JUSTICE PROGRAMS, OFFICE FOR VICTIMS OF CRIME, DEPARTMENT OF JUSTICE						
Crime Victim Assistance			RAA	16.575	299,463	5,033,478
SUBTOTAL DIRECT FROM:					299,463	5,033,478
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, OFFICE FOR VICTIMS OF CRIME, DEPARTMENT OF JUSTICE					299,463	5,033,478
OFFICE OF JUSTICE PROGRAMS, VIOLENCE AGAINST WOMEN OFFICE, DEPARTMENT OF JUSTICE						
DIRECT FROM:						
OFFICE OF JUSTICE PROGRAMS, VIOLENCE AGAINST WOMEN OFFICE, DEPARTMENT OF JUSTICE						
Training Grants to Stop Abuse and Sexual Assault of Older Individuals of Individuals with Disabilities			LAA	16.528 / 16.2002-EW-BX-0009	17,281	0
SUBTOTAL DIRECT FROM:					17,281	0
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, VIOLENCE AGAINST WOMEN OFFICE, DEPARTMENT OF JUSTICE					17,281	0
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE						
DIRECT FROM:						
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE						
Nat'l Institute of Justice			GGJ	16.2003DDBXK013	259,513	0
Juvenile Accountability Incentive Block Grants			RAA	16.523	284,030	2,645,169
Juvenile Justice & Delinquency Prevention: Allocation to States			RAA	16.540	203,236	940,576
Developing, Testing and Demonstrating Promising New Programs			GFB	16.541	119,724	4,301
Title V: Delinquency Prevention Program			RAA	16.548	3,792	363,885
Part E: State Challenge Activities			RAA	16.549	33,734	134,080
Enforcing Underage Drinking Laws Program			HAA	16.727	347,811	0
SUBTOTAL DIRECT FROM:					1,251,840	4,088,011
PASS-THROUGH PROGRAMS FROM:						
Cntr for Nonprofit Dev						
Prevent Juvenile Delinquency			JAA	16.2000-JN-FX-K004	5,913	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					5,913	0
SUBTOTAL OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE					1,257,753	4,088,011
SUBTOTAL DEPARTMENT OF JUSTICE					10,127,277	24,140,177
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DEPARTMENT OF LABOR						
BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR						
DIRECT FROM:						
BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR						
Labor Force Statistics			GJA	17.002	120,526	0
Labor Force Statistics			KAA	17.002	1,882,044	0
SUBTOTAL DIRECT FROM:					2,002,570	0
SUBTOTAL BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR					2,002,570	0
DEPARTMENT OF LABOR						
DIRECT FROM:						
DEPARTMENT OF LABOR						
OCCUPATIONAL HEALTH & SAFETY CONSU			GGB	17.E9F3-0980	276,187	0
21D CONSULTATION AGREEMENT -DOL-OS			GGB	17.E9F4-0980	677,613	0
SUBTOTAL DIRECT FROM:					953,800	0
SUBTOTAL DEPARTMENT OF LABOR					953,800	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR

DIRECT FROM:

EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR

Unemployment Insurance  
Senior Community Service Employment Program  
Trade Adjustment Assistance: Workers  
Employment & Training Assistance: Dislocated Workers  
Employment & Training Assistance: Dislocated Workers  
Employment Services & Job Training Pilots: Demonstrations and Research  
Employment Services & Job Training Pilots: Demonstrations and Research  
Welfare-to-Work Grants to States and Localities  
One-Stop Career Center Initiative  
Employment and Training Administration Pilots, Demonstrations, and Research Projects  
Employment and Training Administration Pilots, Demonstrations, and Research Projects  
Work Incentive Grant  
WIA Incentive Grants Section 503 Grants to States  
Reed Act Administration

KAA 17.225  
IHA 17.235  
KAA 17.245  
GJA 17.246  
KAA 17.246  
CFE 17.249  
IHA 17.249  
KAA 17.253  
KAA 17.257  
IKA 17.261  
KAA 17.261  
NAA 17.266  
KAA 17.267  
KAA 17.999

498,572,762  
106,472  
3,226,315  
973  
(16)  
(9,098)  
0  
(592,960)  
260,787  
1,119,036  
541,186  
672,161  
278,169  
4,239,693

55,483  
782,010  
0  
0  
0  
0  
30,609  
2,792,365  
0  
0  
0  
406,766  
0  
167,927

SUBTOTAL DIRECT FROM:

508,415,480 4,235,160

PASS-THROUGH PROGRAMS FROM:

MOWD

Employment Services & Job Training Pilots: Demonstrations and Research  
Employment Services & Job Training Pilots: Demonstrations and Research  
Welfare-to-Work Grants to States and Localities  
Welfare-to-Work Grants to States and Localities  
Youth Opportunity Grants

GJD 17.249 / 17.CFR64522  
GJD 17.249 / 17.GE10165  
GJD 17.253 / 17.GE21254  
GJD 17.253 / 17.Z8950  
GJD 17.263 / 17.GE31175

4,220  
11,843  
37,413  
5,787  
127,121

0  
0  
0  
0  
0

SUBTOTAL PASS-THROUGH PROGRAMS FROM:

186,384 0

SUBTOTAL EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR

508,601,864 4,235,160

MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR

DIRECT FROM:

MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR

Mine Health & Safety Grants  
Mine Health & Safety Counseling & Technical Assistance

PKA 17.600  
PKA 17.601

160,208  
24,700

0  
863

SUBTOTAL DIRECT FROM:

184,908 863

SUBTOTAL MINE SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR

184,908 863

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR

DIRECT FROM:

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR

Occupational Safety and Health

FAA 17.500 / 17.W9j38108

20,679

0

SUBTOTAL DIRECT FROM:

20,679 0

SUBTOTAL OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DEPARTMENT OF LABOR

20,679 0

OFFICE OF DISABILITY EMPLOYMENT POLICY, DEPARTMENT OF LABOR

DIRECT FROM:

OFFICE OF DISABILITY EMPLOYMENT POLICY, DEPARTMENT OF LABOR

YOUTH TRANSITION GRANT

NAA 17.E-9-4-3-0126

137,627

2,208

SUBTOTAL DIRECT FROM:

137,627 2,208

SUBTOTAL OFFICE OF DISABILITY EMPLOYMENT POLICY, DEPARTMENT OF LABOR

137,627 2,208

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR								
DIRECT FROM:								
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR					GFD	17.802	1,848,717	1,650
Veterans' Employment Program					KAA	17.802	(4,205)	0
Veterans' Employment Program					KAA	17.805	145,589	50,020
Homeless Veterans Reintegration Project							-----	-----
SUBTOTAL DIRECT FROM:							1,990,101	51,670
SUBTOTAL OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR							1,990,101	51,670
SUBTOTAL DEPARTMENT OF LABOR							513,891,549	4,289,901
-----								
DEPARTMENT OF STATE								
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE								
PASS-THROUGH PROGRAMS FROM:								
American Council on Education					GJL	19.405 / 19.39413	68,902	0
Educational Partnerships Program								
COUNCIL FOR INTERNATIONAL EXCHANGE OF SCHOLARS					GFD	19.401 / 19.IPG-87500011	6,344	0
Educational Exchange: University Lecturers (Professors) and Research Scholars								
NAFSA: ASSOC. OF INTERNATIONAL EDUCATORS					GGB	19.420 / 19.03684404	4,007	0
Cooperative Grants							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							79,253	0
SUBTOTAL BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE							79,253	0
BUREAU OF INTELLIGENCE AND RESEARCH, DEPARTMENT OF STATE								
PASS-THROUGH PROGRAMS FROM:								
NATIONAL COUNCIL EURASIAN EAST EUROPEAN RSCH					GFB	19.300 / 19.817-8	(68)	0
Program for Study of Eastern Europe & the Independent States of the Former Soviet Union							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							(68)	0
SUBTOTAL BUREAU OF INTELLIGENCE AND RESEARCH, DEPARTMENT OF STATE							(68)	0
DEPARTMENT OF STATE								
DIRECT FROM:								
DEPARTMENT OF STATE					GGB	19.87423974	12,824	0
NEPAL/US COLLABORATION ON HYDROGEN					GGB	19.S-ECAPE-02-GR-301(P5)	29,334	0
DEVELOPMENT OF MULTIMEDIA INSTRUCT							-----	-----
SUBTOTAL DIRECT FROM:							42,158	0
SUBTOTAL DEPARTMENT OF STATE							42,158	0
SUBTOTAL DEPARTMENT OF STATE							121,343	0
-----								
DEPARTMENT OF TRANSPORTATION								
DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
DEPARTMENT OF TRANSPORTATION					TAA	20.000	252,269	0
Unclassified Grants and Contracts					GGB	20.DTFH61-04-H-00006 AMEND	69,631	0
TRIBAL TECHNICAL ASSISTANCE PROGRA							-----	-----
SUBTOTAL DIRECT FROM:							321,900	0
SUBTOTAL DEPARTMENT OF TRANSPORTATION							321,900	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
Airport Improvement Program					HAA	20.106	320,164	0
SUBTOTAL DIRECT FROM:							320,164	0
SUBTOTAL FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							320,164	0
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
National Motor Carrier Safety					RAA	20.218	1,852,311	608,394
Recreational Trails Program					PJA	20.219	560,573	607,591
SUBTOTAL DIRECT FROM:							2,412,884	1,215,985
SUBTOTAL FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							2,412,884	1,215,985
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
Federal Transit: Metropolitan Planning Grants					HAA	20.505	0	3,880,000
Formula Grants for Other Than Urbanized Areas					HAA	20.509	330,350	2,094,291
Capital Assistance Program for Elderly Persons & Persons with Disabilities					HAA	20.513	117,458	925,791
SUBTOTAL DIRECT FROM:							447,808	6,900,082
SUBTOTAL FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							447,808	6,900,082
MARITIME ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
MARITIME ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
Supplementary Training					GFE	20.810	5,122	0
SUBTOTAL DIRECT FROM:							5,122	0
SUBTOTAL MARITIME ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							5,122	0
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
Pipeline Safety					SCA	20.700	120,416	0
Interagency Hazardous Materials Public Sector Training and Planning Grants					NAA	20.703	97,816	29,491
SUBTOTAL DIRECT FROM:							218,232	29,491
SUBTOTAL RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							218,232	29,491
SUBTOTAL DEPARTMENT OF TRANSPORTATION							3,726,110	8,145,558
-----								
DEPARTMENT OF TREASURY								
DEPARTMENT OF TREASURY								
DIRECT FROM:								
DEPARTMENT OF TREASURY								
Jobs and Growth Tax Relief Reconciliation Act of 2002					EAA	21.999	35,905,807	0
Treasury Equitable Sharing Program					TAA	21.Court Awards	332	0
SUBTOTAL DIRECT FROM:							35,906,139	0
SUBTOTAL DEPARTMENT OF TREASURY							35,906,139	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
U.S. CUSTOMS SERVICES, DEPARTMENT OF THE TREASURY								
DIRECT FROM:								
U.S. CUSTOMS SERVICES, DEPARTMENT OF THE TREASURY								
White Collar Crime				RAA	21.UNKNOWN		10,662	0
							-----	-----
SUBTOTAL DIRECT FROM:							10,662	0
							-----	-----
SUBTOTAL U.S. CUSTOMS SERVICES, DEPARTMENT OF THE TREASURY							10,662	0
UNDER SECRETARY FOR DOMESTIC FINANCE, DEPARTMENT OF TREASURY								
DIRECT FROM:								
UNDER SECRETARY FOR DOMESTIC FINANCE, DEPARTMENT OF TREASURY								
FECA REIMBURSABLE/TEUC BENEFIT PMTS				KAA	21.UNKNOWN		122,197,893	0
							-----	-----
SUBTOTAL DIRECT FROM:							122,197,893	0
							-----	-----
SUBTOTAL UNDER SECRETARY FOR DOMESTIC FINANCE, DEPARTMENT OF TREASURY							122,197,893	0
							-----	-----
SUBTOTAL DEPARTMENT OF TREASURY							158,114,694	0
-----								
OFFICE OF PERSONNEL MANAGEMENT								
OFFICE OF PERSONNEL MANAGEMENT								
DIRECT FROM:								
OFFICE OF PERSONNEL MANAGEMENT								
Intergovernmental Personnel Act (IPA) Mobility Program				GFD	27.011		(20,140)	0
Intergovernmental Personnel Act (IPA) Mobility Program				GFE	27.011		15,837	0
							-----	-----
SUBTOTAL DIRECT FROM:							(4,303)	0
							-----	-----
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT							(4,303)	0
							-----	-----
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT							(4,303)	0
-----								
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION								
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION								
DIRECT FROM:								
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION								
Employment Discrimination: State and Local Fair Employment Practices Agency Contracts				SDA	30.002		390,738	0
							-----	-----
SUBTOTAL DIRECT FROM:							390,738	0
							-----	-----
SUBTOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION							390,738	0
							-----	-----
SUBTOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION							390,738	0
-----								
GENERAL SERVICES ADMINISTRATION								
GENERAL SERVICES ADMINISTRATION								
DIRECT FROM:								
GENERAL SERVICES ADMINISTRATION								
Business Services				GFE	39.001		269,376	0
Election Reform Payments				VAA	39.011		801,394	0
							-----	-----
SUBTOTAL DIRECT FROM:							1,070,770	0
							-----	-----
SUBTOTAL GENERAL SERVICES ADMINISTRATION							1,070,770	0
							-----	-----
SUBTOTAL GENERAL SERVICES ADMINISTRATION							1,070,770	0
-----								

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
LIBRARY OF CONGRESS								
LIBRARY OF CONGRESS								
PASS-THROUGH PROGRAMS FROM:								
ED RESEARCH CONSORTIUM								
ADVENTURES OF AM MIND					GTA	42.00G-LIB-ND001	51,464	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							51,464	0
SUBTOTAL LIBRARY OF CONGRESS							51,464	0
SUBTOTAL LIBRARY OF CONGRESS							51,464	0
-----								
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION								
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION								
DIRECT FROM:								
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION								
Aerospace Education Services Program					GFB	43.001	1,436,207	147,344
Aerospace Education Services Program					GFE	43.001	24,867	0
Aerospace Education Services Program					GGB	43.001	7	0
Technology Transfer					GFB	43.002	25,526	0
NASA					PIA	43.NAG13-02026	306,010	0
KONRAD GOJARA FELLOWSHIP (NASA EAR					GGB	43.NGT5-30421 SUPP 01	15,241	0
ENVIRONMENTAL & LAND-USE CONTROLS					GGB	43.NGT5-30438	23,346	0
LABORATORY INVESTIGATIONS OF THE L					GGB	43.NGT5-50486	22,149	0
SUBTOTAL DIRECT FROM:							1,853,353	147,344
PASS-THROUGH PROGRAMS FROM:								
JOHNS HOPKINS UNIVERSITY								
Aerospace Education Services Program					GFB	43.001 / 43.867979	28,052	0
UCAR-NCAR-COMET ATMOSPHERIC TECH. DIVIS.					GGB	43.S03-43483	258,763	0
INSPIRING THE NEXT GENERATION OF								
Univ Space Research Assn					GKA	43.USRA NAG5-12434(ESSE 21)	11,109	10,068
Global Change: A New Upper Div ..Course								
UofT San Antonio								
Aerospace Education Services Program					CJD	43.001 / 43.NAG5-13342	66,348	0
Aerospace Education Services Program					CJD	43.001 / 43.NNG04GI42G	14,937	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							379,209	10,068
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							2,232,562	157,412
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							2,232,562	157,412
-----								
NATIONAL ENDOWMENT FOR THE HUMANITIES								
INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES								
DIRECT FROM:								
INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES								
Museum for America Grants					GFB	45.301	1,052	0
Museum for America Grants					GFC	45.301	1,297	0
Conservation Project Support					GCA	45.303	592	0
State Library Program					DAA	45.310	1,675,509	519,131
State Library Program					GZA	45.310	12,748	0
SUBTOTAL DIRECT FROM:							1,691,198	519,131

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						
MAJOR SUBDIVISION OF FEDERAL AGENCY						
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
PASS-THROUGH PROGRAMS FROM:						
Penrose Libr/Univ of Denver		GSA	45.312 / 45.35683-10	4,165	0	
National Leadership Grants						
SPONSOR NAME NOT FOUND FOR YMGR02 **		GGB	45.LG-03-0113-03	1,867	0	
WESTERN WATERS DIGITAL LIBRARY -GR						
UNIVERSITY OF DENVER		GGB	45.312 / 45.35683-13	4,192	0	
National Leadership Grants						
				-----	-----	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				10,224	0	
				-----	-----	
SUBTOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				1,701,422	519,131	
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES						
DIRECT FROM:						
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES						
Promotion of the Arts: Grants to Organizations and Individuals		GKA	45.024 / 45.NEA 04-3100-5073	10,000	0	
Promotion of the Arts: Partnership Agreements		GBA	45.025	602,062	0	
CENTER FOR LITERARY PUBLISHING - C		GGB	45.04-5200-5033	2,519	0	
				-----	-----	
SUBTOTAL DIRECT FROM:				614,581	0	
				-----	-----	
SUBTOTAL NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				614,581	0	
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES						
DIRECT FROM:						
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES						
Promotion of the Humanities: Fellowships and Stipends		GFB	45.160	97,410	0	
Promotion of the Humanities: Education Development and Demonstration		GFB	45.162	5,815	0	
Promotion of the Humanities_Professional Development		GFB	45.163	12,638	0	
Preserv of Textile Collec		GSA	45.IC-05-02-0212-02	19,379	0	
Sharing Culture		GSA	45.LG-30-02-0284	32,461	0	
				-----	-----	
SUBTOTAL DIRECT FROM:				167,703	0	
PASS-THROUGH PROGRAMS FROM:						
COLORADO ENDOWMENT FOR THE HUMANITIES						
Promotion of the Humanities: Federal/State Partnership		GFB	45.129 / 45.P069-0902-035	(46)	0	
Promotion of the Humanities: Federal/State Partnership		GFB	45.129 / 45.P092-0903-049S	5,458	0	
Promotion of the Humanities: Federal/State Partnership		GFB	45.129 / 45.P111-0900-069S	93	0	
				-----	-----	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				5,505	0	
				-----	-----	
SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				173,208	0	
				-----	-----	
SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES				2,489,211	519,131	
-----						
NATIONAL SCIENCE FOUNDATION						
NATIONAL SCIENCE FOUNDATION						
DIRECT FROM:						
NATIONAL SCIENCE FOUNDATION						
Engineering Grants		GFB	47.041	183,618	0	
Engineering Grants		GFD	47.041	20,000	0	
Engineering Grants		GGB	47.041	26,484	0	
Engineering Grants		GGJ	47.041	84,992	0	
Mathematical and Physical Sciences		GFB	47.049	669,180	524	
Mathematical and Physical Sciences		GFC	47.049	1,581	0	
Mathematical and Physical Sciences		GFD	47.049	3,754	0	
Mathematical and Physical Sciences		GGB	47.049	38,923	0	
Mathematical and Physical Sciences		GZA	47.049 / 47.CHE-0215927	22,454	0	
Geosciences		GFB	47.050	57,696	0	
Geosciences		GGB	47.050	12,268	0	
Geosciences		GSA	47.050 / 47.ATM-0233861	6,605	0	
Geosciences		GSA	47.050 / 47.ATM-0355325	35,000	0	
Computer and Information Science and Engineering		GFB	47.070	84,504	0	
Biological Sciences		GFB	47.074	3,964	0	
Biological Sciences		GGB	47.074	4,312	0	
Social, Behavioral, and Economic Sciences		GFB	47.075	574,509	0	
Education and Human Resources		GFB	47.076	2,327,554	0	
Education and Human Resources		GFD	47.076	6,144	0	

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Education and Human Resources		GFE	47.076	150,402	40,105
Education and Human Resources		GGB	47.076	330,802	160,571
Education and Human Resources		GGJ	47.076	124,220	0
Education and Human Resources		GJC	47.076	117,092	0
Education and Human Resources		GJL	47.076	187,232	0
Education and Human Resources		GYA	47.076	55,567	0
Education and Human Resources		GZA	47.076 / 47.DUE-0094493	69,391	0
Education and Human Resources		GSA	47.076 / 47.DUE-0310902	107,673	0
Education and Human Resources		GZA	47.076 / 47.EHR-0217172	18,538	0
Education and Human Resources		GKA	47.076 / 47.REC-0095023,DGE-00864	313,723	251,747
Polar Programs (B) -		GFB	47.078	9,362	0
Polar Programs (B) -		GGB	47.078	14,765	0
SUBTOTAL DIRECT FROM:				5,662,309	452,947
PASS-THROUGH PROGRAMS FROM:					
ARIZONA STATE UNIVERSITY					
Education and Human Resources		GFB	47.076 / 47.KMD5276-25-34/SUB	679	0
Education and Human Resources		GFB	47.076 / 47.KMD5276-25-36/SUB	1,401	0
Education and Human Resources		GFB	47.076 / 47.KMD5276-25-37/SUB	11,353	0
Civilian Res & Dvlpmnt Fdn					
Kininase & Peptides from the Venom..		GKA	47.NSF ZB2-2455-TA-02	4,184	0
Montana State University					
Education and Human Resources		GKA	47.076 / 47.NSF ESI-0119786	351,536	0
Portland State University					
Tchrs in the Woods: Forest Sci Res		GKA	47.NSF ESI-0101957	46,860	0
UNIVERSITY CORP. FOR ATMOSPHERIC RESEARCH					
Geosciences		GFD	47.050 / 47.S03-44105	48,958	0
UNIVERSITY OF OREGON					
Education and Human Resources		GFB	47.076 / 47.2049918	38,328	0
Univ Corp for Atmospheric Res					
Education and Human Resources		GKA	47.076 / 47.NSF E0333600 (S04-478	8,932	0
Univ of California Davis					
Biological Sciences		GKA	47.074 / 47.NSF DEB-0120169	50,152	0
University of Arkansas					
CAMPET		GTA	47.DUE-0230847	(2,000)	0
University of Georgia					
Meteorology Equip Upgrade		GTA	47.RR171-027/4184227	6,436	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				566,819	0
SUBTOTAL NATIONAL SCIENCE FOUNDATION				6,229,128	452,947
SUBTOTAL NATIONAL SCIENCE FOUNDATION				6,229,128	452,947
-----					
SMALL BUSINESS ADMINISTRATION					
SMALL BUSINESS ADMINISTRATION					
DIRECT FROM:					
SMALL BUSINESS ADMINISTRATION					
Small Business Development Center		EDA	59.037	208,863	961,010
SUBTOTAL DIRECT FROM:				208,863	961,010
SUBTOTAL SMALL BUSINESS ADMINISTRATION				208,863	961,010
SUBTOTAL SMALL BUSINESS ADMINISTRATION				208,863	961,010
-----					
DEPARTMENT OF VETERANS AFFAIRS					
DEPARTMENT OF VETERANS AFFAIRS					
DIRECT FROM:					
DEPARTMENT OF VETERANS AFFAIRS					
VET		GJB	64.21.4206	514	0
Vet Affairs		GJJ	64.UNKNOWN	9,011	0
SUBTOTAL DIRECT FROM:				9,525	0
SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS				9,525	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY			NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY			INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME							
NATIONAL CEMETERY SYSTEM, DEPARTMENT OF VETERANS AFFAIRS							
DIRECT FROM:							
NATIONAL CEMETERY SYSTEM, DEPARTMENT OF VETERANS AFFAIRS							
State Cemetery Grants				OBA	64.203	41,842	0
						-----	-----
SUBTOTAL DIRECT FROM:						41,842	0
						-----	-----
SUBTOTAL NATIONAL CEMETERY SYSTEM, DEPARTMENT OF VETERANS AFFAIRS						41,842	0
VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS							
DIRECT FROM:							
VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS							
Vocational Training for Certain Veterans Receiving VA Pension				GJA	64.123	199,130	0
Veteran's Recording Fee				GCJ	64.UNKNOWN	434	0
						-----	-----
SUBTOTAL DIRECT FROM:						199,564	0
						-----	-----
SUBTOTAL VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS						199,564	0
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS							
DIRECT FROM:							
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS							
Grants to States for Construction of State Home Facilities				ILB	64.005	233,605	0
Grants to States for Construction of State Home Facilities				ILC	64.005	440,621	0
Veterans Nursing Home Care				ILB	64.010	203,767	0
Veterans Nursing Home Care				ILC	64.010	135,113	0
Veterans Nursing Home Care				ILD	64.010	46,008	0
Veterans Nursing Home Care				ILE	64.010	0	67,127
Veterans Nursing Home Care				ILG	64.010	38,636	0
Veterans State Domiciliary Care				ILB	64.014	342,630	0
Veterans State Nursing Home Care				ILB	64.015	687,368	0
Veterans State Nursing Home Care				ILC	64.015	1,767,429	0
Veterans State Nursing Home Care				ILD	64.015	1,425,067	0
Veterans State Nursing Home Care				ILE	64.015	0	1,405,666
Veterans State Nursing Home Care				ILG	64.015	1,995,424	0
Sharing Specialized Medical Resources				GFE	64.018	1,689,452	0
						-----	-----
SUBTOTAL DIRECT FROM:						9,005,120	1,472,793
						-----	-----
SUBTOTAL VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS						9,005,120	1,472,793
						-----	-----
SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS						9,256,051	1,472,793
-----							
ENVIRONMENTAL PROTECTION AGENCY							
ENVIRONMENTAL PROTECTION AGENCY							
DIRECT FROM:							
ENVIRONMENTAL PROTECTION AGENCY							
Performance Partnership Grants (A,B) -				FAA	66.605	7,418,847	550,725
Surveys, Studies, Investigations and Special Purpose Grants (B) -				FAA	66.606	529,495	89,785
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GGB	66.606	27,771	12,646
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GJE	66.606	6,366	0
TRAINING LIVESTOCK PRODUCERS TO IM				GGB	66.CP-98827501-0	46,830	0
Groundwater Well				BAA	66.E-98837501-1	89,779	0
IPA Bedford				FAA	66.OEP-BM1-EPA	76,069	0
Nederland Biofuel Pjt				EFA	66.X1-98894701	23,014	0
						-----	-----
SUBTOTAL DIRECT FROM:						8,218,171	653,156
PASS-THROUGH PROGRAMS FROM:							
WGA							
WGA - APAGE Workshop				GSA	66.30204-73	9,936	0
						-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:						9,936	0
						-----	-----
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY						8,228,107	653,156

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
OFFICE OF ADMINISTRATION, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF ADMINISTRATION, ENVIRONMENTAL PROTECTION AGENCY					FAA	66.609	3,645	9,173
Protection of Children and Older Adults (Elderly) from Environmental Health Risks							-----	-----
SUBTOTAL DIRECT FROM:							3,645	9,173
SUBTOTAL OFFICE OF ADMINISTRATION, ENVIRONMENTAL PROTECTION AGENCY							3,645	9,173
OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY					GFC	66.032	15	0
State Indoor Radon Grants					GGB	66.034	53,116	28,299
Surveys Studies Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act					GSA	66.034 / 66.XA-98874601-0	15,439	0
Surveys Studies Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act							-----	-----
SUBTOTAL DIRECT FROM:							68,570	28,299
SUBTOTAL OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY							68,570	28,299
OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY					FAA	66.818	1,214	0
Brownfields Assessment and Cleanup Cooperative Agreements							-----	-----
SUBTOTAL DIRECT FROM:							1,214	0
SUBTOTAL OFFICE OF BROWNFIELDS CLEANUP AND REDEVELOPMENT, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY							1,214	0
OFFICE OF ENFORCEMENT AND COMPLIANCE ASSURANCE, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF ENFORCEMENT AND COMPLIANCE ASSURANCE, ENVIRONMENTAL PROTECTION AGENCY					BAA	66.700 / 66.E-00840104	29,810	0
Consolidated Pesticide Enforcement Cooperative Agreements					BAA	66.700 / 66.E-98846004	198,786	0
Consolidated Pesticide Enforcement Cooperative Agreements					BAA	66.700 / 66.E00840103-0	11,824	0
Consolidated Pesticide Enforcement Cooperative Agreements					BAA	66.700 / 66.E98846003-1	91,059	0
Consolidated Pesticide Enforcement Cooperative Agreements					BAA	66.700 / 66.E99843003-0	36,496	0
Consolidated Pesticide Enforcement Cooperative Agreements					BAA	66.700 / 66.E99843004-1	57,241	87,504
Capacity Building Grants and Cooperative Agreements for States and Tribes					FAA	66.709	36,900	0
SUBTOTAL DIRECT FROM:							462,116	87,504
SUBTOTAL OFFICE OF ENFORCEMENT AND COMPLIANCE ASSURANCE, ENVIRONMENTAL PROTECTION AGENCY							462,116	87,504
OFFICE OF ENVIRONMENTAL INFORMATION, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF ENVIRONMENTAL INFORMATION, ENVIRONMENTAL PROTECTION AGENCY					FAA	66.608	44,921	54,693
Environmental Information Exchange Network Grant Program							-----	-----
SUBTOTAL DIRECT FROM:							44,921	54,693
SUBTOTAL OFFICE OF ENVIRONMENTAL INFORMATION, ENVIRONMENTAL PROTECTION AGENCY							44,921	54,693
OFFICE OF GRANTS AND DEBARMENT, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF GRANTS AND DEBARMENT, ENVIRONMENTAL PROTECTION AGENCY					GFB	66.607	30,674	0
Training and Fellowships for the Environmental Protection Agency (B,M) -							-----	-----
SUBTOTAL DIRECT FROM:							30,674	0
SUBTOTAL OFFICE OF GRANTS AND DEBARMENT, ENVIRONMENTAL PROTECTION AGENCY							30,674	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY			NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY			INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME							
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY							
DIRECT FROM:							
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY							
Pollution Prevention Grants Program				FAA	66.708	(30,737)	20,111
						-----	-----
SUBTOTAL DIRECT FROM:						(30,737)	20,111
						-----	-----
SUBTOTAL OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY						(30,737)	20,111
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY							
DIRECT FROM:							
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY							
Environmental Protection-Consolidated Research				FAA	66.500	503,521	91,096
Environmental Protection-Consolidated Research				PBA	66.500	138,459	0
Environmental Protection-Consolidated Research				PIA	66.500	3,718	0
Environmental Protection-Consolidated Research				PKA	66.500	12,583	0
						-----	-----
SUBTOTAL DIRECT FROM:						658,281	91,096
						-----	-----
SUBTOTAL OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY						658,281	91,096
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY							
DIRECT FROM:							
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY							
Superfund State Site-Specific Cooperative Agreements				FAA	66.802	5,095,435	2,379,571
State and Tribal Underground Storage Tanks Program				KAA	66.804	271,051	0
Leaking Underground Storage Tank Trust Fund Program				KAA	66.805	775,781	0
Brownfield Pilots Cooperative Agreements (B) -				FAA	66.811	15,094	583,639
State and Tribal Response Program Grants				FAA	66.817	1,666	0
						-----	-----
SUBTOTAL DIRECT FROM:						6,159,027	2,963,210
						-----	-----
SUBTOTAL OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE, ENVIRONMENTAL PROTECTION AGENCY						6,159,027	2,963,210
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY							
DIRECT FROM:							
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY							
State Underground Water Source Protection				PHA	66.433	114,043	0
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements-Section 104				FAA	66.436	20,000	0
Water Quality Management Planning				FAA	66.454	78,112	45,000
Capitalization Grants for Clean Water State Revolving Funds				NAA	66.458	16,414	0
Nonpoint Source Implementation Grants				FAA	66.460	13,642	1,948,818
Wetland Program Grants				PAA	66.461	0	525,956
Water Quality Cooperative Agreements				FAA	66.463	23,854	16,433
Water Quality Cooperative Agreements				PKA	66.463	16,549	0
Wastewater Operator Training Grant Program (Technical Assistance)				GJL	66.467	55,990	0
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs				FAA	66.471	44,172	20,641
Water Protection Grants to the States				FAA	66.474	71,510	0
						-----	-----
SUBTOTAL DIRECT FROM:						454,286	2,556,848
PASS-THROUGH PROGRAMS FROM:							
CO Water Res & Power Dev.							
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.CS080001-96-3	600,863	0
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.FS9883298	190,490	61,450
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.WQC-XG9-POW	804	0
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.WQC-XH1-POW	11,708	0
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.WQC-XQ1-POW	525,334	0
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.WQC-XR1-POW	8,029	0
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.WQC-XS1-POW	10,798	0
Capitalization Grants for Clean Water State Revolving Funds				FAA	66.458 / 66.WQC-XT1-POW	564,257	0
						-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:						1,912,283	61,450
						-----	-----
SUBTOTAL OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY						2,366,569	2,618,298
						-----	-----
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY						17,992,387	6,525,540
						-----	-----

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DEPARTMENT OF ENERGY					
DEPARTMENT OF ENERGY					
DIRECT FROM:					
DEPARTMENT OF ENERGY					
Petroleum Violation Escrow		EFA	81.Ct Order 182 Strpr Well	1,173,426	0
Petroleum Violation Escrow		EFA	81.Ct Order 223 Texaco	114,477	0
ROLE OF ATM & RELATED PROTEINS IN		GGB	81.DE-FC02-03ER63689	5,000	0
Rebld CO Emss Rdcn		EFA	81.R803501	36,000	0
Imple St IOF Plan		EFA	81.R804101	34,977	0
Rebuild CO		EFA	81.R804301	11,206	0
Energy & Environ		EFA	81.R804401	30,650	0
Biomass Power		EFA	81.R804501	23,504	0
Amer Lung-DnvCoor		EFA	81.R804601	3,038	0
Wld Lar RMNP-Ftc Coor		EFA	81.R804701	5,263	0
RTD-AFV Signage		EFA	81.R804801	23,750	0
ProCon Prpn Sch Bs		EFA	81.R804901	175,000	0
McNeil		EFA	81.R805001	23,792	0
CHFA E-Star		EFA	81.R805101	66,285	0
Smart Sch-524mtch		EFA	81.R805201	38,227	0
Biomass Grn Tags		EFA	81.R805401	13,444	0
PHA Rebld America		EFA	81.R805501	9,763	0
Denver Met CC Coor		EFA	81.R805701	15,000	0
Co Spgs CC Coor		EFA	81.R805801	13,334	0
No CO Cl Cities		EFA	81.R805901	14,264	0
NICE 3		EFA	81.R810688-01	32,062	0
#2Distr Gen Efforts		EFA	81.R820102	3,858	0
E Star Integration		EFA	81.R820104	798	0
Biomass Conf		EFA	81.R820105	994	0
McNeil BM Website		EFA	81.R820106	6,030	0
DMEA Biomass Pjt		EFA	81.R820107	20,000	0
N Fork Dev Alliance		EFA	81.R820109	1,000	0
Telluride		EFA	81.R820110	8,901	0
WPA Anemometer Loan		EFA	81.R820111	793	0
Conf Planning Supp		EFA	81.R820113	41,115	0
Clean Cities Wkshop		EFA	81.R820114	24,542	0
CO Wind Pwr Outrch		EFA	81.R820115	14,221	0
SEP Peer Exchange		EFA	81.R820116	1,000	0
Geopower the West		EFA	81.R820117	14,380	0
Sust R E Dev Conf		EFA	81.R820118	5,000	0
03 St Energy Plan		EFA	81.R830101-03	3,120	0
04 State Energy Plan		EFA	81.R830101-04	859,649	0
SUBTOTAL DIRECT FROM:				2,867,863	0
PASS-THROUGH PROGRAMS FROM:					
Los Alamos Lab					
Field Research in Biochem		GSA	81.39092-001-01	16,107	0
NM Institute of Mining		PIA	81.508807	42,839	0
NM Institute of Mining					
NREL					
Photoconversion Process in Organic Semiconductors		GTA	81.XEA-3-33635-01	19,835	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				78,781	0
SUBTOTAL DEPARTMENT OF ENERGY				2,946,644	0
OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY					
National Resource Center for Plutonium		FAA	81.110	1,675,127	24,222
SUBTOTAL DIRECT FROM:				1,675,127	24,222
SUBTOTAL OFFICE OF DEFENSE PROGRAMS, DEPARTMENT OF ENERGY				1,675,127	24,222

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY								
DIRECT FROM:								
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					EFA	81.042 / 81.R802001	191,154	0
Weatherization Assistance for Low-Income Persons					EFA	81.042 / 81.R830001	4,594,261	0
Weatherization Assistance for Low-Income Persons					GGB	81.086	175,600	0
Conservation Research & Development							-----	-----
SUBTOTAL DIRECT FROM:							4,961,015	0
SUBTOTAL OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY							4,961,015	0
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY								
DIRECT FROM:								
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					GFD	81.087	287,117	0
Renewable Energy Research & Development							-----	-----
SUBTOTAL DIRECT FROM:							287,117	0
PASS-THROUGH PROGRAMS FROM:								
NATIONAL RENEWABLE ENERGY LABORATORY								
Renewable Energy Research & Development					GFD	81.087 / 81.AAX-3-33651-01	48,704	0
Renewable Energy Research & Development					GFB	81.087 / 81.KXCQ-9-29638-19	6,064	0
Renewable Energy Research & Development					GFB	81.087 / 81.KXDJ-9-29638-25	44,003	0
Renewable Energy Research & Development					GFB	81.087 / 81.KXDK-9-29638-22	35,140	0
Renewable Energy Research & Development					GFB	81.087 / 81.KXEA-3-33606-03	24,421	0
Renewable Energy Research & Development					GFB	81.087 / 81.KXEA-3-33606-08	62,599	0
Renewable Energy Research & Development					GFB	81.087 / 81.KXEA-3-33606-11	7,585	0
SANDIA NATIONAL LABORATORIES								
Renewable Energy Research & Development					GFB	81.087 / 81.63447	22,253	0
Renewable Energy Research & Development					GFB	81.087 / 81.63575	21,025	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							271,794	0
SUBTOTAL OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY							558,911	0
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY								
DIRECT FROM:								
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY					GFB	81.049	38,774	0
Office of Science Financial Assistance Program							-----	-----
SUBTOTAL DIRECT FROM:							38,774	0
PASS-THROUGH PROGRAMS FROM:								
NATIONAL RENEWABLE ENERGY LABORATORY								
Office of Science Financial Assistance Program					GFB	81.049 / 81.KAT-9-29638-13	1	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KCQ-9-29638-15	678	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KCQ-9-29638-17	(19,345)	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KDJ-9-29638-03	(1,665)	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KDJ-9-29638-05	14,414	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KXDJ-9-29638-23	3,832	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KXDJ-9-29638-26	40,979	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KXDJ-9-29638-27	9,892	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KXEA-3-33606-01	9,975	0
Office of Science Financial Assistance Program					GFB	81.049 / 81.KXEA-3-33606-07	4,591	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							63,352	0
SUBTOTAL OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY							102,126	0
OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY								
DIRECT FROM:								
OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY					FAA	81.104	45,809	1,078
Office of Environmental Cleanup and Acceleration							-----	-----
SUBTOTAL DIRECT FROM:							45,809	1,078

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
MAJOR SUBDIVISION OF FEDERAL AGENCY								
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
PASS-THROUGH PROGRAMS FROM:								
Western Governors Assn.								
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed S					FAA	81.106 / 81.DE-FC04-90AL65416	138,313	14,089
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							138,313	14,089
SUBTOTAL OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY							184,122	15,167
SUBTOTAL DEPARTMENT OF ENERGY							10,427,945	39,389
-----								
UNITED STATES INFORMATION AGENCY								
UNITED STATES INFORMATION AGENCY								
DIRECT FROM:								
UNITED STATES INFORMATION AGENCY								
College and University Affiliations Program					GFD	82.011	10,589	0
SUBTOTAL DIRECT FROM:							10,589	0
SUBTOTAL UNITED STATES INFORMATION AGENCY							10,589	0
SUBTOTAL UNITED STATES INFORMATION AGENCY							10,589	0
-----								
FEDERAL EMERGENCY MANAGEMENT AGENCY								
FEDERAL EMERGENCY MANAGEMENT AGENCY								
DIRECT FROM:								
FEDERAL EMERGENCY MANAGEMENT AGENCY								
Public Assistance - Unmet Needs					NAA	83.EMD-2000-GR-0051	7,601	234,772
Federal Emergency Management Agency					PDA	83.EMD2001GR017	182	0
Federal Emergency Management CTP					PDA	83.EMD2003GR038	260,000	0
Federal Emergency Management CTP					PDA	83.EMD2003GR385	74,801	0
SUBTOTAL DIRECT FROM:							342,584	234,772
SUBTOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY							342,584	234,772
PREPAREDNESS, TRAINING AND EXERCISES DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY								
DIRECT FROM:								
PREPAREDNESS, TRAINING AND EXERCISES DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY								
Chemical Stockpile Emergency Preparedness Program					GGJ	83.UNKNOWN	9,805	0
SUBTOTAL DIRECT FROM:							9,805	0
SUBTOTAL PREPAREDNESS, TRAINING AND EXERCISES DIRECTORATE, FEDERAL EMERGENCY MANAGEMENT AGENCY							9,805	0
SUBTOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY							352,389	234,772
-----								
DEPARTMENT OF EDUCATION								
ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION								
Twenty-First Century Community Learning Centers					DAA	84.287	151,499	2,926,599
Twenty-First Century Community Learning Centers					GGJ	84.287	102,590	0
SUBTOTAL DIRECT FROM:							254,089	2,926,599
SUBTOTAL ASSISTANT SECRETARY FOR EDUCATION RESEARCH, STATISTICS, AND IMPROVEMENT, DEPARTMENT OF EDUCATION							254,089	2,926,599

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
DEPARTMENT OF EDUCATION								
DIRECT FROM:								
DEPARTMENT OF EDUCATION					DAA			
Unclassified Grants and Contracts					GFE	84.000 / 84.ED-99-C0-0074	92,723	0
Sys Chg Proj to Expand Emp Opp for Individuals with Mental or Physical Disabilities						84.989	247,524	186,995
							-----	-----
SUBTOTAL DIRECT FROM:							340,247	186,995
PASS-THROUGH PROGRAMS FROM:								
American Fdn for Blind					GKA	84.Natl Literacy Ctr (NLC)	11,814	0
Web Based Distance Ed					GKA	84.Agreement #707-0	5,946	0
Centennial BOCES					GKA			
CBOCES Migrant Youth Council					GKA			
NATIONAL WRITING PROJECT					GFD	84.989	41,166	0
Sys Chg Proj to Expand Emp Opp for Individuals with Mental or Physical Disabilities					GFD			
National Writing Proj Corp					GKA	84.928 / 84.Contract #04-C004	7,685	0
National Writing Project Model							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							66,611	0
							-----	-----
SUBTOTAL DEPARTMENT OF EDUCATION							406,858	186,995
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					GSA	84.215 / 84.R215K020409	547,706	0
Fund for the Improvement of Education							-----	-----
SUBTOTAL DIRECT FROM:							547,706	0
PASS-THROUGH PROGRAMS FROM:								
DENVER PUBLIC SCHOOLS					GFD	84.215 / 84.S215X020233	15,985	0
Fund for the Improvement of Education					GSA	84.215 / 84.No number assigned	17,910	0
Dgo Sch Dist 9-R					GSA			
Fund for the Improvement of Education					GFD	84.215	19,998	0
GREAT CITIES' UNIVERSITIES URBAN EDUCATOR CORPS					DAA	84.203 / 84.114248:01:02	134,482	212,681
Fund for the Improvement of Education							-----	-----
Los Angeles County Office of Education							188,375	212,681
Star Schools							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							736,081	212,681
							-----	-----
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION								
OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					GGB	84.004	590,401	0
Civil Rights Training and Advisory Services					DAA	84.330	14,209	817,006
Advanced Placement Program					DAA	84.338	2,642	1,960,392
Reading Excellence							-----	-----
SUBTOTAL DIRECT FROM:							607,252	2,777,398
PASS-THROUGH PROGRAMS FROM:								
WICHE					DAA	84.330 / 84.Contract	111,028	63,750
Advanced Placement Program							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							111,028	63,750
							-----	-----
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION							718,280	2,841,148
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					GGB	84.016	40,784	0
Undergraduate International Studies and Foreign Language Programs					GTA	84.021	64,797	0
Overseas_Group Projects Abroad					GFB	84.031	80,779	0
Higher Education: Institutional Aid					GGJ	84.031	281,332	0
Higher Education: Institutional Aid					CJD	84.031	458,537	0
Higher Education: Institutional Aid					CJH	84.031	369,884	0
Higher Education: Institutional Aid					CJK	84.031	248,176	0
Higher Education: Institutional Aid					CJM	84.031	386,881	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Higher Education: Institutional Aid		GJR	84.031	14,620	0
Higher Education: Institutional Aid		GTA	84.031	150,307	0
Higher Education: Institutional Aid		GYA	84.031	323,189	0
Perkins Loan Cancellations		GFC	84.037	43,862	0
Perkins Loan Cancellations		GGB	84.037	49,443	0
Perkins Loan Cancellations		GGJ	84.037	108,972	0
Perkins Loan Cancellations		GJM	84.037	9,006	0
Perkins Loan Cancellations		GKA	84.037	144,518	0
Perkins Loan Cancellations		GSA	84.037	25,371	0
Perkins Loan Cancellations		GTA	84.037	153,103	0
Perkins Loan Cancellations		GZA	84.037	11,477	0
Perkins Loan Cancellations		GFD	84.037 / 84.P063P032844	57,464	0
Leveraging Educational Assistance Partnership		GAA	84.069	908,385	0
Leveraging Educational Assistance Partnership		CLA	84.069	12,814	0
Leveraging Educational Assistance Partnership		GZA	84.069	31,477	0
Fund for the Improvement of Postsecondary Education		GFB	84.116	260,397	9,061
Fund for the Improvement of Postsecondary Education		GFE	84.116	87,451	86,778
Fund for the Improvement of Postsecondary Education		GGB	84.116	75,342	0
Fund for the Improvement of Postsecondary Education		GGJ	84.116	666,135	0
Fund for the Improvement of Postsecondary Education		GJE	84.116	14,263	0
Fund for the Improvement of Postsecondary Education		GSA	84.116 / 84.P116Z030130	226,734	0
Fund for the Improvement of Postsecondary Education		GZA	84.116 / 84.USDE AWARD P116Z03007	67,412	0
College Housing and Academic Facilities Loans		GGB	84.142	97,384	0
College Housing and Academic Facilities Loans		GKA	84.142	50,536	0
Business and International Education Projects		GJJ	84.153	67,161	0
Javits Fellowships		GFB	84.170	32,796	0
Byrd Honors Scholarships		DAA	84.185	0	577,000
Graduate Assistance in Areas of National Need		GFB	84.200	568,763	0
Centers for International Business Education		GFD	84.220	359,833	0
Demonstration Projects to Ensure Students With Disabilities Receive a Higher Education		GKA	84.333	205,521	33,436
Gaining Early Awareness and Readiness for Undergraduate Programs		GGJ	84.334	801,303	0
Gaining Early Awareness and Readiness for Undergraduate Programs		GKA	84.334	390,968	0
Gaining Early Awareness and Readiness for Undergraduate Programs		EAA	84.334 / 84.P334A9900527-00	2,782,231	0
Child Care Access Means Parents in School		GFB	84.335	45,709	0
Child Care Access Means Parents in School		GGB	84.335	68,597	0
Child Care Access Means Parents in School		GJB	84.335	16,835	0
Child Care Access Means Parents in School		GJH	84.335	21,522	0
Child Care Access Means Parents in School		GJJ	84.335	39,210	0
Child Care Access Means Parents in School		GMA	84.335	159,620	0
Child Care Access Means Parents in School		GSA	84.335 / 84.P335A010015	23,504	0
Teacher Quality Enhancement Grants		DAA	84.336	713,648	2,273,498
Teacher Quality Enhancement Grants		GCJ	84.336	593,089	0
Learning Anytime Anywhere Partnerships		GFB	84.339	114,671	0
Learning Anytime Anywhere Partnerships		GFD	84.339	11,916	42,850
Learning Anytime Anywhere Partnerships		GGB	84.339	85,419	0
Preparing Tomorrow's Teachers to Use Technology		GFD	84.342	662,128	9,265
Preparing Tomorrow's Teachers to Use Technology		GGB	84.342	154,418	95,731
Preparing Tomorrow's Teachers to Use Technology		GCJ	84.342	48,613	0
Preparing Tomorrow's Teachers to Use Technology		GJA	84.342	1,870,612	0
Preparing Tomorrow's Teachers to Use Technology		GKA	84.342	130,704	7,064
Preparing Tomorrow's Teachers to Use Technology		GTA	84.342	114,225	0
Preparing Tomorrow's Teachers to Use Technology		GZA	84.342 / 84.P342A030031	1,158	0
SUBTOTAL DIRECT FROM:				15,605,006	3,134,683
PASS-THROUGH PROGRAMS FROM:					
Scottsdale CC(AZ)					
Fund for the Improvement of Postsecondary Education		GWA	84.116 / 84.P116N010007	6,974	0
UNIVERSITY OF CALIFORNIA AT IRVINE					
Fund for the Improvement of Postsecondary Education		GFB	84.116 / 84.C01P116R011323D	15,204	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				22,178	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				15,627,184	3,134,683
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
Rehabilitation Services: Vocational Rehabilitation Grants to States		IHA	84.126	25,638,902	834,936
Rehabilitation Services: Service Projects		GGB	84.128	56,011	26,878
Rehabilitation Services: Service Projects		GTA	84.128	(3,732)	0
Rehabilitation Services: Service Projects		IHA	84.128	97,201	0
Rehabilitation Long-Term Training		GKA	84.129	323,699	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
Independent Living: State Grants			IHA	84.169	32,081	259,132
Supported Employment Services for Individuals with Severe Disabilities			IHA	84.187	657,361	0
Assistive Technology			GFE	84.224	215,152	38,808
Rehabilitation Training: Continuing Education			GKA	84.264	441,269	9,761
Rehabilitation Training: State Vocational Rehabilitation Unit In-Service Training			IHA	84.265	42,385	0
SUBTOTAL DIRECT FROM:					27,500,329	1,169,515
PASS-THROUGH PROGRAMS FROM:						
SYRACUSE UNIVERSITY						
National Institute on Disability and Rehabilitation Research			GFE	84.133 / 84.S.U.#357-2328	32,444	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					32,444	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					27,532,773	1,169,515
OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION						
DIRECT FROM:						
OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION						
Vocational Education: Basic Grants to States			GJA	84.048	17,992,746	0
SUBTOTAL DIRECT FROM:					17,992,746	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION					17,992,746	0
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION						
DIRECT FROM:						
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION						
Bilingual Education			GFE	84.003	47,183	0
Bilingual Education			GJC	84.003	58,894	0
Immigrant Education			DAA	84.162	0	72,492
Bilingual Education: Professional Development			GFB	84.195	1,417,900	57,260
Bilingual Education: Professional Development			GFC	84.195	129,592	0
Bilingual Education: Professional Development			GFD	84.195	1,330,581	47,665
Bilingual Education: Professional Development			GJE	84.195	159,136	0
Bilingual Education: Professional Development			GKA	84.195	327,681	0
Bilingual Education: Professional Development			GSA	84.195	137,779	0
Bilingual Education: Professional Development			GYA	84.195	488,338	0
SUBTOTAL DIRECT FROM:					4,097,084	177,417
PASS-THROUGH PROGRAMS FROM:						
DENVER PUBLIC SCHOOLS						
Bilingual Education Support Services			GFB	84.194 / 84.T29R000009	185,046	0
VANDERBILT UNIVERSITY						
Bilingual Education			GFB	84.003 / 84.14299-S4	17,801	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					202,847	0
SUBTOTAL OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION					4,299,931	177,417
OFFICE OF EDUCATION RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION						
DIRECT FROM:						
OFFICE OF EDUCATION RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION						
SEEDS			GJK	84.DE-FG34-00R01952	42,737	0
SUBTOTAL DIRECT FROM:					42,737	0
SUBTOTAL OFFICE OF EDUCATION RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					42,737	0
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION						
DIRECT FROM:						
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION						
Title I Grants to Local Educational Agencies			DAA	84.010	874,558	97,873,871
Migrant Education: State Grant Program			DAA	84.011	617,354	6,758,644
Title I Program for Neglected and Delinquent Children			DAA	84.013	0	472,036
Migrant Education: High School Equivalency Program			GFB	84.141	1,349,982	58,598
Migrant Education: High School Equivalency Program			GJD	84.141	207,860	0
Migrant Education: College Assistance Migrant Program			CTA	84.149	305,124	0
Safe and Drug-Free Schools and Communities: National Programs			DAA	84.184	0	557,051
Safe and Drug-Free Schools: State Grants			DAA	84.186	331,340	4,038,521

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Safe and Drug-Free Schools: State Grants		EAA	84.186 / 84.S186B010062A	33,461	0
Safe and Drug-Free Schools: State Grants		EAA	84.186 / 84.S186B020006A	47,628	0
Safe and Drug-Free Schools: State Grants		EAA	84.186 / 84.S186B030006A	998,099	0
Education for Homeless Children and Youth		DAA	84.196	116,875	349,866
Even Start: State Educational Agencies		DAA	84.213	119,498	1,847,977
Even Start: Migrant Education		DAA	84.214	97,991	260,433
Eisenhower Professional Development State Grants		DAA	84.281	11,276	113,836
Eisenhower Professional Development State Grants		GAA	84.281	411,971	0
Charter Schools		DAA	84.282	282,419	5,792,283
State Grants for Innovative Programs		DAA	84.298	740,165	4,703,129
Education Technology State Grants		DAA	84.318	269,925	4,981,153
Comprehensive School Reform Demonstration		DAA	84.332	157,093	2,727,305
Class Size Reduction		DAA	84.340	0	263,965
Title I Accountability Grants		DAA	84.348	0	600,445
Transition to Teaching		CGJ	84.350	435,037	0
Transition to Teaching		CWA	84.350 / 84.S350B020011	231,456	0
School Renovation Grants		DAA	84.352	18,771	4,704,795
Reading First State Grants		DAA	84.357	1,798,640	4,431,221
Rural Education		DAA	84.358	20,659	470,433
English Language Acquisition Grants		DAA	84.365	223,817	5,030,967
Mathematics and Science Partnerships		DAA	84.366	8,130	72,197
Improving Teacher Quality State Grants		DAA	84.367	782,995	29,811,385
Improving Teacher Quality State Grants		GAA	84.367	611,179	0
Grants for Enhanced Assessment Instruments		DAA	84.368	709,326	39,588
Grants for State Assessments and Related Activities		DAA	84.369	7,818,933	0
SUBTOTAL DIRECT FROM:				19,631,562	175,959,699
PASS-THROUGH PROGRAMS FROM:					
Adams County					
Transition to Teaching		GTA	84.350	(146)	0
CENTENNIAL BOCES					
Improving Teacher Quality State Grants		GFD	84.367 / 84.#223.0330.6318	190,900	0
Improving Teacher Quality State Grants		GFD	84.367 / 84.SPIN: 143026147	16,949	0
CLAYTON FOUNDATION					
Parental Assistance Centers		GFD	84.310	34,439	0
Co Parent & Child Fnd					
Parental Assistance Centers		GTA	84.310	7,171	0
Higher Ed Center					
Safe and Drug-Free Schools and Communities: National Programs		GKA	84.184 / 84.Mini Grant-Drug&Alcohol	9,298	0
Iowa Dept of Education					
Migrant Education: State Grant Program		DAA	84.011 / 84.Consortium	0	7,500
North Dakota Dept of Education					
Migrant Education: State Grant Program		DAA	84.011 / 84.Consortium	0	7,000
SAN LUIS VALLEY BOARD OF COOPERATIVE SERVICES					
English Language Acquisition Grants		CYA	84.365	17,149	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				275,760	14,500
SUBTOTAL OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION				19,907,322	175,974,199
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
TRIO: Dissemination Partnership Grants		GGJ	84.344	90,315	0
SUBTOTAL DIRECT FROM:				90,315	0
SUBTOTAL OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				90,315	0
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					
Early Education for Children with Disabilities		GFE	84.024	(12,929)	0
Special Education: Personnel Development and Parent Training		GFB	84.029	38,253	9,663
Special Education: Personnel Development and Parent Training		GFE	84.029	(5,667)	0
Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind		GFB	84.160	21,869	0
Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind		GJE	84.160	428,641	0
Rehabilitation Services: Independent Living Services for Older Individuals who are Blind		IHA	84.177	38,915	260,670
Special Education: Grants for Infants and Families with Disabilities		DAA	84.181	1,018,851	5,129,233
Special Education: State Program Improvement Grants for Children with Disabilities		DAA	84.323	148,427	0
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities		CFD	84.324	83,211	109,812
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities		GFE	84.324	40,504	21,969

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities		GGB	84.324	387,335	0
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFB	84.325	302,667	100,993
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFD	84.325	191,643	50,000
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFE	84.325	(11,502)	0
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GJE	84.325	347,959	0
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GKA	84.325	293,892	1,028
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GVA	84.325	190,366	0
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		DAA	84.326	242,954	21,286
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFD	84.326	963,675	491,264
SUBTOTAL DIRECT FROM:				4,709,064	6,195,918
PASS-THROUGH PROGRAMS FROM:					
CLAYTON FOUNDATION					
Special Education: Parent Information Centers		GFD	84.328	5,464	0
Calif State Univ-Los Angeles		GKA	84.325 / 84.H325A010073	186,258	0
UNIVERSITY OF DENVER					
Special Education: Personnel Development and Parent Training		GFE	84.029 / 84.DU H029DS0027-3	(4,904)	0
UNIVERSITY OF FLORIDA					
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities		GFB	84.325 / 84.UF02097	89,204	0
University of Arizona					
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities		GKA	84.324 / 84.H324C010142	32,701	0
University of Denver					
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities		GKA	84.324 / 84.H325A030049	13,812	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				322,535	0
SUBTOTAL OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION				5,031,599	6,195,918
OFFICE OF THE SECRETARY					
DIRECT FROM:					
OFFICE OF THE SECRETARY					
Library Research and Demonstrations		GGJ	84.039	356,333	0
SUBTOTAL DIRECT FROM:				356,333	0
SUBTOTAL OFFICE OF THE SECRETARY				356,333	0
OFFICE OF VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION					
Adult Education: State Grant Program		DAA	84.002	786,290	4,406,296
Literacy Programs for Prisoners		CAA	84.255 / 84.9800662	95,238	0
Grants to States for Incarcerated Youth Offenders		CAA	84.331 / 84.V331A020004	3,716	0
Grants to States for Incarcerated Youth Offenders		CAA	84.331 / 84.V331A030004	235,073	0
SUBTOTAL DIRECT FROM:				1,120,317	4,406,296
SUBTOTAL OFFICE OF VOCATIONAL AND ADULT EDUCATION, DEPARTMENT OF EDUCATION				1,120,317	4,406,296
SUBTOTAL DEPARTMENT OF EDUCATION				94,116,565	197,225,451
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NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
DIRECT FROM:					
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					
National Historical Publications and Records Grants		AMA	89.003 / 89.2002-016	3,478	0
SUBTOTAL DIRECT FROM:				3,478	0
SUBTOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				3,478	0
SUBTOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				3,478	0
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<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
ADMINISTRATION FOR CHILDREN AND FAMILIES, ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
ADMINISTRATION FOR CHILDREN AND FAMILIES, ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Promoting Safe and Stable Families			IHA	93.556	774,439	2,537,835
State Court Improvement Program			JAA	93.586 / 93.75-2-1512	111,845	0
SUBTOTAL DIRECT FROM:					886,284	2,537,835
SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					886,284	2,537,835
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Temporary Assistance for Needy Families (A) -			IHA	93.558	9,471,868	117,109,791
Child Support Enforcement Research			IHA	93.564	127	0
Low-Income Home Energy Assistance (LIHEAP)			IHA	93.568	1,194,993	26,648,675
Community-Based Family Resource and Support Grants			FAA	93.590	68,040	205,883
Grants to States for Access and Visitation Programs (B) -			JAA	93.597 / 93.75-X-1501	91,280	0
Chafee Education and Training Vouchers Program (ETV)			IHA	93.599	223,620	0
Head Start			GJH	93.600	5,136,196	0
Head Start			EAA	93.600 / 93.08CD001201	28,431	0
Head Start			EAA	93.600 / 93.08CD001202	111,008	0
Child Support Enforcement Demonstrations and Special Projects			IHA	93.601	22,101	0
Adoption Incentive Payments			IHA	93.603	8,500	133,406
Basic Center Grant			IHA	93.623	109,032	24,532
Developmental Disabilities Basic Support and Advocacy Grants			IHA	93.630	504,747	297,054
Developmental Disabilities Projects of National Significance			GFE	93.631	133,360	0
University Centers for Excellence in Developmental Disabilities Education, Research, and Service			GFE	93.632	387,692	4,431
Children's Justice Grants to States			IHA	93.643	123,832	101,270
Child Welfare Services: State Grants			IHA	93.645	0	3,871,201
Adoption Opportunities			IHA	93.652	75,158	140,493
Foster Care: Title IV-E			IHA	93.658	1,985,084	38,506,567
Adoption Assistance			IHA	93.659	2,400,217	18,955,038
Social Services Block Grant			IHA	93.667	103,547	34,686,486
Child Abuse and Neglect State Grants			IHA	93.669	296,813	2,055
Family Violence Prevention and Services/Grants for Battered Women's Shelters: Grants to States and Indian T			IHA	93.671	1,267,897	0
Chafee Foster Care Independent Living			IHA	93.674	454,340	1,483,504
SUBTOTAL DIRECT FROM:					24,197,883	242,170,386
PASS-THROUGH PROGRAMS FROM:						
CLAYTON FOUNDATION						
Early Learning Fund			GFD	93.577	189,290	0
ESL Headstart						
Head Start			GJD	93.600	10,000	0
MOWD						
Temporary Assistance for Needy Families (A) -			GJD	93.558 / 93.GE-41043	31,542	0
Temporary Assistance for Needy Families (A) -			GJD	93.558 / 93.GE21271	(197)	0
Temporary Assistance for Needy Families (A) -			GJD	93.558 / 93.GE31029	388,656	0
Temporary Assistance for Needy Families (A) -			GJD	93.558 / 93.GE31358	191,724	0
Temporary Assistance for Needy Families (A) -			GJD	93.558 / 93.GE31368	62,648	0
PENNSYLVANIA COMMISSION ON CRIME & DELINQUENCY						
Temporary Assistance for Needy Families (A) -			GFE	93.558 / 93.2001-TF-01-11635	6,500	0
Temporary Assistance for Needy Families (A) -			GFE	93.558 / 93.TF-01-12771	0	236,183
Temporary Assistance for Needy Families (A) -			GFE	93.558 / 93.TF-01-13506	33,290	279,382
SOUTH DAKOTA DEPARTMENT OF HEALTH						
Temporary Assistance for Needy Families (A) -			GFE	93.558 / 93.03SC090799	(3,926)	0
STATE OF WYOMING						
Child Abuse and Neglect State Grants			GFE	93.669 / 93.KC109900	8,158	0
Tri County						
Temporary Assistance for Needy Families (A) -			GJL	93.558 / 93.37384	214,517	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					1,132,202	515,565
SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					25,330,085	242,685,951

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Special Programs for the Aging: Title VII, Chapter 3: Programs for Prevention of Elder Abuse, Neglect, and	IHA	93.041		(626)	65,253
Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individua	IHA	93.042		48,979	200,225
Special Programs for the Aging: Title III, Part D: Disease Prevention and Health Promotion Services	IHA	93.043		32,392	320,173
Special Programs for the Aging: Title III, Part D: In-Home Services for Frail Older Individuals	GGB	93.046		6,481	0
Special Programs for the Aging: Title IV: and Title II: Discretionary Projects	GFE	93.048		80,581	0
Special Programs for the Aging: Title IV: and Title II: Discretionary Projects	IHA	93.048		0	7,291
Alzheimer's Disease Demonstration Grants to States	GCB	93.051		166,898	35,917
National Family Caregiver Support	IHA	93.052		(39,642)	2,184,436
Adm on Aging	SFA	93.UNKNOWN		171,522	0
				-----	-----
SUBTOTAL DIRECT FROM:				466,585	2,813,295
SUBTOTAL ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
				-----	-----
				466,585	2,813,295
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Research on Healthcare Costs, Quality and Outcomes	GFB	93.226		20,205	0
Research on Healthcare Costs, Quality and Outcomes	GFE	93.226		5,297	0
				-----	-----
SUBTOTAL DIRECT FROM:				25,502	0
SUBTOTAL AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
				-----	-----
				25,502	0
AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Human Health Studies: Applied Research and Development	FAA	93.206		183	26,132
				-----	-----
SUBTOTAL DIRECT FROM:				183	26,132
SUBTOTAL AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
				-----	-----
				183	26,132
BUREAU OF HEALTH PROFESSIONS, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
BUREAU OF HEALTH PROFESSIONS, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
National Research Services Awards	GFE	93.186		272,824	0
				-----	-----
SUBTOTAL DIRECT FROM:				272,824	0
SUBTOTAL BUREAU OF HEALTH PROFESSIONS, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
				-----	-----
				272,824	0
BUREAU OF HEALTH RESOURCES DEVELOPMENT, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
PASS-THROUGH PROGRAMS FROM:					
PITON FOUNDATION					
HIV Emergency Relief Project Grants	GFE	93.914 / 93.PN0208-065		60,130	0
HIV Emergency Relief Project Grants	GFE	93.914 / 93.PN9912-070		(1,537)	0
HIV Emergency Relief Project Grants	GFE	93.914 / 93.PN:0308-115		8,076	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				66,669	0
SUBTOTAL BUREAU OF HEALTH RESOURCES DEVELOPMENT, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
				-----	-----
				66,669	0
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
National Death Index	FAA	93.0009630213		16,455	1,700
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	FAA	93.116		308,651	434,120
Injury Prevention and Control Research and State and Community Based Programs	FAA	93.136		1,193,195	169,577
Health Program for Toxic Substances and Disease Registry	FAA	93.161		118,094	0
Disabilities Prevention	FAA	93.184		195,307	129,906
Childhood Lead Poisoning Prevention Projects: State and Local Childhood Lead Poisoning Prevention and Surve	FAA	93.197		(14,508)	0
HIV Prevention Initiative	FAA	93.200-2003-2361		49,152	11,448
State Capacity Building	FAA	93.240		244,657	0
Occupational Safety and Health: Training Grants	CFE	93.263		76,837	0
Immunization Grants	FAA	93.268		2,241,114	1,601,923

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Immunization Grants	*	FAA	93.268	0	24,808,550
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283	10,888,889	11,516,372
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283	209,343	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GGB	93.283	8,381	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283 / 93.U58/CCU822812	461,738	116,172
Addressing Asthma from a Public Health Perspective		FAA	93.293	158,109	32,915
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs		FAA	93.919	819,072	3,337,438
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Oth		DAA	93.938	547,507	217,486
HIV Prevention Activities: Health Department Based		FAA	93.940	2,672,631	2,087,543
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		FAA	93.944	1,105,779	492,585
Assistance Programs for Chronic Disease Prevention and Control		FAA	93.945 / 93.U50/CCU819129-01	252,778	25,299
Preventive Health Services: Sexually Transmitted Diseases Control Grants		FAA	93.977	540,740	604,036
Preventive Health Services: Sexually Transmitted Diseases Research, Demonstrations, and Public		FAA	93.978	401,650	1,028,203
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		FAA	93.988	338,802	136,824
Preventive Health and Health Services Block Grant		FAA	93.991	1,627,362	0
Water Fluoridation Assistance Program		FAA	93.CCH817460-01	84	11,947
GRADUATE TRAINING PROGRAM		GJM	93.T02/CCT815868	33,750	0
SUBTOTAL DIRECT FROM:				24,495,569	46,764,044
PASS-THROUGH PROGRAMS FROM:					
ASSOC OF TEACHERS OF PREVENTATIVE MEDICINE					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283 / 93.U50/CCU300860-17-13	137,280	0
Assoc Public Hlth Laboratories		FAA	93.283 / 93. 01-00225	19,306	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283 / 93. U50/CCU313903	443	63,238
Assoc State/Terr Health Officials					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283 / 93.E0596E2	469	0
DENVER HEALTH AND HOSPITAL					
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFD	93.939 / 93.IU ACCT 46-457-04	18,715	0
INDIANA UNIVERSITY					
HIV Prevention Activities: Non-Governmental Organization Based		FAA	93.283 / 93.R08/CCR620358-01	140,808	0
State of New Mexico		FAA	93.283	85,731	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance		FAA	93.283 / 93. U60/CCU07277	38,774	0
State of Wyoming		FAA	93.283 / 93.Cooperative Agreement	1,219	2,790
Centers for Disease Control and Prevention: Investigations and Technical Assistance					
State/Terr Epidemiologists		FAA	93.240 / 93.U49/CCU915983-06	296	5,704
Centers for Disease Control and Prevention: Investigations and Technical Assistance					
Univ. of Nevada					
State Capacity Building					
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				443,041	71,732
SUBTOTAL CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				24,938,610	46,835,776
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Unclassified Grants and Contracts		UHA	93.000 / 93.500030033	9,750	0
Unclassified Grants and Contracts		EAA	93.000 / 93.IP090A000-01	322,834	0
CHILD WELFARE TRAINING: CSU ROCKY		GGB	93.90CT0094/03	14,575	0
Head Start-Higher Ed Hispanic/Latino		GSA	93.90YP0020/01	36,928	0
SUBTOTAL DIRECT FROM:				384,087	0
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				384,087	0
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Food and Drug Administration: Research		FAA	93.103	251,455	17,901
Food and Drug Administration: Research		BAA	93.103 / 93.223-02-4033	9,692	0
Food and Drug Administration: Research		FAA	93.103 / 93.223-02-4277	104,433	0
Food and Drug Administration: Research		BAA	93.103 / 93.223-03-4033	6,144	0
FDA Pesticide Sample Collection		FAA	93.40N70127	1,465	0
SUBTOTAL DIRECT FROM:				373,189	17,901
SUBTOTAL FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				373,189	17,901

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
State Children's Insurance Program		UHA	93.767 / 93.CBHP a11	41,340,742	692,725
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities		UHA	93.768 / 93.11-P-91481	101,961	0
Medicare: Supplementary Medical Insurance		FAA	93.774	242,966	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		IHA	93.779	3,474	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		SFA	93.779	169,508	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.18-9-92019	47,173	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.18-P-9153280	259,936	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.18-P-9163080	134,148	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.18P91651801	324,860	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations		UHA	93.779 / 93.95-P-92260/8	63,401	0
				-----	-----
SUBTOTAL DIRECT FROM:				42,688,169	692,725
				-----	-----
SUBTOTAL HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				42,688,169	692,725
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Model State-Supported Area Health Education Centers		GFE	93.107	136,368	512,343
Maternal and Child Health Federal Consolidated Programs		FAA	93.110	411,524	176,781
Maternal and Child Health Federal Consolidated Programs		GFE	93.110	870,715	448,516
Emergency Medical Services for Children		FAA	93.127	102,716	0
Primary Care Services: Resource Coordination and Development		FAA	93.130	110,025	12,357
AIDS Education and Training Centers		GFE	93.145	1,071,192	1,161,147
Coordinated Services and Access to Research for Women, Infants, Children, and Youth		GFE	93.153	265,396	418,888
Centers of Excellence		GFE	93.157	558,689	54,000
Grants for State Loan Repayment		GFE	93.165	0	20,103
Allied Health Special Projects		GFE	93.191	78,214	0
Traumatic Brain Injury: State Demonstration Grant Program		IIA	93.234	41,888	105,422
Abstinence Education		FAA	93.235	65,947	206,125
Advanced Education Nursing Grant Program		GFE	93.247	199,127	0
Residencies in the Practice of Pediatric Dentistry		GFE	93.248	82,895	0
Advanced Education Nursing Traineeships		GFE	93.358	144,244	0
Advanced Education Nursing Traineeships		GKA	93.358	18,270	0
Basic Nurse Education, Practice and Retention Grants		GFE	93.359	464,456	0
Grants for Graduate Training in Family Medicine		GFB	93.379	(6,731)	0
Grants for Residency Training in Primary Care Medicine and Dentistry		GFE	93.884	609,681	90,227
Physician Assistant Training in Primary Care		GFE	93.886	(5,942)	0
Health Care and Other Facilities		GFE	93.887	607,052	0
Health Care and Other Facilities		GKA	93.887 / 93.1 C76 HF 00099-01	602,667	0
Grants for Faculty Development in Family Medicine		GFE	93.895	329,061	118,223
Predoctoral Training in Primary Care (Family Medicine, General Internal Medicine/General Pediatrics)		GFE	93.896	138,083	0
Residencies and Advanced Education in the Practice of General Dentistry		GFE	93.897	9,030	0
Rural Health Medical Education Demonstration Projects		GTA	93.906	78,902	0
HIV Care Formula Grants		FAA	93.917	429,502	7,565,408
Ryan White HIV/AIDS Dental Reimbursements		GFE	93.924	90,833	148,963
Improving EMS/Trauma Care in Rural Areas		FAA	93.952	32,629	0
Health Administration Traineeships and Special Projects Program		GFD	93.962	56,800	0
Public Health Traineeships		GFE	93.964	10,309	0
Academic Administrative Units In Primary Care		GFE	93.984	38,620	14,558
Maternal and Child Health Services Block Grant to the States		FAA	93.994	2,982,326	4,489,445
SPEAKER HONORARIUM		IIA	93.UNKNOWN	1,400	0
				-----	-----
SUBTOTAL DIRECT FROM:				10,621,888	15,542,506
PASS-THROUGH PROGRAMS FROM:					
City & County of Denver					
HIV Care Formula Grants		FAA	93.917 / 93.5H89HA 00027-06	496,659	0
UNIVERSITY OF ARIZONA					
Maternal and Child Health Federal Consolidated Programs		GFE	93.110 / 93.V970600	4,090	0
UNIVERSITY OF SOUTH FLORIDA					
AIDS Education and Training Centers		GFE	93.145 / 93.SUB#5820-0244-00-M	50,000	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				550,749	0
				-----	-----
SUBTOTAL HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				11,172,637	15,542,506

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
INDIAN HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
INDIAN HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Indian Health Services Cancer Study			FAA	93.2076014800	2,500	0
SUBTOTAL DIRECT FROM:					2,500	0
PASS-THROUGH PROGRAMS FROM:						
GEORGE WASHINGTON UNIVERSITY						
Special Diabetes Program for Indians: Diabetes Prevention and Treatment Projects			GFE	93.237 / 93.PTA#2301-1CCLS20127	159,075	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					159,075	0
SUBTOTAL INDIAN HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES					161,575	0
NATIONAL HUMAN GENOME RESEARCH INSTITUTE, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
NATIONAL HUMAN GENOME RESEARCH INSTITUTE, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Human Genome Research			GFB	93.172	21,130	0
SUBTOTAL DIRECT FROM:					21,130	0
SUBTOTAL NATIONAL HUMAN GENOME RESEARCH INSTITUTE, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					21,130	0
NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Research Related to Deafness and Communication Disorders			GFE	93.173	147,353	0
SUBTOTAL DIRECT FROM:					147,353	0
SUBTOTAL NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					147,353	0
NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Oral Diseases and Disorders Research			GFB	93.121	47,072	0
Oral Diseases and Disorders Research			GFE	93.121	43,578	0
Alcohol National Research Service Awards for Research Training			GFB	93.272	65,310	0
Alcohol National Research Service Awards for Research Training			GFE	93.272	303,154	0
Drug Abuse National Research Service Awards for Research Training			GFB	93.278	60,360	0
Drug Abuse National Research Service Awards for Research Training			GFE	93.278	94,510	0
Mental Health Research Career/Scientist Development Awards			GFB	93.281	209,673	0
Mental Health National Research Service Awards for Research Training			GFB	93.282	363,500	0
Mental Health National Research Service Awards for Research Training			GFE	93.282	543,282	0
Clinical Research			GFB	93.333	358,474	0
Nursing Research			GFE	93.361	52,351	0
Minority Biomedical Research Support			GFB	93.375	328,166	0
Minority Biomedical Research Support			GGJ	93.375	260,638	0
Cancer Centers Support			GGJ	93.397	216,473	0
Cancer Research Manpower			GFE	93.398	653,371	0
Cell Biology and Biophysics Research			GFB	93.821	305,939	0
Cell Biology and Biophysics Research			GFE	93.821	104,789	0
Heart and Vascular Diseases Research			GFB	93.837	317,687	0
Heart and Vascular Diseases Research			GFE	93.837	374,297	166,403
Heart and Vascular Diseases Research			GGB	93.837	6,246	0
Lung Diseases Research			GFE	93.838	1,744,279	0
Arthritis, Musculoskeletal and Skin Diseases Research			GFB	93.846	45,535	0
Arthritis, Musculoskeletal and Skin Diseases Research			GFE	93.846	229,245	0
Diabetes, Endocrinology and Metabolism Research			GFE	93.847	568,738	0
Digestive Diseases and Nutrition Research			GFE	93.848	486,357	0
Kidney Diseases, Urology and Hematology Research			GFE	93.849	336,848	0
Extramural Research Programs in the Neurosciences and Neurological Disorders			GFB	93.853	31,613	0
Extramural Research Programs in the Neurosciences and Neurological Disorders			GFE	93.853	286,706	0
Allergy, Immunology and Transplantation Research			GFB	93.855	42,630	0
Allergy, Immunology and Transplantation Research			GFE	93.855	403,423	0
Microbiology and Infectious Diseases Research			GFB	93.856	24,368	0
Microbiology and Infectious Diseases Research			GFE	93.856	550,498	0
Pharmacology, Physiology, and Biological Chemistry Research			GFB	93.859	295,804	0
Pharmacology, Physiology, and Biological Chemistry Research			GFE	93.859	937,733	0
Genetics and Developmental Biology Research and Research Training			GFB	93.862	441,394	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
Genetics and Developmental Biology Research and Research Training			GFE	93.862	41,108	0
Population Research			GGB	93.864	29,194	0
Child Health and Human Development Extramural Research			GFB	93.865	215,286	0
Child Health and Human Development Extramural Research			GFE	93.865	391,869	0
Aging Research			GFB	93.866	39,171	0
Aging Research			GFE	93.866	303,670	0
Minority Access to Research Careers			GFE	93.880	53,539	0
Minority Access to Research Careers			GSA	93.880 / 93.1 T34 GM067584-01	74,969	0
Resource and Manpower Development in the Environmental Health Sciences			GFE	93.894	46,420	0
Special Minority Initiatives			GGJ	93.960	81,229	0
SUBTOTAL DIRECT FROM:					12,410,496	166,403
PASS-THROUGH PROGRAMS FROM:						
AMC Cancer Research Center			FAA	93.399 / 93. #753-9305	88,884	64,389
Cancer Control						
NATIONAL MIDDLE SCHOOL ASSOCIATION			GFE	93.398 / 93.PN: 0304-033	17,246	0
Cancer Research Manpower						
ROCJY MOUNTAIN SERVICE,JP,INC.			GFE	93.847 / 93.PN0109-048	12	0
Diabetes, Endocrinology and Metabolism Research						
THE COUNCIL (MILE HIGH)			GFE	93.242 / 93.PN:0208-132	18,912	0
Mental Health Research Grants						
The Cooper Institute			FAA	93.393 / 93.U01CA63736	12,511	0
Cancer Cause and Prevention Research						
UNIVERSITY OF UTAH			GFE	93.879 / 93.N01 LM13514	85,616	0
Medical Library Assistance						
UNIVERSITY OF WASHINGTON			GFE	93.398 / 93.UWASH #486573	16,588	0
Cancer Research Manpower						
Univ of Utah			GSA	93.N01-LM-3514	7,882	0
Consumer Health Outreach						
Univ of Wash			IHM	93.279 / 93.798949	9,338	0
Drug Abuse Research Programs						
YALE UNIVERSITY			GFE	93.865 / 93.5 K12 HD00850-16	(419)	0
Child Health and Human Development Extramural Research			GFE	93.865 / 93.5 K12 HD00850-18	92,865	0
Child Health and Human Development Extramural Research						
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					349,435	64,389
SUBTOTAL NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					12,759,931	230,792
OFFICE OF CHILD SUPPORT ENFORCEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
OFFICE OF CHILD SUPPORT ENFORCEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES			IHA	93.563	11,823,032	39,655,851
Child Support Enforcement						
SUBTOTAL DIRECT FROM:					11,823,032	39,655,851
SUBTOTAL OFFICE OF CHILD SUPPORT ENFORCEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					11,823,032	39,655,851
OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES			NAA	93.569	285,163	4,834,058
Community Services Block Grant (CSBG)			NAA	93.571	0	49,833
Community Services Block Grant Discretionary Awards: Community Food and Nutrition			IHA	93.585	(34,519)	670,617
Empowerment Zones Program						
SUBTOTAL DIRECT FROM:					250,644	5,554,508
SUBTOTAL OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES					250,644	5,554,508
OFFICE OF DISEASE PREVENTION AND HEALTH PROMOTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
OFFICE OF DISEASE PREVENTION AND HEALTH PROMOTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES			FAA	93.96-7205	212,048	108,428
Cooperative Health System						
SUBTOTAL DIRECT FROM:					212,048	108,428
SUBTOTAL OFFICE OF DISEASE PREVENTION AND HEALTH PROMOTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					212,048	108,428

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Cooperative Agreements to Improve the Health Status of Minority Populations					GGJ	93.004	1,422	0
							-----	-----
SUBTOTAL DIRECT FROM:							1,422	0
							-----	-----
SUBTOTAL OFFICE OF MINORITY HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES							1,422	0
OFFICE OF POLICY AND EVALUATION, ADMINISTRATION FOR CHILDREN AND FAMILIES DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
OFFICE OF POLICY AND EVALUATION, ADMINISTRATION FOR CHILDREN AND FAMILIES DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Social Services Research and Demonstration					GFB	93.647	205	0
							-----	-----
SUBTOTAL DIRECT FROM:							205	0
							-----	-----
SUBTOTAL OFFICE OF POLICY AND EVALUATION, ADMINISTRATION FOR CHILDREN AND FAMILIES DEPARTMENT OF HEALTH AND HUMAN SERVICES							205	0
OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Family Planning: Services					FAA	93.217	120,544	2,880,524
Adolescent Family Life: Demonstration Projects					GGB	93.995	263,597	0
							-----	-----
SUBTOTAL DIRECT FROM:							384,141	2,880,524
							-----	-----
SUBTOTAL OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES							384,141	2,880,524
OFFICE OF REFUGEE RESETTLEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
OFFICE OF REFUGEE RESETTLEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Refugee and Entrant Assistance: State Administered Programs					IHA	93.566	25,263	849,562
Refugee and Entrant Assistance: Discretionary Grants					DAA	93.576	44,475	237,566
Refugee and Entrant Assistance: Discretionary Grants					FAA	93.576	36,110	35,045
Refugee and Entrant Assistance: Discretionary Grants					IHA	93.576	151,924	0
Refugee and Entrant Assistance: Wilson/Fish Programs					IHA	93.583	3,801,365	177,254
Refugee and Entrant Assistance Targeted Assistance Grants					IHA	93.584	404,559	0
							-----	-----
SUBTOTAL DIRECT FROM:							4,463,696	1,299,427
							-----	-----
SUBTOTAL OFFICE OF REFUGEE RESETTLEMENT, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES							4,463,696	1,299,427
OFFICE OF RURAL HEALTH POLICY, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
OFFICE OF RURAL HEALTH POLICY, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Telehealth Network Grants					GFE	93.211	172,877	0
Rural Health Outreach and Rural Network Development Program					GFE	93.912	222,052	445,381
Rural Health Outreach and Rural Network Development Program					GKA	93.912	86,059	0
							-----	-----
SUBTOTAL DIRECT FROM:							480,988	445,381
							-----	-----
SUBTOTAL OFFICE OF RURAL HEALTH POLICY, HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							480,988	445,381
OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Policy Research and Evaluation Grants					IHA	93.239	(43,224)	43,223
Policy Research and Evaluation Grants					IIA	93.239	8,636	686,283
							-----	-----
SUBTOTAL DIRECT FROM:							(34,588)	729,506
PASS-THROUGH PROGRAMS FROM:								
UNIVERSITY OF IOWA								
Policy Research and Evaluation Grants					GFE	93.239 / 93.UIOWA 4000505977	13,378	0
							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							13,378	0
							-----	-----
SUBTOTAL OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES							(21,210)	729,506

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Public Health and Social Services Emergency Fund			FAA	93.003	312,373	1,427,143
SUBTOTAL DIRECT FROM:					312,373	1,427,143
SUBTOTAL OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					312,373	1,427,143
PUBLIC HEALTH SERVICE						
DIRECT FROM:						
PUBLIC HEALTH SERVICE						
BRFSS - Reaction to Race			FAA	93.03T98246301D	840	0
Vital Statistics PO			FAA	93.DSR9580055	6,806	0
Public Health Service			FAA	93.HHSP233200400347P	2,582	0
SUBTOTAL DIRECT FROM:					10,228	0
SUBTOTAL PUBLIC HEALTH SERVICE					10,228	0
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)			IIA	93.104	446,178	2,863,788
Projects for Assistance in Transition from Homelessness (PATH)			IIA	93.150	23,190	547,383
Consolidated Knowledge Development and Application (KD&A) Program			FAA	93.230	10,463	22,705
Consolidated Knowledge Development and Application (KD&A) Program			GFE	93.230	109,160	2,342
Consolidated Knowledge Development and Application (KD&A) Program			IHM	93.230	1,624	65,559
Consolidated Knowledge Development and Application (KD&A) Program			IIA	93.230	99,335	0
Consolidated Knowledge Development and Application (KD&A) Program			FAA	93.230 / 93.03T98246101D	10,499	0
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement			FAA	93.238	205,724	2,000
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement			IHM	93.238	81,601	0
Substance Abuse and Mental Health Services: Projects of Regional and National Significance			GFE	93.243	914,831	112,780
Substance Abuse and Mental Health Services: Projects of Regional and National Significance			IIA	93.243	48,534	31,000
Substance Abuse and Mental Health Services: Projects of Regional and National Significance			JAA	93.243 / 93.1 H79 TI14052-01	267,809	0
Substance Abuse and Mental Health Services: Projects of Regional and National Significance			JAA	93.243 / 93.1 H79 TI15479-01	98,380	0
Block Grants for Prevention and Treatment of Substance Abuse			IHM	93.959	2,158,741	21,098,667
Mental Health Disaster Assistance and Emergency Mental Health			IIA	93.982	47,061	288,892
World Health Organization - Program Director			IIA	93.UNKNOWN	9,513	0
SUBTOTAL DIRECT FROM:					4,532,643	25,035,116
PASS-THROUGH PROGRAMS FROM:						
Advocates for Human Potential						
Block Grants for Community Mental Health Services			IIA	93.958	551,594	4,859,778
SIGNAL BEHAVIORAL HEALTH NETWORK						
Block Grants for Prevention and Treatment of Substance Abuse			GFE	93.959 / 93.PN0205-020	(61,880)	0
Block Grants for Prevention and Treatment of Substance Abuse			GFE	93.959 / 93.PN0306-254	1,871,610	0
Block Grants for Prevention and Treatment of Substance Abuse			GFE	93.959 / 93.SIGNAL SSPA2-99	(83,478)	0
Synectics						
Block Grants for Community Mental Health Services			IHM	93.958 / 93.270-98-706	45,516	0
WHITE BISON, INC.						
Consolidated Knowledge Development and Application (KD&A) Program			GGB	93.230 / 93.04014606	22,536	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					2,345,898	4,859,778
SUBTOTAL SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					6,878,541	29,894,894
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					144,490,921	393,378,575
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
DIRECT FROM:						
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Retired and Senior Volunteer Program			CKA	94.002	79,844	0
State Commissions			GZA	94.003	224,403	0
Learn and Serve America: School and Community Based Programs			DAA	94.004	156,969	411,146
Learn and Serve America: Higher Education			GGB	94.005	46,116	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
AmeriCorps		GJA	94.006	1,220,064	0
HEALTH EDUCATION & OBESITY PREVENT		GGB	94.00LHECO 163 AMEND #2	2,100	0
INCREASING USABILITY & ACCESSIBILI		GGB	94.00LHECO 163 AMEND NO 2	1,575	0
LEARNING THROUGH DOING: MAKING CON		GGB	94.00LHECO 163 AMEND NO 2	1,050	0
FUNDAMENTALS OF PROTECTED AREAS MA		GGB	94.00LHECO163 AMEND #2	1,050	0
CIVIC ENGAGEMENT MINI GRANT --CORPO		GGB	94.00LHECO163 AMEND 2	1,928	0
MEASURING THE DEVELOPMENT OF VICTI		GGB	94.00LHECO163 AMEND. 2	642	0
MOBILIZING ACROSS THE CURRICULUM -		GGB	94.00LHECO163 AMEND. 2	1,230	0
SERVICE LEARNING SCHOLARS PROGRAM		GGB	94.00LHECO163 AMEND. 2	951	0
HD302 SERVICE LEARNING INTEGRATION		GGB	94.04010602	514	0
PREVENTION STRATEGIES FOR OBESITY		GGB	94.04016702	525	0
DEVELOPING & ASSESSING THE ZINE PR		GGB	94.04056702	1,017	0
COMMUNITY LITERACY CURRICULUM DEVE		GGB	94.04076401	525	0
CULTURE AND COMMUNITY: A SERVICE L		GGB	94.04076502	525	0
FORT COLLINS OUTDOOR CLASSROOM RES		GGB	94.04099603	1,030	0
COMMUNITY BASED TRIBAL RESEARCH PR		GGB	94.04144502	3,641	0
SUBTOTAL DIRECT FROM:				1,745,699	411,146
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				1,745,699	411,146
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				1,745,699	411,146
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SOCIAL SECURITY ADMINISTRATION					
SOCIAL SECURITY ADMINISTRATION					
DIRECT FROM:					
SOCIAL SECURITY ADMINISTRATION					
Social Security: Research and Demonstration		FAA	96.007	255,232	241
SUBTOTAL DIRECT FROM:				255,232	241
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				255,232	241
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				255,232	241
-----					
DEPARTMENT OF HOMELAND SECURITY					
DEPARTMENT OF HOMELAND SECURITY					
DIRECT FROM:					
DEPARTMENT OF HOMELAND SECURITY					
State Domestic Preparedness Equipment Support Program		NAA	97.004	88,700	218,412
State Domestic Preparedness Equipment Support Program		RAA	97.004	1,524,769	12,218,300
Urban Areas Security Initiative		RAA	97.008	33,565	59,581
Boating Safety Financial Assistance		PJA	97.012	350,689	0
Hazardous Materials Assistance Programs		NAA	97.021	2,633	13,200
Community Assistance Program: State Support Services Element (CAP-SSSE)		NAA	97.023	169,790	0
Flood Mitigation Assistance		NAA	97.029	157,757	0
Individual and Family Grants		IHA	97.035	1,120	(1,120)
Public Assistance Grants		NAA	97.036	1,968	(67,513)
First Responder Counter-Terrorism Training Assistance		RAA	97.038	48,214	0
Hazard Mitigation Grant		NAA	97.039	(6,718)	71,407
Chemical Stockpile Emergency Preparedness Program		NAA	97.040	471,891	2,503,422
Emergency Management Performance Grants		NAA	97.042	878,486	1,614,698
Fire Management Assistance Grant		GGB	97.046	1,543,531	0
Pre-Disaster Mitigation		NAA	97.047	60,631	270,000
State and Local All Hazards Emergency Operations Planning		RAA	97.051	164,669	1,200,144
Citizen Corps		RAA	97.053	0	321,447
Community Emergency Response Team		RAA	97.054	0	55,793
STATE DAM SAFETY /FEMA		PEA	97.EM22003GR346	47,969	0
STATE DAM SAFETY /FEMA		PEA	97.EMW2000GR0121	68,290	0
SUBTOTAL DIRECT FROM:				5,607,954	18,477,771

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY					
MAJOR SUBDIVISION OF FEDERAL AGENCY					
SOURCE TYPE (DIRECT OR PASS-THROUGH)					
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)					
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
PASS-THROUGH PROGRAMS FROM:					
LARIMER COUNTY					
State Domestic Preparedness Equipment Support Program		GGB	97.004 / 97.03-EX-OPS-30	577	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				577	0
				-----	-----
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				5,608,531	18,477,771
				-----	-----
SUBTOTAL DEPARTMENT OF HOMELAND SECURITY				5,608,531	18,477,771
				-----	-----
-----					
FEDERAL AGENCIES NOT USING CFDA NUMBERS					
CONSUMER PRODUCT SAFETY COMMISSION					
DIRECT FROM:					
CONSUMER PRODUCT SAFETY COMMISSION					
Consumer Product Safety		FAA	99.CPSC-Wyy-4203	3,568	0
				-----	-----
SUBTOTAL DIRECT FROM:				3,568	0
				-----	-----
SUBTOTAL CONSUMER PRODUCT SAFETY COMMISSION				3,568	0
OTHER FEDERAL AGENCIES					
PASS-THROUGH PROGRAMS FROM:					
KFC AIRPORT, INC.					
PLANT COMMUNITY MAPPING FOR UNITED		GGB	99.02475105	53,538	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				53,538	0
				-----	-----
SUBTOTAL OTHER FEDERAL AGENCIES				53,538	0
STATE JUSTICE INSTITUTE					
DIRECT FROM:					
STATE JUSTICE INSTITUTE					
Strategic Planning Juvenile Services		JAA	99.SJI-04-T-006	24,100	0
				-----	-----
SUBTOTAL DIRECT FROM:				24,100	0
				-----	-----
SUBTOTAL STATE JUSTICE INSTITUTE				24,100	0
				-----	-----
SUBTOTAL FEDERAL AGENCIES NOT USING CFDA NUMBERS				81,206	0
				-----	-----
SUBTOTAL A - UNCLUSTERED PROGRAMS				1,168,514,674	763,200,908
				-----	-----
-----					

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						
MAJOR SUBDIVISION OF FEDERAL AGENCY						
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
AGING - CLUSTER						
*****						
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and Senior Centers	IHA	93.044		859,795	5,863,645	
Special Programs for the Aging: Title III, Part C: Nutrition Services	IHA	93.045		132,893	4,956,922	
Nutrition Services Incentive Program	IHA	93.053		0	1,320,851	
				-----	-----	
SUBTOTAL DIRECT FROM:				992,688	12,141,418	
				-----	-----	
SUBTOTAL ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				992,688	12,141,418	
				-----	-----	
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				992,688	12,141,418	
				-----	-----	
SUBTOTAL AGING - CLUSTER				992,688	12,141,418	
-----						

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

BILINGUAL EDUCATION-CLUSTER

\*\*\*\*\*

DEPARTMENT OF EDUCATION

OFFICE OF THE DIRECTOR FOR BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION

PASS-THROUGH PROGRAMS FROM:

DENVER PUBLIC SCHOOLS

Bilingual Education: Systemwide Improvement Grants

Bilingual Education: Systemwide Improvement Grants

CFD 84.291 / 84.T291R000009-02

CFD 84.291 / 84.T291R000009-03

20,690

150,536

0

0

-----  
171,226

-----  
0

SUBTOTAL PASS-THROUGH PROGRAMS FROM:

SUBTOTAL OFFICE OF THE DIRECTOR FOR BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION

-----  
171,226

-----  
0

SUBTOTAL DEPARTMENT OF EDUCATION

-----  
171,226

-----  
0

SUBTOTAL BILINGUAL EDUCATION-CLUSTER

-----  
171,226

-----  
0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY							
MAJOR SUBDIVISION OF FEDERAL AGENCY							
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS		
CCDF - CLUSTER							
*****							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DIRECT FROM:							
ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Child Care and Development Block Grant (CCDBG)		IHA	93.575	2,415,486	19,856,059		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (A) -		IHA	93.596	3,107,754	46,398,909		
SUBTOTAL DIRECT FROM:				5,523,240	66,254,968		
PASS-THROUGH PROGRAMS FROM:							
CORRA							
Child Care and Development Block Grant (CCDBG)		GJL	93.575 / 93.33394	244,193	0		
MOWD							
Child Care and Development Block Grant (CCDBG)		GJD	93.575 / 93.GE20380	1,140	0		
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				245,333	0		
SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				5,768,573	66,254,968		
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				5,768,573	66,254,968		
SUBTOTAL CCDF - CLUSTER				5,768,573	66,254,968		

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY							
MAJOR SUBDIVISION OF FEDERAL AGENCY							
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER		DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
CDBG - CLUSTER							
*****							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
PASS-THROUGH PROGRAMS FROM:							
CITY OF AURORA							
Community Development Block Grants/Small Cities Program		GFE	14.219 / 14.B-98-SP-CO-0062		34,647	0	
Jefferson County		GJL	14.218 / 14.39302		782	0	
Community Development Block Grants/Entitlement Grants					-----	-----	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					35,429	0	
SUBTOTAL COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					35,429	0	
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					35,429	0	
SUBTOTAL CDBG - CLUSTER					-----	-----	
					35,429	0	
-----							

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						
MAJOR SUBDIVISION OF FEDERAL AGENCY						
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
CHILD NUTRITION-CLUSTER						
*****						
DEPARTMENT OF AGRICULTURE						
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE						
School Breakfast Program		DAA	10.553	2,567	12,813,732	
National School Lunch Program (NLSP)		DAA	10.555	0	65,937,338	
National School Lunch Program (NLSP)	*	IHA	10.555	9,492,745	0	
Special Milk Program for Children		DAA	10.556	0	68,812	
Summer Food Service Program for Children		DAA	10.559	17,570	660,864	
Summer Food Service Program for Children	*	IHA	10.559	360	0	
SUBTOTAL DIRECT FROM:				9,513,242	79,480,746	
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE				9,513,242	79,480,746	
SUBTOTAL DEPARTMENT OF AGRICULTURE				9,513,242	79,480,746	
SUBTOTAL CHILD NUTRITION-CLUSTER				9,513,242	79,480,746	
-----						

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY							
MAJOR SUBDIVISION OF FEDERAL AGENCY							
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER		DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
CONSOLIDATED HEALTH CTRS-CLUSTER							
*****							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							
DIRECT FROM:							
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Health Centers Grants for Migrant and Seasonal Farmworkers		FAA	93.246		(423)	48	
					-----	-----	
SUBTOTAL DIRECT FROM:					(423)	48	
					-----	-----	
SUBTOTAL HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					(423)	48	
					-----	-----	
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					(423)	48	
					-----	-----	
SUBTOTAL CONSOLIDATED HEALTH CTRS-CLUSTER					(423)	48	
					-----	-----	

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY					
MAJOR SUBDIVISION OF FEDERAL AGENCY					
SOURCE TYPE (DIRECT OR PASS-THROUGH)					
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)					
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
DISABILITY INSURANCE/SSI - CLUSTER					
*****					
SOCIAL SECURITY ADMINISTRATION					
SOCIAL SECURITY ADMINISTRATION					
DIRECT FROM:					
SOCIAL SECURITY ADMINISTRATION					
Social Security: Disability Insurance		IHA	96.001	15,691,207	0
SUBTOTAL DIRECT FROM:				15,691,207	0
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				15,691,207	0
SUBTOTAL SOCIAL SECURITY ADMINISTRATION				15,691,207	0
SUBTOTAL DISABILITY INSURANCE/SSI - CLUSTER				15,691,207	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						
MAJOR SUBDIVISION OF FEDERAL AGENCY						
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
EMERGENCY FOOD ASSISTANCE-CLUSTER						
*****						
DEPARTMENT OF AGRICULTURE						
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE						
DIRECT FROM:						
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE						
Emergency Food Assistance Program (Administrative Costs)		IHA	10.568	281,199	552,980	
Emergency Food Assistance Program (Administrative Costs)	*	IHA	10.568	3,472,688	0	
SUBTOTAL DIRECT FROM:				3,753,887	552,980	
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE				3,753,887	552,980	
SUBTOTAL DEPARTMENT OF AGRICULTURE				3,753,887	552,980	
SUBTOTAL EMERGENCY FOOD ASSISTANCE-CLUSTER				3,753,887	552,980	

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
EMPLOYMENT SERVICE-CLUSTER						
*****						
DEPARTMENT OF LABOR						
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR						
DIRECT FROM:						
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR						
Employment Service			KAA	17.207	3,796,858	8,474,691
					-----	-----
SUBTOTAL DIRECT FROM:					3,796,858	8,474,691
					-----	-----
SUBTOTAL EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR					3,796,858	8,474,691
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR						
DIRECT FROM:						
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR						
Disabled Veterans' Outreach Program (DVOP)			KAA	17.801	1,183,135	115,723
Local Veterans' Employment Representative Program			KAA	17.804	1,047,209	71,504
					-----	-----
SUBTOTAL DIRECT FROM:					2,230,344	187,227
PASS-THROUGH PROGRAMS FROM:						
GEORGIA DEPARTMENT OF LABOR						
Disabled Veterans' Outreach Program (DVOP)			GFD	17.801 / 17.45400-1014	234,414	0
					-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					234,414	0
					-----	-----
SUBTOTAL OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR					2,464,758	187,227
					-----	-----
SUBTOTAL DEPARTMENT OF LABOR					6,261,616	8,661,918
					-----	-----
SUBTOTAL EMPLOYMENT SERVICE-CLUSTER					6,261,616	8,661,918
-----						

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY								
MAJOR SUBDIVISION OF FEDERAL AGENCY								
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)				NONCASH	STATE <sup>1</sup>		DIRECT	
PROGRAM NAME				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	PASSED TO
								SUBRECIPIENTS
FEDERAL TRANSIT-CLUSTER								
*****								
DEPARTMENT OF TRANSPORTATION								
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
Federal Transit: Formula Grants					HAA	20.507	68,184	891,399
SUBTOTAL DIRECT FROM:							68,184	891,399
SUBTOTAL FEDERAL TRANSIT ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							68,184	891,399
SUBTOTAL DEPARTMENT OF TRANSPORTATION							68,184	891,399
SUBTOTAL FEDERAL TRANSIT-CLUSTER							68,184	891,399

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

FISH AND WILDLIFE-CLUSTER

\*\*\*\*\*

DEPARTMENT OF THE INTERIOR

U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR

DIRECT FROM:

U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR

Sport Fish Restoration

Wildlife Restoration

PBA 15.605  
PBA 15.611

6,064,809  
4,742,340

789,049  
5,555

SUBTOTAL DIRECT FROM:

10,807,149

794,604

SUBTOTAL U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR

10,807,149

794,604

SUBTOTAL DEPARTMENT OF THE INTERIOR

10,807,149

794,604

SUBTOTAL FISH AND WILDLIFE-CLUSTER

10,807,149

794,604

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY							
MAJOR SUBDIVISION OF FEDERAL AGENCY							
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER		DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
FOOD STAMP PROGRAM-CLUSTER							
*****							
DEPARTMENT OF AGRICULTURE							
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE							
DIRECT FROM:							
FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE							
Food Stamps		IHA	10.551		0	243,067,162	
State Administrative Matching Grants for Food Stamp Program		IHA	10.561		7,637,481	20,289,607	
					-----	-----	
SUBTOTAL DIRECT FROM:					7,637,481	263,356,769	
					-----	-----	
SUBTOTAL FOOD AND CONSUMER SERVICE, DEPARTMENT OF AGRICULTURE					7,637,481	263,356,769	
					-----	-----	
SUBTOTAL DEPARTMENT OF AGRICULTURE					7,637,481	263,356,769	
					-----	-----	
SUBTOTAL FOOD STAMP PROGRAM-CLUSTER					7,637,481	263,356,769	
-----							

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY							
MAJOR SUBDIVISION OF FEDERAL AGENCY							
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER		DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
HIGHWAY PLANNING & CONST-CLUSTER							
*****							
DEPARTMENT OF TRANSPORTATION							
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							
DIRECT FROM:							
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							
Highway Planning & Construction		GGB	20.205		288,717	0	
Highway Planning & Construction		HAA	20.205		466,770,595	13,979,416	
					-----	-----	
SUBTOTAL DIRECT FROM:					467,059,312	13,979,416	
PASS-THROUGH PROGRAMS FROM:							
NATIONAL ACADEMY OF SCIENCE							
Highway Planning & Construction		GFD	20.205 / 20.HR12-59		40,763	6,000	
OREGON STATE UNIVERSITY							
Highway Planning & Construction		GFB	20.205 / 20.J0816A-A		50,056	0	
					-----	-----	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					90,819	6,000	
					-----	-----	
SUBTOTAL FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION					467,150,131	13,985,416	
					-----	-----	
SUBTOTAL DEPARTMENT OF TRANSPORTATION					467,150,131	13,985,416	
					-----	-----	
SUBTOTAL HIGHWAY PLANNING & CONST-CLUSTER					467,150,131	13,985,416	
-----							

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
HIGHWAY SAFETY-CLUSTER								
*****								
DEPARTMENT OF TRANSPORTATION								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
State & Community Highway Safety				HAA	20.600		1,087,626	2,747,502
							-----	-----
SUBTOTAL DIRECT FROM:							1,087,626	2,747,502
							-----	-----
SUBTOTAL NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							1,087,626	2,747,502
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grants				HAA	20.601		489,488	0
							-----	-----
SUBTOTAL DIRECT FROM:							489,488	0
							-----	-----
SUBTOTAL NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							489,488	0
							-----	-----
SUBTOTAL DEPARTMENT OF TRANSPORTATION							1,577,114	2,747,502
							-----	-----
SUBTOTAL HIGHWAY SAFETY-CLUSTER							1,577,114	2,747,502
							-----	-----

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
MEDICAID - CLUSTER								
*****								
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Medical Assistance Program (Medicaid)				FAA	93.778		4,024,126	222,316
Medical Assistance Program (Medicaid)				UHA	93.778 / 93.M0405C05028		1,399,266,665	0
Medical Assistance Program (Medicaid)				UHA	93.778 / 93.M0405C05048		65,876,188	5,803,943
							-----	-----
SUBTOTAL DIRECT FROM:							1,469,166,979	6,026,259
PASS-THROUGH PROGRAMS FROM:								
BOHLING, INC.								
Medical Assistance Program (Medicaid)				GFE	93.778 / 93.PN0307-175		23,868	0
							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							23,868	0
							-----	-----
SUBTOTAL HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							1,469,190,847	6,026,259
HEALTH STANDARDS AND QUALITY BUREAU, HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
HEALTH STANDARDS AND QUALITY BUREAU, HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
State Survey and Certification of Health Care Providers and Suppliers				UHA	93.777 / 93.M0405C05001		1,812,799	0
							-----	-----
SUBTOTAL DIRECT FROM:							1,812,799	0
PASS-THROUGH PROGRAMS FROM:								
RESEARCH TRIANGLE INSTITUTE								
State Survey and Certification of Health Care Providers and Suppliers				GFE	93.777 / 93.RTI 4-46U-6613-15		198,878	0
URBAN INSTITUTE								
State Survey and Certification of Health Care Providers and Suppliers				GFE	93.777 / 93.UI-07108-002-00		267,450	0
							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							466,328	0
							-----	-----
SUBTOTAL HEALTH STANDARDS AND QUALITY BUREAU, HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							2,279,127	0
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
State Medicaid Fraud Control Units				LAA	93.775 / 93.01-0301-5050		184,179	0
State Medicaid Fraud Control Units				LAA	93.775 / 93.01-0401-5050		541,415	0
							-----	-----
SUBTOTAL DIRECT FROM:							725,594	0
							-----	-----
SUBTOTAL OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES							725,594	0
							-----	-----
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES							1,472,195,568	6,026,259
							-----	-----
SUBTOTAL MEDICAID - CLUSTER							1,472,195,568	6,026,259
							-----	-----

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY			NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY			INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME							
RESEARCH AND DEVELOPMENT-CLUSTER							
*****							
DEPARTMENT OF AGRICULTURE							
AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE							
DIRECT FROM:							
AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE							
R&D				GGB	10.12-25-A-4115	1,243	0
SUBTOTAL DIRECT FROM:						1,243	0
SUBTOTAL AGRICULTURAL MARKETING SERVICE, DEPARTMENT OF AGRICULTURE						1,243	0
AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE							
DIRECT FROM:							
AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE							
Agricultural Research Basic and Applied Research				GFD	10.001	345	0
Agricultural Research Basic and Applied Research				GGB	10.001	818,664	0
R&D				GGB	10.T-3-5402-204, AMD #4	3,248	0
SUBTOTAL DIRECT FROM:						822,257	0
PASS-THROUGH PROGRAMS FROM:							
PENNSYLVANIA STATE UNIVERSITY							
Agricultural Research Basic and Applied Research				GGB	10.001 / 10.2335-CSU-USDA-004	5,052	0
UNIVERSITY OF IDAHO							
Agricultural Research Basic and Applied Research				GGB	10.001 / 10.BJKC68-CSU	19,374	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:						24,426	0
SUBTOTAL AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE						846,683	0
ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE							
DIRECT FROM:							
ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE							
R&D				GGB	10.02-8564-0013-CA	351	0
R&D				GGB	10.02-9108-0734-CA	80,894	0
R&D				GGB	10.02-9208-0080-CA	5,822	0
R&D				GGB	10.02-9208-0094-CA	32,993	0
Plant and Animal Disease, Pest Control, and Animal Care				GGB	10.025	109,528	0
R&D				GGB	10.03-7403-0473(CA)	65,305	0
R&D				GGB	10.03-7403-0489(CA)	5,819	0
R&D				GGB	10.03-7405-0491(CA)	2,000	0
R&D				GGB	10.03-8100-0875-CA	82,413	0
R&D				GGB	10.03-8100-0920-CA	17,752	0
R&D				GGB	10.03-9108-0834-CA	54,250	0
R&D				GGB	10.03-9208-0039-CA	191,599	0
R&D				GGB	10.03-9208-0077-CA	298,472	0
R&D				GGB	10.03-9208-0084-CA	61,496	0
R&D				GGB	10.03-9208-0110-CA	19,531	0
R&D				GGB	10.03-9208-0111-CA	34,034	0
R&D				GGB	10.03-9208-0120-CA	17,311	0
R&D				GGB	10.03-9708-1074-CA	98,361	0
R&D				GGB	10.04-7405-0491(CA)	8,204	0
R&D				GGB	10.04-7483-0473 (CA)	4,156	0
R&D				GGB	10.04-7488-0500(CA)	3,300	0
SUBTOTAL DIRECT FROM:						1,193,591	0
SUBTOTAL ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE						1,193,591	0
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE							
DIRECT FROM:							
COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE							
Grants for Agricultural Research, Special Research Grants				GGB	10.200	2,858,547	422,529
R&D				GGB	10.2003-34103-13847	69,546	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	10.2003-41530-01668	6,001	0
Cooperative Forestry Research		GGB	10.202	358,222	0
Payments to Agricultural Experiment Stations Under the Hatch Act		GGB	10.203	2,357,761	0
Grants for Agricultural Research: Competitive Research Grants		GFB	10.206	254,167	0
Grants for Agricultural Research: Competitive Research Grants		GFE	10.206	23,057	0
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206	869,177	14,665
Grants for Agricultural Research: Competitive Research Grants		GLA	10.206 / 10.2001-35504-10177	755	0
Grants for Agricultural Research: Competitive Research Grants		GKA	10.206 / 10.CSREES 2003-35101-129	34,597	0
Animal Health and Disease Research		GGB	10.207	146,210	0
Food and Agricultural Sciences National Needs Graduate Fellowship Grants		GGB	10.210	97,266	0
Higher Education Challenge Grants		GGB	10.217	4,246	0
Biotechnology Risk Assessment Research		GGB	10.219	25,809	0
Initiative for Future Agriculture and Food Systems		GGB	10.302	374,402	1,058,154
Integrated Programs		GGB	10.303	1,018,551	745,284
Homeland Security_Agricultural (Homeland Security Program)		GGB	10.304	1,299,314	0
Cooperative Extension Service		GGB	10.500	39,611	0
SUBTOTAL DIRECT FROM:				9,837,239	2,240,632
PASS-THROUGH PROGRAMS FROM:					
CORNELL UNIVERSITY					
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.2003-34444-13181	117,456	0
IOWA STATE UNIVERSITY					
Integrated Programs		GGB	10.303 / 10.416-30-09	38,459	0
KANSAS STATE UNIVERSITY					
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.S00003.03	29	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.S03056 TASK 1	54,698	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.S03056 TASK 2	93,730	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.S03056 TASK 3	213,939	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.S03056.01 TASK 4	118,453	0
Cooperative Extension Service		GGB	10.500 / 10.S04060	16,067	0
R&D		GGB	10.S03088	29,128	0
R&D		GGB	10.S04002	6,666	0
OHIO STATE UNIVERSITY					
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.738704; PO 00919237 A	129,637	0
Integrated Programs		GGB	10.303 / 10.740365	25,248	0
OKLAHOMA STATE UNIVERSITY					
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.AB-5-60710-CSU	7,579	0
OREGON STATE UNIVERSITY					
R&D		GGB	10.C0278A-N	42,585	0
UNIVERSITY OF CALIFORNIA AT DAVIS					
Integrated Programs		GGB	10.303 / 10.00RA2416-CO AMD A-07	40,374	0
UNIVERSITY OF MONTANA					
Grants for Agricultural Research: Competitive Research Grants		GGB	10.206 / 10.PG-4379-01	26,417	0
UNIVERSITY OF NEVADA, RENO					
Initiative for Future Agriculture and Food Systems		GFE	10.302 / 10.PO 12831321	111,392	0
UNIVERSITY OF VERMONT					
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.UVM #U134-15	(710)	0
UTAH STATE UNIVERSITY					
Cooperative Extension Service		GGB	10.500 / 10.C026100	5,724	0
Cooperative Extension Service		GGB	10.500 / 10.C029328	14,537	0
Cooperative Extension Service		GGB	10.500 / 10.C031847	4,682	763
WASHINGTON STATE UNIVERSITY					
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.0GRD #100022; G001354	(1,217)	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.0GRD #100022; G001355	20,000	0
Grants for Agricultural Research, Special Research Grants		GGB	10.200 / 10.0GRD 100022; G001353	5,154	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				1,120,027	763
SUBTOTAL COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE, DEPARTMENT OF AGRICULTURE				10,957,266	2,241,395
DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
DEPARTMENT OF AGRICULTURE					
R&D		GGB	10.00-35200-9114	2,718	0
R&D		GGB	10.00-CR-11221611-003	55,593	0
R&D		GGB	10.00-JV-11231300-053	1,686	0
R&D		GGB	10.01-CS-11021300-051 MOD 1	26,089	0
R&D		GGB	10.02-CA-11272165-041 AMD #	17,055	4,925
R&D		GGB	10.02-CR-11221611-248	188,549	0
R&D		GGB	10.02-JV-11221602-145 AMEND	140,177	0
R&D		GGB	10.02-JV-11221617-223 AMEND	21,434	0
R&D		GGB	10.03-CS-11221611-278	27,910	0
R&D		GGB	10.03-CS-11221617-270	49,083	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	10.04135005	1,896	0
R&D		GGB	10.64-8B05-3-24	24,222	0
R&D		GGB	10.68-7482-2-43Y	23,780	0
R&D		GGB	10.68-7482-2-44Y	111,219	0
R&D		GGB	10.68-7482-2-46X	49,538	0
R&D		GGB	10.68-7482-3-116X	18,273	0
R&D		GGB	10.68-7482-3-131	16,170	0
R&D		GGB	10.68-7482-3-158	37,038	0
R&D		GGB	10.68-7482-3-159	21,552	0
R&D		GGB	10.RBS-00-11 AMEND 1	7,052	0
R&D		GZA	10.USDA 02-C0-11020000-041	8,205	0
SUBTOTAL DIRECT FROM:				849,239	4,925
PASS-THROUGH PROGRAMS FROM:					
AMERICAN FARMLAND TRUST, INC. (AFT)					
R&D		GGB	10.03583602	3,796	0
NORTHWESTERN COLORADO COUNCIL OF GOVTS.					
R&D		GGB	10.NW COLORADO COUNCIL OF G	115	0
UNIVERSITY OF CALIFORNIA					
R&D		GGB	10.9102-ETX AMD 18	17,982	0
UTAH STATE UNIVERSITY					
R&D		GGB	10.C029582	20,659	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				42,552	0
SUBTOTAL DEPARTMENT OF AGRICULTURE				891,791	4,925
ECONOMIC RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
ECONOMIC RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE					
Agricultural and Rural Economic Research					
R&D		GGB	10.250	3,930	0
R&D		GGB	10.43-3AEK-2-80081	14,214	0
R&D		GGB	10.43-3AEK-2-80082	10,138	0
R&D		GGB	10.43-3AEK-2-80112 AMEND 01	5,000	0
SUBTOTAL DIRECT FROM:				33,282	0
SUBTOTAL ECONOMIC RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE				33,282	0
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE					
R&D		GGB	10.58-3148-3-046 AMD #3	13,263	0
Scientific Cooperation and Research		GFB	10.961	28,371	0
Scientific Cooperation and Research		GGB	10.961	12,158	0
SUBTOTAL DIRECT FROM:				53,792	0
SUBTOTAL FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE				53,792	0
FOREST SERVICE, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
FOREST SERVICE, DEPARTMENT OF AGRICULTURE					
R&D		GGB	10.00-CR-11221611-003	950,803	0
R&D		GGB	10.01-CA-11120107-017	40,903	0
R&D		GGB	10.01-CA-11130152-075	151,288	0
R&D		GGB	10.01-CS-11020000-088 MOD.	72,436	0
R&D		GGB	10.01-CS-11221616-074	80,613	0
R&D		GGB	10.01-JV-11221607-120	35,152	0
R&D		GGB	10.01-JV-11221609-264	30,822	0
R&D		GGB	10.01-JV-11221611-177	2,130	0
R&D		GGB	10.01-JV-11221611-217 AMEND	18,920	0
R&D		GGB	10.01-JV-11221615-186	30,529	0
R&D		GGB	10.01-JV-11221616-061	38,924	0
R&D		GGB	10.01-JV-11231300-080	24,502	0
R&D		GGB	10.01-PA-11130149-235	29,936	0
R&D		GGB	10.02-CA-11272159-059	30,111	0
R&D		GGB	10.02-CA-11272166-057 AMEND	1,483	0
R&D		GGB	10.02-CR-11221611-248	126,981	0
R&D		GGB	10.02-CS-11020300-021	22,370	0
R&D		GGB	10.02-CS-11020600-027	6,893	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D-Archeological Survey-Pike Natl		GKA	10.02-CS-11021200-045	2,427	0
R&D		GGB	10.02-JV-11221602-145 AMEND	5,617	0
R&D		GGB	10.02-JV-11221609-212	8,690	0
R&D		GGB	10.02-JV-11221616-275 AMD #	34,551	0
R&D		GGB	10.02-JV-11221630-291	26,940	0
R&D		GGB	10.02-JV-11222007-004	25,203	0
R&D		GGB	10.02-JV-11272137-032	15,046	0
R&D		GGB	10.02-JV-11272165-038	4,527	0
R&D		GGB	10.03-7403-0425 (CA)03-1	2,435	0
R&D		GGB	10.03-CA-11120101-009 MOD 1	21,334	0
R&D		GGB	10.03-CA-11272137-321	22,013	0
R&D		GGB	10.03-CR-11052007-066	21,992	0
R&D		GGB	10.03-CR-11052007-079	36,871	0
R&D		GGB	10.03-CR-11231300-085	4,000	0
R&D		GGB	10.03-CS-11020000-025	58,497	0
R&D		GGB	10.03-CS-11020000-070	51,113	0
R&D		GGB	10.03-CS-11020000-082	51,769	0
R&D		GGB	10.03-CS-11020000-094	9,309	0
R&D		GGB	10.03-CS-11020600-013	9,149	0
R&D		GGB	10.03-CS-11021006-035	20,356	0
R&D		GGB	10.03-CS-11021200-028	9,701	0
R&D		GGB	10.03-CS-11021200-049	76,166	0
R&D		GGB	10.03-CS-11221611-230	9,999	0
R&D		GGB	10.03-CS-11221611-257	1,773	0
R&D		GGB	10.03-CS-11222033-315	8,664	0
R&D		GGB	10.03-DG-11111169-109	2,979	0
R&D		GGB	10.03-DG-11132762-164	65,534	0
R&D		GGB	10.03-JV-11221605-298	2,976	0
R&D		GGB	10.03-JV-11221607-116	14,396	0
R&D		GGB	10.03-JV-11221610-065	23,440	0
R&D		GGB	10.03-JV-11221616-093	32,519	0
R&D		GGB	10.03-JV-11221616-232	17,816	0
R&D		GGB	10.03-JV-11222063-243	25,198	0
R&D		GGB	10.03-JV-11222065-292	31	0
R&D		GGB	10.03-JV-11231300-043	18,863	0
R&D		GGB	10.04-CS-11020000-049	774	0
R&D		GGB	10.04-CS-11221611-088	22,112	0
R&D		GGB	10.04-CS-11221625-100	9,703	0
R&D		GGB	10.04-JV-11221610-029	9,486	0
R&D		GGB	10.04-JV-11221610-039	33,622	0
R&D		GGB	10.04-JV-11221616-158	10,387	0
R&D		GGB	10.04-JV-11222014-175	374	0
Forestry Research		CFB	10.652	199,405	0
Forestry Research		GFC	10.652	12,069	0
Forestry Research		CFD	10.652	5,330	0
Forestry Research		GGB	10.652	7,564,967	0
Cooperative Forestry Assistance		GGB	10.664	215,418	0
Rural Development, Forestry and Communities		CFD	10.672	3,481	0
R&D		GGB	10.NFS 03-CR-11060000-227	29,999	0
R&D		GGB	10.PNW 01-JV-11261955-228	3,431	0
R&D		GGB	10.PNW 01-JV-11261988-056	9,470	0
R&D		GGB	10.PNW 03-JV-11261988-082	16,897	0
R&D		GGB	10.PNW03-JV-11261955-265	1,179	0
R&D		GGB	10.PNW03-JV-11261955-266	1,552	0
SUBTOTAL DIRECT FROM:				10,586,346	0
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF MONTANA					
Forestry Research		GGB	10.652 / 10.PG-4472-01 AMEND. 3	9,147	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				9,147	0
SUBTOTAL FOREST SERVICE, DEPARTMENT OF AGRICULTURE				10,595,493	0
RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE					
DIRECT FROM:					
RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE					
Crop Insurance		GGB	10.450	62,832	0
SUBTOTAL DIRECT FROM:				62,832	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
PASS-THROUGH PROGRAMS FROM:								
MISSISSIPPI STATE UNIVERSITY					GGB	10.450 / 10.320946-010500-06	59,155	0
Crop Insurance								
UNIVERSITY OF CALIFORNIA AT DAVIS					GGB	10.450 / 10.SA6840	70	0
Crop Insurance								
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							59,225	0
SUBTOTAL RISK MANAGEMENT AGENCY, DEPARTMENT OF AGRICULTURE							122,057	0
SUBTOTAL DEPARTMENT OF AGRICULTURE							24,695,198	2,246,320
-----								
DEPARTMENT OF COMMERCE								
BUREAU OF THE CENSUS, DEPARTMENT OF COMMERCE								
DIRECT FROM:								
BUREAU OF THE CENSUS, DEPARTMENT OF COMMERCE					GFB	11.003	857	0
Census Geography								
SUBTOTAL DIRECT FROM:							857	0
SUBTOTAL BUREAU OF THE CENSUS, DEPARTMENT OF COMMERCE							857	0
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE								
DIRECT FROM:								
ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE					GGB	11.302	25,726	0
Economic Development: Support for Planning Organizations					GFB	11.303	(560)	0
Economic Development: Technical Assistance					GFB	11.313	654,958	238,893
Trade Adjustment Assistance								
SUBTOTAL DIRECT FROM:							680,124	238,893
SUBTOTAL ECONOMIC DEVELOPMENT ADMINISTRATION, DEPARTMENT OF COMMERCE							680,124	238,893
INTERNATIONAL TRADE ADMINISTRATION, DEPARTMENT OF COMMERCE								
DIRECT FROM:								
INTERNATIONAL TRADE ADMINISTRATION, DEPARTMENT OF COMMERCE					GFB	11.112	11,662	0
Export Promotion Market Development Cooperation								
SUBTOTAL DIRECT FROM:							11,662	0
SUBTOTAL INTERNATIONAL TRADE ADMINISTRATION, DEPARTMENT OF COMMERCE							11,662	0
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE								
DIRECT FROM:								
NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE					GFB	11.609	5,745,974	0
Measurement and Engineering Research and Standards					GFC	11.609	14,882	0
Measurement and Engineering Research and Standards					GFD	11.609	53,809	0
Measurement and Engineering Research and Standards					GFE	11.609	(4,594)	0
Measurement and Engineering Research and Standards					GGB	11.609	4,743	0
Measurement and Engineering Research and Standards					GLA	11.609 / 11.70NANBZH0092	154,236	0
Advanced Technology Program					GFB	11.612	131,605	0
R&D					GLA	11.1PA # 3007	38,236	0
R&D					GLA	11.1PA # IP2013	43,983	0
R&D					GLA	11.VARIOUS AWARDS	137,785	0
SUBTOTAL DIRECT FROM:							6,320,659	0
PASS-THROUGH PROGRAMS FROM:								
ITN ENERGY SYSTEMS, INC.					GFB	11.612 / 11.70NANBOH3025	26,066	0
Advanced Technology Program					GLA	11.612 / 11.70NANBOH3025	67,215	0
Advanced Technology Program								
MID-AMERICA MANUFACTURING TECHNOLOGY CENTER					GFB	11.611 / 11.OCC4541B	721,459	16,753
Manufacturing Extension Partnership								
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							814,740	16,753
SUBTOTAL NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY, DEPARTMENT OF COMMERCE							7,135,399	16,753

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE

DIRECT FROM:

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE

Climate and Atmospheric Research  
Climate and Atmospheric Research  
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes  
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes  
Marine Mammal Data Program  
Environmental Sciences, Applications, Data, and Education  
Independent Education and Science Projects and Programs  
Special Oceanic and Atmospheric Projects  
R&D  
R&D  
R&D  
R&D  
R&D

GFB 11.431  
GFD 11.431  
GFB 11.432  
GGB 11.432  
GGB 11.439  
GFB 11.440  
GFB 11.449  
GFB 11.460  
GGB 11.NA17RJ1228 #13  
GGB 11.NA17RJ1228 #17  
GGB 11.NA17RJ1228 #15  
GGB 11.NA17RJ1228 AMEND. 19  
GGB 11.NA17RJ1228 AMEND. 21

510,295  
99,819  
20,690,894  
7,206,132  
18,719  
95,025  
42,940  
33,054  
116,341  
139,879  
146,055  
41,131  
75,667

0  
0  
0  
0  
0  
0  
1,163  
0  
0  
0  
0  
0  
0

SUBTOTAL DIRECT FROM:

29,215,951 1,163

PASS-THROUGH PROGRAMS FROM:

NATIONAL CENTER FOR ATMOSPHERIC RESEARCH

Climate and Atmospheric Research

TEXAS A&M REESARCH FOUNDATION

Marine Mammal Data Program

Marine Mammal Data Program

UCAR-NCAR-COMET ATMOSPHERIC TECH. DIVIS.

R&D

UNIVERSITY OF ALASKA

Undersea Research

Undersea Research

UNIVERSITY OF ALASKA FAIRBANKS

Undersea Research

UNIVERSITY OF WISCONSIN

Environmental Sciences, Applications, Data, and Education

GFC 11.431  
GFB 11.439 / 11.S020063  
GFB 11.439 / 11.S30092  
GGB 11.S02-38660 MOD M1-03  
GFB 11.430 / 11.FJ300291  
GFB 11.430 / 11.UAF 00-0063  
GLA 11.430 / 11.NA030AR4300104  
GFB 11.440 / 11.G069064

3,564  
(3,501)  
32,246  
42,869  
5,667  
1,091  
31,630  
9,983

0  
0  
0  
0  
0  
0  
0  
0

SUBTOTAL PASS-THROUGH PROGRAMS FROM:

123,549 0

SUBTOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE

29,339,500 1,163

SUBTOTAL DEPARTMENT OF COMMERCE

37,167,542 256,809

DEPARTMENT OF DEFENSE

AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE

DIRECT FROM:

AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE

Air Force Defense Research Sciences Program

Air Force Defense Research Sciences Program

R&D

R&D

R&D

GFB 12.800  
GGB 12.800  
GLA 12.F29601-02-C-0222  
GLA 12.F41624-02-C-8085  
GLA 12.F49620-02-1-0152

3,419,508  
416,083  
27,298  
94,409  
54,777

0  
0  
0  
97,861  
0

SUBTOTAL DIRECT FROM:

4,012,075 97,861

PASS-THROUGH PROGRAMS FROM:

ALD NANOSOLUTIONS, INC.

Air Force Defense Research Sciences Program

ALPHATECH, INC.

Air Force Defense Research Sciences Program

CALIFORNIA INSTITUTE OF TECHNOLOGY

Air Force Defense Research Sciences Program

Air Force Defense Research Sciences Program

DISPLAYTECH

Air Force Defense Research Sciences Program

FIRST RF CORPORATION

Air Force Defense Research Sciences Program

Air Force Defense Research Sciences Program

Air Force Defense Research Sciences Program

FOSTER-MILLER, INC.

Air Force Defense Research Sciences Program

GFB 12.800 / 12.OCG44778  
GFB 12.800 / 12.03107-6771  
GFB 12.800 / 12.1022229  
GFB 12.800 / 12.1046925  
GFB 12.800 / 12.OCG44928  
GFB 12.800 / 12.P.O. NO. 204  
GFB 12.800 / 12.PO NO. 208  
GFB 12.800 / 12.PO NO. 209  
GFB 12.800 / 12.SUB1-00133

(18,156)  
29,769  
182,025  
84,928  
22,407  
36,000  
8,681  
9,106  
25,878

0  
0  
0  
0  
0  
0  
0  
0  
0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
ISSI						
R&D			GLA	12.F33615-01-C-2126	48,819	0
LEFT HAND DESIGN CORP						
Air Force Defense Research Sciences Program			GFB	12.800 / 12.01-890	6,263	0
MILTEC CORPORATION						
Air Force Defense Research Sciences Program			GFB	12.800 / 12.MILTEC-02-C-0012	29,000	0
NORTHWESTERN UNIVERSITY						
Air Force Defense Research Sciences Program			GFB	12.800 / 12.0650300F416427	175,729	0
Air Force Defense Research Sciences Program			GLA	12.800 / 12.F49620-01-1-0529	69,296	0
PARSONS ENGINEERING SCIENCE						
R&D			GLA	12.F41624-00-D-8024T024	4,047	0
ROCKWELL SCIENCE CENTER						
Air Force Defense Research Sciences Program			GFB	12.800 / 12.B0U431587	(175)	0
STARSYS RESEARCH						
Air Force Defense Research Sciences Program			GFB	12.800 / 12.P0# 20403	4,209	0
STATE UNIVERSITY OF NEW YORK						
Air Force Defense Research Sciences Program			GGB	12.800 / 12.R180709	32,636	0
TDA RESEARCH, INC.						
R&D			GLA	12.F49620-03-C-0065	10,372	0
VESCENT PHOTONICS, INC.						
Air Force Defense Research Sciences Program			GFB	12.800 / 12.OCG45608	41,010	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					801,844	0
SUBTOTAL AIR FORCE OFFICE OF SCIENTIFIC RESEARCH, HQ AIR FORCE MATERIAL COMMAND, DEPARTMENT OF THE AIR FORCE, DEPARTMENT OF DEFENSE					4,813,919	97,861
AVIATION APPLIED TECHNOLOGY DIRECTORATE (AATD), AVIATION AND TROOP COMMAND (ATCOM), DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE						
PASS-THROUGH PROGRAMS FROM:						
GEORGE WASHINGTON UNIVERSITY						
Integrated Helicopter Design Tools			GFB	12.640 / 12.01-S14	31,915	0
HONEYWELL INTERNATIONAL, INC.						
Integrated Helicopter Design Tools			GFB	12.640 / 12.A005702	118,437	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					150,352	0
SUBTOTAL AVIATION APPLIED TECHNOLOGY DIRECTORATE (AATD), AVIATION AND TROOP COMMAND (ATCOM), DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE					150,352	0
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE						
Research & Technology Development			GFB	12.910	557,949	297,699
Research & Technology Development			GGB	12.910	114,200	0
Research & Technology Development			GLA	12.910 / 12.MDA972-01-1-0041	138,999	0
R&D			GLA	12.MDA972-03-1-0017	86,414	0
SUBTOTAL DIRECT FROM:					897,562	297,699
PASS-THROUGH PROGRAMS FROM:						
AGILENT TECHNOLOGIES						
Research & Technology Development			GFB	12.910 / 12.DAAD19-03-9-0001	260,881	0
Research & Technology Development			GFB	12.910 / 12.N39998-01-3-0001	131,148	0
APL MATERIALS, INC.						
R&D			GLA	12.DAAH01-03-0-4002	36,365	0
CALIFORNIA INSTITUTE OF TECHNOLOGY						
Research & Technology Development			GFB	12.910 / 12.PC249804	403	0
COLUMBIA UNIVERSITY						
Research & Technology Development			GFB	12.910 / 12.P0#530413	239,342	0
GIT-GEORGIA INSTITUTE OF TECHNOLOGY						
Research & Technology Development			GGB	12.910 / 12.E-21-F89-G1 AMEND 2	165,033	0
ITN ENERGY SYSTEMS INC.						
R&D			GLA	12.DAAD16-02-C-0031	227,450	0
ITN ENERGY SYSTEMS, INC.						
Research & Technology Development			GFB	12.910 / 12.OCG41008	(3,515)	0
MONTANA STATE UNIVERSITY						
Research & Technology Development			GFB	12.910 / 12.GC061-03-Z3029	245,900	0
PERCEP TEK, INC.						
R&D			GLA	12.DAAH01-03-C-R059	7,696	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
SRD COMPANY								
R&D					GLA	12.NOT GIVEN	(15,551)	0
TEXAS A&M UNIVERSITY								
Research & Technology Development					GFB	12.910 / 12.53441	76,575	0
UNIVERSITY OF TEXAS AT DALLAS								
Research & Technology Development					GFB	12.910 / 12.SC 02-10	90,366	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							1,462,093	0
SUBTOTAL DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, DEPARTMENT OF DEFENSE							2,359,655	297,699
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE								
DIRECT FROM:								
DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE								
Military Medical Research & Development					GFB	12.420	620,398	7,441
Military Medical Research & Development					GFE	12.420	2,279,372	0
Military Medical Research & Development					GGB	12.420	224,181	0
SUBTOTAL DIRECT FROM:							3,123,951	7,441
PASS-THROUGH PROGRAMS FROM:								
UNIVERSITY OF SOUTH CAROLINA								
Military Medical Research & Development					GFE	12.420 / 12.DAMD17-99-1-9480	(30)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							(30)	0
SUBTOTAL DEPARTMENT OF ARMY U.S. ARMY RESEARCH AND MATERIAL COMMAND, DEPARTMENT OF DEFENSE							3,123,921	7,441
DEPARTMENT OF DEFENSE								
DIRECT FROM:								
DEPARTMENT OF DEFENSE								
R&D					GGB	12.DAAD19-01-2-0018	(17,165)	23,708
R&D					GGB	12.DAAD19-02-1-0197 MOD002	80,851	0
R&D					GGB	12.DAAD19-02-2-0005 P00005	1,568,110	90,940
R&D					GLA	12.DACA72-02-C-0012	295,894	0
R&D					GLA	12.DACA72-02-C-0019	308,663	0
R&D					GLA	12.DACA72-02-P-0051	38,894	0
R&D					GGB	12.DACW42-03-C-0004	209,641	0
R&D					GGB	12.DAMD17-01-1-1024	407,276	0
R&D					GGB	12.DAMD17-02-1-0347	41,915	0
R&D					GGB	12.DAMD17-02-2-0008 DO#0002	64,871	12,141
R&D					GLA	12.DAMD17-02-P-0333	54,426	0
R&D					GGB	12.DAPC49-02-D-0002 DO 00	467,227	0
R&D					GGB	12.IPA - MARK PRIEKSAT	111,073	0
R&D					GGB	12.IPA - TED S. RICHAN	8,871	0
R&D					GGB	12.TASK ORDER ITAM04	23,633	0
SUBTOTAL DIRECT FROM:							3,664,180	126,789
PASS-THROUGH PROGRAMS FROM:								
AMEC EARTH & ENVIRONMENTAL, INC.								
R&D					GGB	12.03656004	2,384	0
SKY RESEARCH, INC.								
R&D					GLA	12.W912HQ-04-C-0009	32,218	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							34,602	0
SUBTOTAL DEPARTMENT OF DEFENSE							3,698,782	126,789
NATIONAL SECURITY AGENCY, DEPARTMENT OF DEFENSE								
DIRECT FROM:								
NATIONAL SECURITY AGENCY, DEPARTMENT OF DEFENSE								
Language Grant Program					GFB	12.900	(80)	0
Information Security Grant Program					GFB	12.902	379,756	151,499
Information Security Grant Program					GFC	12.902	1,336,067	34,456
SUBTOTAL DIRECT FROM:							1,715,743	185,955
SUBTOTAL NATIONAL SECURITY AGENCY, DEPARTMENT OF DEFENSE							1,715,743	185,955

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY						
DIRECT FROM:						
OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY						
Basic & Applied Scientific Research		GFB	12.300		4,344,386	843,822
Basic & Applied Scientific Research		GFE	12.300		371,419	0
Basic & Applied Scientific Research		GGB	12.300		1,395,928	25,000
Basic & Applied Scientific Research		GLA	12.300 / 12.N00014-02-1-0665		279,107	792,929
Basic & Applied Scientific Research		GLA	12.300 / 12.N00014-04-1-0156		50,589	0
Basic & Applied Scientific Research		GLA	12.300 / 12.N00014-94-1-0694		65,598	0
R&D		GLA	12.N00167-02-M-0661		22,525	0
R&D		GLA	12.N00244-03-P-2587		8,000	0
R&D		GLA	12.N47408-04-P-6916		27,103	0
SUBTOTAL DIRECT FROM:					6,564,655	1,661,751
PASS-THROUGH PROGRAMS FROM:						
COLUMBIA UNIVERSITY						
Basic & Applied Scientific Research		GFC	12.300 / 12.N00014-03-1-0023	S2	27,742	0
DOW CORNING CORPORATION						
Basic & Applied Scientific Research		GFB	12.300 / 12.N00014-00-C-0088		36,071	0
JOHNS HOPKINS UNIVERSITY						
Basic & Applied Scientific Research		GFB	12.300 / 12.849593		11	0
LEHIGH UNIVERSITY						
Basic & Applied Scientific Research		GFC	12.300 / 12.533617-8002		123,448	0
MASSACHUSETTS GENERAL HOSPITAL						
Basic & Applied Scientific Research		GFE	12.300 / 12.N00173-01-1-G011		125,426	0
NANOENGINEERING CORP						
Basic & Applied Scientific Research		GFB	12.300 / 12.OCG44498		4,692	0
QUESTEK INNOVATIONS LLC						
R&D		GLA	12.N00014-03-C-0492		15,746	0
SAN DIEGO STATE UNIVERSITY FOUNDATION						
Basic & Applied Scientific Research		GFB	12.300 / 12.53205AP3368		14,851	0
SCIENTIFIC MATERIALS CORP						
Basic & Applied Scientific Research		GFB	12.300 / 12.OCG45888		25,555	0
TDA RESEARCH INC.						
Basic & Applied Scientific Research		GFB	12.300 / 12.#CU-TDA02.1		6,127	0
UNIVERSITY OF CALIFORNIA BERKLEY						
Basic & Applied Scientific Research		GFB	12.300 / 12.SA3212		70,069	0
UNIVERSITY OF IDAHO						
Basic & Applied Scientific Research		GFD	12.300 / 12.BHK367-01-A		26,257	0
UNIVERSITY OF WISCONSIN						
Basic & Applied Scientific Research		GFB	12.300 / 12.G066990		37,513	0
Basic & Applied Scientific Research		GFE	12.300 / 12.UWISC # V169610		131,517	0
UTAH STATE UNIVERSITY						
Basic & Applied Scientific Research		GFB	12.300 / 12.C019252		126,025	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					771,050	0
SUBTOTAL OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY					7,335,705	1,661,751
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE						
Collaborative Research & Development		GFB	12.114		1,033,937	356,994
SUBTOTAL DIRECT FROM:					1,033,937	356,994
PASS-THROUGH PROGRAMS FROM:						
AERONAUTICAL INCORPORATED						
Collaborative Research & Development		GFB	12.114 / 12.177201		13,991	0
UNIVERSITY OF OREGON						
Collaborative Research & Development		GFB	12.114 / 12.235751A		(413)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					13,578	0
SUBTOTAL OFFICE OF THE CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE					1,047,515	356,994

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE						
DIRECT FROM:						
OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE						
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630		477,040	26,312
Basic, Applied, & Advanced Research in Science and Engineering		GFC	12.630		5,233	0
Basic, Applied, & Advanced Research in Science and Engineering		GGB	12.630		107,824	0
SUBTOTAL DIRECT FROM:					590,097	26,312
PASS-THROUGH PROGRAMS FROM:						
L-3 COMMUNICATIONS CORPORATION						
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	/ 12.SC03-089-252	282,543	0
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	/ 12.SC03034191	120,000	0
MONTANA STATE UNIVERSITY						
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	/ 12.GC102-03-Z2761	27,767	0
NORTHROP GRUMMAN						
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	/ 12.16112QDP4S	39,792	0
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	/ 12.92372DQM3S	151,393	0
NORTHWESTERN UNIVERSITY						
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	/ 12.0650300F416427	8,850	0
WYLE LABORATORIES						
Basic, Applied, & Advanced Research in Science and Engineering		GFB	12.630	/ 12.PO 19035.0E.41-313S	43,392	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					673,737	0
SUBTOTAL OFFICE OF THE SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE					1,263,834	26,312
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND						
DIRECT FROM:						
U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND						
Basic Scientific Research		GFB	12.431		1,430,755	324,822
Basic Scientific Research		GFC	12.431		89,697	29,654
Basic Scientific Research		GGB	12.431		220,569	6,045
Basic Scientific Research		GGB	12.431	/ 12.62038-002/SP0 0000044	417	0
Basic Scientific Research		GLA	12.431	/ 12.DAAD19-03-1-0292	76,181	0
R&D		GLA	12.DAAD19-01-1-0375		88,382	0
R&D		GLA	12.DAAD19-01-1-0377		112,633	0
R&D		GLA	12.DAAD19-01-1-0590		84,258	0
R&D		GLA	12.DAAD19-02-1-0221		84,403	0
R&D		GLA	12.DAAD19-03-1-0315		11,987	0
R&D		CLA	12.DACA42-03-C-0067		29,966	0
R&D		GGB	12.JETS UNITE PROGRAM		828	0
SUBTOTAL DIRECT FROM:					2,230,076	360,521
PASS-THROUGH PROGRAMS FROM:						
ABLE ENGINEERING COMPANY, INC.						
Basic Scientific Research		GFB	12.431	/ 12.27289	2	0
ACADEMY OF APPLIED SCIENCES						
Basic Scientific Research		GFC	12.431	/ 12.03-072, 03-073	3,986	0
AERODYNE RESEARCH, INC.						
Basic Scientific Research		GFB	12.431	/ 12.ARI-10276-1	34,271	0
AERONAUTICAL INCORPORATED						
Basic Scientific Research		GFB	12.431	/ 12.147887	305,477	0
APC-ACADEMY OF APPLIED SCIENCE						
R&D		GGB	12.03-006, 03-007, 03-008		4,632	0
CERADYNE INC.						
Basic Scientific Research		GFB	12.431	/ 12.P0# 23881	51,654	0
HIGH PERFORMANCE TECH. INC.						
Basic Scientific Research		GFB	12.431	/ 12.HPTI-PET-2001-012	96,815	0
NEW MEXICO STATE UNIVERSITY						
Basic Scientific Research		GFB	12.431	/ 12.Q00877	5,995	0
STARSYS RESEARCH						
Basic Scientific Research		GFB	12.431	/ 12.P0#21208	13,836	0
TDA RESEARCH INC.						
Basic Scientific Research		GFB	12.431	/ 12.CU-TDA02.2	97,632	0
UNIVERSITY OF CALIFORNIA AT SANTA BARBARA						
Basic Scientific Research		GFB	12.431	/ 12.KK0124	328,179	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
UNIVERSITY OF RHODE ISLAND						
Basic Scientific Research			GLA	12.431 / 12.DACA72-01-C-0013	35,718	0
UNIVERSITY OF TULSA						
Basic Scientific Research			GFD	12.431 / 12.14-2-1016295-94802	11,488	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					989,685	0
SUBTOTAL U.S. ARMY RESEARCH OFFICE, U.S. ARMY MATERIAL COMMAND					3,219,761	360,521
SUBTOTAL DEPARTMENT OF DEFENSE					28,729,187	3,121,323
-----						
DEPARTMENT OF THE INTERIOR						
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR						
DIRECT FROM:						
BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR						
R&D			GLA	15.0103P072188	17,510	0
R&D			GLA	15.CMK00000003	236,873	0
SUBTOTAL DIRECT FROM:					254,383	0
SUBTOTAL BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR					254,383	0
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR						
DIRECT FROM:						
BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR						
R&D			GGB	15.02-FC-40-6130	10,350	0
R&D			GGB	15.1422 CAA030001 T01	5,000	0
R&D			GGB	15.1422 C950A80010 T031	3,523	0
R&D			GGB	15.1422 C950A80010 T032	3,999	0
R&D			GGB	15.1422 C950A80010 T022	14,307	0
R&D			GGB	15.1422 C950A80010 T029 M01	69,217	0
R&D			GGB	15.1422 C950A80010 T033	39,702	0
R&D			GGB	15.1422 C950A80010 T034	9,999	0
R&D			GGB	15.1422 C950A80024 T02	9,499	0
R&D-BLM-Archeological Research SoP			GKA	15.1422 CAA020007	5,497	0
Cooperative Inspection Agreements with States & Tribes			CFB	15.222	1	0
Recreation Resource Management			CFB	15.225	17,079	0
R&D			GGB	15.JSA001013 TASK ORDER 2	255,851	0
R&D			GGB	15.JSA001013 TASK ORDER 3	9,424	0
R&D			GGB	15.JSA001013, TASK ORDER 1	105,005	0
R&D			GGB	15.KAA000011 KAF031018	3,720	0
R&D			GGB	15.KAA000011 KAF031019	18,043	0
R&D			GGB	15.KAA000011 KAF041002	9,025	0
R&D			GGB	15.KAA000011(CESU) KAF03101	903	0
SUBTOTAL DIRECT FROM:					590,144	0
SUBTOTAL BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR					590,144	0
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR						
DIRECT FROM:						
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR						
R&D			GGB	15.0-FC-40-08910	17,681	0
R&D			GGB	15.00-FC-81-0213 MOD. 05	109,897	0
R&D			GGB	15.01-FC-40-5610	11,193	0
R&D			GLA	15.01-FC-81-0738	9,113	0
R&D			GGB	15.02-FC-32-0060	60,716	0
R&D			GGB	15.02-FC-40-6130	522,229	0
R&D			GGB	15.02-FC-40-6130 MOD. 003	13	0
R&D			GGB	15.02-FC-81-0820 MOD 003 AN	112,008	0
R&D			GGB	15.03-FC-40-2100	30,958	0
R&D			GGB	15.04-FG-34-0002	4,137	0
R&D			GGB	15.04FG601872	10,621	0
R&D			GGB	15.2-FG-81-0421 03FG601821	15,322	0
R&D			GGB	15.3-FC-40-14460	15,373	0
R&D			CFB	15.504	892,545	0
Water Reclamation and Reuse Program			GLA	15.504 / 15.WRF-02-0001	110,984	0
Water Reclamation and Reuse Program			GGB	15.7-FC-40-20500 MOD #012	755	0
R&D			GGB	15.98-FC-40-0370 MOD. 008	5,435	0
R&D						

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	15.99-FC-40-2670 MOD #5	9,650	0
R&D		GGB	15.99-FC-60-12140 MOD. #00	46,750	0
R&D		GGB	15.CA 00-FC-81-0202 MOD. 3	2,273	0
				-----	-----
SUBTOTAL DIRECT FROM:				1,987,653	0
				-----	-----
SUBTOTAL BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR				1,987,653	0
DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
DEPARTMENT OF THE INTERIOR					
Unclassified Grants and Contracts		GFB	15.000	218,501	0
R&D		GGB	15.02-FC-CU-CS030	2,559	0
R&D		GGB	15.CA238099001 TO # 01-20	1,955	0
				-----	-----
SUBTOTAL DIRECT FROM:				223,015	0
PASS-THROUGH PROGRAMS FROM:					
NATIONAL FISH AND WILDLIFE FOUNDATION					
R&D		GGB	15.2001-0030-015	11,460	0
TEXAS A&M UNIVERSITY					
Unclassified Grants and Contracts		GFB	15.000 / 15.S020055	32,262	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				43,722	0
				-----	-----
SUBTOTAL DEPARTMENT OF THE INTERIOR				266,737	0
GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR					
R&D		GLA	15.03CRPR00289	25,000	0
Assistance to State Water Resources Research Institutes		GFB	15.805	581,159	0
Assistance to State Water Resources Research Institutes		GGB	15.805	138,361	87,916
Earthquake Hazards Reduction Program		GFB	15.807	70,809	0
Earthquake Hazards Reduction Program		GLA	15.807 / 15.04HQGR0108	6,398	0
U.S. Geological Survey: Research & Data Acquisition		GFB	15.808	158,950	0
U.S. Geological Survey: Research & Data Acquisition		GFE	15.808	27,255	0
U.S. Geological Survey: Research & Data Acquisition		GGB	15.808	1,368,857	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.02WRAG0015	1,043	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.03ERAG0062	25,858	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04CRAG0010	21,487	0
U.S. Geological Survey: Research & Data Acquisition		GLA	15.808 / 15.04CRGR0001	34,252	0
U.S. Geological Survey: Research & Data Acquisition		GKA	15.808 / 15.16USC742 & 02CRAG0009	50,360	0
				-----	-----
SUBTOTAL DIRECT FROM:				2,509,789	87,916
PASS-THROUGH PROGRAMS FROM:					
SCIENCE APPLICATIONS INTERNATIONAL CORP					
U.S. Geological Survey: Research & Data Acquisition		GFB	15.808 / 15.4400059390	38,398	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				38,398	0
				-----	-----
SUBTOTAL GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR				2,548,187	87,916
MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR					
R&D		GLA	15.0101P018117	18,725	10,000
R&D		GLA	15.0103P072420	50,842	0
R&D		GLA	15.0103P073498	54,264	0
				-----	-----
SUBTOTAL DIRECT FROM:				123,831	10,000
				-----	-----
SUBTOTAL MINERALS MANAGEMENT, DEPARTMENT OF THE INTERIOR				123,831	10,000
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR					
National Register of Historic Places		GFB	15.914	9,241	0
Technical Preservation Services		GFB	15.915	8,040	0
Technical Preservation Services		GKA	15.915 / 15.CA1248-00-007/J152403	14,761	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Technical Preservation Services		GKA	15.915 / 15.CA1248-00-007/ROMO RO	50,643	0
Technical Preservation Services		GKA	15.915 / 15.CA1248-00-007/ROMO-RO	49,500	0
Technical Preservation Services		GKA	15.915 / 15.CA1268-1-9012/ROMO RO	22	0
Outdoor Recreation: Acquisition, Development and Planning		GFD	15.916	5,206	0
Outdoor Recreation: Acquisition, Development and Planning		GGB	15.916	3,370,231	0
Rivers, Trails, & Conservation Assistance		GFB	15.921	135,694	0
National Center for Preservation Technology and Training (B) -		GFB	15.923	753	0
American Battlefield Protection		GFB	15.926	24,057	0
Save America's Treasures		GFD	15.929	501	0
R&D		GGB	15.CA 1200-99-009 CSU-71	8,784	0
R&D		GGB	15.CA 1200-99-009 CSU-80	10,036	0
R&D		GGB	15.CA 1200-99-009 CSU- 78	23,610	0
R&D		GGB	15.CA 1200-99-009 CSU-69	24,049	0
R&D		GGB	15.CA 1200-99-009 CSU-82	170	0
R&D		GGB	15.CA 1200-99-009 CSU-85	85,064	0
R&D		GGB	15.CA 238099001 TO 03-51	37,798	0
R&D		GGB	15.CA1200-99-009 CSU-33,36,	27,658	0
R&D		GGB	15.CA238099001 TO 03-07 M	174,642	0
R&D		GGB	15.CA238099001 TO 02-19 M	56,391	0
R&D		GGB	15.CA238099001 TO 03-56	420,402	0
R&D		GGB	15.CA238099001 TO 03-50	372,531	0
SUBTOTAL DIRECT FROM:				4,909,784	0
PASS-THROUGH PROGRAMS FROM:					
NATIONAL PARK FOUNDATION					
National Center for Preservation Technology and Training (B) -		GFB	15.923 / 15.OCG45448	12,896	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				12,896	0
SUBTOTAL NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR				4,922,680	0
OFFICE OF INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
OFFICE OF INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR					
Economic, Social, & Political Development of the Territories & the Freely Associated States		GFB	15.875	211,046	48,536
SUBTOTAL DIRECT FROM:				211,046	48,536
SUBTOTAL OFFICE OF INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR				211,046	48,536
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR					
Abandoned Mine Land Reclamation (AMLR) Program		GFB	15.252	55,073	0
SUBTOTAL DIRECT FROM:				55,073	0
SUBTOTAL OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT, DEPARTMENT OF THE INTERIOR				55,073	0
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
DIRECT FROM:					
U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR					
R&D		GGB	15.1448-60181-03-3071	3,303	0
Cooperative Endangered Species Conservation Fund		GGB	15.615	47,169	0
Wildlife Conservation & Appreciation		GFB	15.617	(1,927)	0
Wildlife Conservation & Appreciation		GGB	15.617 (14)	(14)	0
R&D		GGB	15.65510-3-9006	13,000	0
SUBTOTAL DIRECT FROM:				61,531	0
PASS-THROUGH PROGRAMS FROM:					
MONTANA STATE UNIVERSITY					
R&D		GGB	15.GC136-02-Z2708	12,537	0
UNIVERSITY OF NEVADA AT LAS VEGAS					
Fish & Wildlife Management Assistance		GFB	15.608 / 15.FWS#143208J104	(1,298)	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				11,239	0
SUBTOTAL U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR				72,770	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR								
DIRECT FROM:								
U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR								
R&D				GGB	15.00HQAG0008	CPA00008HS001	36,520	0
R&D				GGB	15.00HQAG0008	CPA00008HS003	686	0
R&D				GGB	15.01HQGR0077	#0002	9,455	0
R&D				GGB	15.01HQGR0077	#0003	21,388	492
R&D				CLA	15.04CRSA0157		19,573	0
R&D				CLA	15.1258425		1,594	0
R&D				GCB	15.1434-HQ-97-RU-01552	RWO	44,836	0
R&D				GCB	15.1434-HQ-97-RU-01552	RWO	46,766	0
National Cooperative Geologic Mapping Program				CLA	15.810 / 15.03HQAG0022		3,593	0
Cooperative Research Units Program				GFB	15.812		4,441	0
R&D				CLA	15.IPA#		76,345	0
SUBTOTAL DIRECT FROM:							265,197	492
PASS-THROUGH PROGRAMS FROM:								
LOUISIANA STATE UNIVERSITY								
National Spatial Data Infrastructure Competitive Cooperative Agreements Program				GFB	15.809 / 15.R141730		40,992	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							40,992	0
SUBTOTAL U.S. GEOLOGICAL SURVEY, U.S. DEPARTMENT OF THE INTERIOR							306,189	492
SUBTOTAL DEPARTMENT OF THE INTERIOR							11,338,693	146,944
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DEPARTMENT OF JUSTICE								
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE								
DIRECT FROM:								
BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE								
Community Prosecution and Project Safe Neighborhoods				GFD	16.609		30,057	0
SUBTOTAL DIRECT FROM:							30,057	0
SUBTOTAL BUREAU OF JUSTICE ASSISTANCE, OFFICE OF JUSTICE PROGRAMS, DEPARTMENT OF JUSTICE							30,057	0
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE								
DIRECT FROM:								
NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE								
National Institute of Justice Research, Evaluation, and Development Projects Grants				GFB	16.560		56,332	0
SUBTOTAL DIRECT FROM:							56,332	0
PASS-THROUGH PROGRAMS FROM:								
WEST VIRGINIA UNIVERSITY								
National Institute of Justice Research, Evaluation, and Development Projects Grants				GFB	16.560 / 16.01-388A-UC		339	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							339	0
SUBTOTAL NATIONAL INSTITUTE OF JUSTICE, DEPARTMENT OF JUSTICE							56,671	0
OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE								
PASS-THROUGH PROGRAMS FROM:								
CITY OF FORT COLLINS								
Byrne Formula Grant Program				GGB	16.579 / 16.3304565		65,161	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							65,161	0
SUBTOTAL OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, DEPARTMENT OF JUSTICE							65,161	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE								
DIRECT FROM:								
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE					GFB	16.541	1,649,371	1,009,643
Developing, Testing and Demonstrating Promising New Programs					GFC	16.542	64,417	0
Part D - Research, Evaluation, Technical Assistance and Training					GGB	16.731	211,708	0
Tribal Youth Program								
SUBTOTAL DIRECT FROM:							1,925,496	1,009,643
SUBTOTAL OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, DEPARTMENT OF JUSTICE							1,925,496	1,009,643
SUBTOTAL DEPARTMENT OF JUSTICE							2,077,385	1,009,643
-----								
DEPARTMENT OF STATE								
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE								
DIRECT FROM:								
BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE					GFB	19.406	4,196	0
Educational Partnerships Program								
SUBTOTAL DIRECT FROM:							4,196	0
SUBTOTAL BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS, DEPARTMENT OF STATE							4,196	0
BUREAU OF INTELLIGENCE AND RESEARCH, DEPARTMENT OF STATE								
DIRECT FROM:								
BUREAU OF INTELLIGENCE AND RESEARCH, DEPARTMENT OF STATE					GFB	19.300	315,795	0
Program for Study of Eastern Europe & the Independent States of the Former Soviet Union								
SUBTOTAL DIRECT FROM:							315,795	0
SUBTOTAL BUREAU OF INTELLIGENCE AND RESEARCH, DEPARTMENT OF STATE							315,795	0
DEPARTMENT OF STATE								
PASS-THROUGH PROGRAMS FROM:								
UNIVERSITY OF CALIFORNIA AT DAVIS					GGB	19.102-20-24 MOD 24-0	5,078	0
R&D								
UNIVERSITY OF WYOMING					GGB	19.CAVNV47800 CSU	36,333	16,230
R&D								
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							41,411	16,230
SUBTOTAL DEPARTMENT OF STATE							41,411	16,230
SUBTOTAL DEPARTMENT OF STATE							361,402	16,230
-----								
DEPARTMENT OF TRANSPORTATION								
DEPARTMENT OF TRANSPORTATION								
DIRECT FROM:								
DEPARTMENT OF TRANSPORTATION					GGB	20.DTFH61-99-X-00009	62,839	0
R&D								
SUBTOTAL DIRECT FROM:							62,839	0
PASS-THROUGH PROGRAMS FROM:								
NORTH DAKOTA STATE UNIVERSITY					GGB	20.DTRS99-G-0008	104,847	0
R&D					GGB	20.DTRSS99-G-0008	25,125	0
R&D								
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							129,972	0
SUBTOTAL DEPARTMENT OF TRANSPORTATION							192,811	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
NATIONAL HIGHWAY INSTITUTE, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION								
PASS-THROUGH PROGRAMS FROM:								
AECOM CONSULTING								
Highway Training & Education				GFB	20.215	/ 20.OCC4487B	36,557	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							36,557	0
SUBTOTAL NATIONAL HIGHWAY INSTITUTE, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION							36,557	0
SUBTOTAL DEPARTMENT OF TRANSPORTATION							229,368	0
-----								
OFFICE OF PERSONNEL MANAGEMENT								
OFFICE OF PERSONNEL MANAGEMENT								
DIRECT FROM:								
OFFICE OF PERSONNEL MANAGEMENT								
Intergovernmental Personnel Act (IPA) Mobility Program				GFE	27.011		919,331	0
SUBTOTAL DIRECT FROM:							919,331	0
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT							919,331	0
SUBTOTAL OFFICE OF PERSONNEL MANAGEMENT							919,331	0
-----								
GENERAL SERVICES ADMINISTRATION								
GENERAL SERVICES ADMINISTRATION								
DIRECT FROM:								
GENERAL SERVICES ADMINISTRATION								
Federal Information Center				GFB	39.008		36,562	0
SUBTOTAL DIRECT FROM:							36,562	0
SUBTOTAL GENERAL SERVICES ADMINISTRATION							36,562	0
SUBTOTAL GENERAL SERVICES ADMINISTRATION							36,562	0
-----								
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION								
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION								
DIRECT FROM:								
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION								
Aerospace Education Services Program				GFB	43.001		39,548	0
Aerospace Education Services Program				GGB	43.001		132,840	47,409
Technology Transfer				GFB	43.002		35,094,766	6,478,009
Technology Transfer				GFC	43.002		2,725	0
R&D				GLA	43.NAG 9-1364		142,437	0
R&D				GLA	43.NAG 9-1447		(405)	0
R&D				GLA	43.NAG 9-1535		200,997	0
R&D				GGB	43.NAG1-02008 SUPP. 3		87,137	0
R&D				GGB	43.NAG13-02005		291,461	0
R&D				GGB	43.NAG5-10076 #0002		11,317	0
R&D				GGB	43.NAG5-10593		77,329	0
R&D				GGB	43.NAG5-11010 SUPP 3		72,425	0
R&D				GGB	43.NAG5-11073		120,250	0
R&D				GGB	43.NAG5-11109 SUPP 6		108,598	0
R&D				GGB	43.NAG5-11140		51,587	0
R&D				GGB	43.NAG5-11189 SUPP # 0005		15,817	0
R&D				GGB	43.NAG5-11370 SUPPLEMENT 2		104,896	0
R&D				GGB	43.NAG5-11475 SUPP. 2		70,196	0
R&D				GGB	43.NAG5-11476 SUPPLEMENT 3		149,841	0
R&D				GGB	43.NAG5-11507 SUPPL. 3		68,611	0
R&D				GGB	43.NAG5-11710 SUPPL. 2		70,780	0
R&D				GGB	43.NAG5-11737 SUPP. 2		92,180	0
R&D				GGB	43.NAG5-11816 SUPP. 4		241,511	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	43.NAG5-12105 SUPPLEMENT 3	100,288	0
R&D		GGB	43.NAG5-12273 #0002	220,452	0
R&D		GGB	43.NAG5-12655 #1	515,099	0
R&D		GLA	43.NAG5-12971	87,243	73,616
R&D		GGB	43.NAG5-13562 SUPPL. 1	92,298	0
R&D		GGB	43.NAG5-13567	76,293	0
R&D		GGB	43.NAG5-13623 SUPP. 2	89,451	0
R&D		GGB	43.NAG5-13637	57,292	0
R&D		GGB	43.NAG5-13640	53,527	0
R&D		GGB	43.NAG5-13694 SUPP. 2	144,007	0
R&D		GGB	43.NAG5-13712 SUPP. 2	42,480	0
R&D		GGB	43.NAG5-7717 0006	5,019	0
R&D		GGB	43.NAG5-9642 #0007	76,936	0
R&D		GGB	43.NAG5-9665 #0006	1,369	0
R&D		CLA	43.NAG5-9684	1,427	0
R&D		GGB	43.NAG9 1569	1,021,748	167,147
R&D		GGB	43.NAG9-1516, SUPPN #3	291,275	0
R&D		GGB	43.NCC5-621 SUPPLEMENT 1	446,077	0
R&D		GGB	43.NCC5-707	219,559	45,000
R&D		GLA	43.NCC8-238	1,584,411	1,853,000
R&D		GGB	43.NGT5-30458 #1	37,350	0
R&D		GGB	43.NGT5-30527	24,992	0
R&D		GLA	43.NM0710805	16,114	0
R&D		GLA	43.NNC04AA13A	27,406	0
R&D		GGB	43.NNC04GA40G	20,912	0
R&D		GGB	43.NNC04GB20G	15,005	0
R&D		GGB	43.NNG04GA22G	104,657	0
R&D		GGB	43.NNG04GB87G	68,522	0
R&D		GGB	43.NNG04GB97G SUPP. 1	84,516	0
R&D		GGB	43.NNG04GD75G	38,992	0
R&D		GGB	43.NNG04GE35G	44,918	0
R&D		GGB	43.NNG04GF32A	24,815	0
R&D		GGB	43.NNG04GF52A	4,277	0
R&D		GGB	43.NNG04GG44G	25,330	0
R&D		GGB	43.NNG04GH53G	99,642	15,000
R&D		GGB	43.NNG04GH63G	169,408	10,000
R&D		GGB	43.NNG04GI25G	31,855	0
R&D		GLA	43.NNG04GL90G	4,749	0
R&D		GGB	43.NNL04AA36G	5,254	0
R&D		GLA	43.P0# C90044N	72,491	0
SUBTOTAL DIRECT FROM:				43,294,300	8,689,181
PASS-THROUGH PROGRAMS FROM:					
AEROSTRO, INC.		GFB	43.002 / 43.2490-001	13,370	0
AEROSPACE CORPORATION		GFB	43.002 / 43.4600001875	32,577	0
ARIZONA STATE UNIVERSITY		GFB	43.002 / 43.01-079	214,427	0
BALL AEROSPACE		GFB	43.002 / 43.02DLOB10019	31,398	0
Technology Transfer		GFB	43.002 / 43.97BSM00005	438,669	57,651
Technology Transfer		GFB	43.002 / 43.99BSM00007	996,002	148,625
BOSTON UNIVERSITY		GFB	43.002 / 43.GC174055NGA	157,384	0
Technology Transfer		GFB	43.002 / 43.SUB NASW-00002	131,740	0
CALIF. INST. OF TECH/JET PROPULSION LAB		GGB	43.1250575	2,620	0
R&D		GGB	43.1250575	2,620	0
CARNEGIE INSTITUTE OF WASHINGTON		GFB	43.002 / 43.SUB NASW-00002	131,740	0
Technology Transfer		GFB	43.002 / 43.P0# 5106-001-50	144,512	0
COMPUTATIONAL PHYSICS, INC.		GFB	43.002 / 43.03 DAS 90	28,947	0
Technology Transfer		GFB	43.002 / 43.5-26001-03/T900821	2,135	0
DESERT RESEARCH INSTITUTE		GFB	43.002 / 43.38056	4,202,586	10,582,760
Technology Transfer		GFB	43.002 / 43.1207989	41,344	0
GEORGE MASON UNIVERSITY		GFB	43.002 / 43.1208112	215,370	0
Technology Transfer		GFB	43.002 / 43.1209357	1,532	0
Technology Transfer		GFB	43.002 / 43.1214025 (260)	(260)	0
Technology Transfer		GFB	43.002 / 43.1215205	16,788	0
Technology Transfer		GFB	43.002 / 43.1217897	16,568	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Technology Transfer		GFB	43.002 / 43.1218557	15,084	0
Technology Transfer		GFB	43.002 / 43.1223532	56,516	0
Technology Transfer		GFB	43.002 / 43.1225108	28	0
Technology Transfer		GFB	43.002 / 43.1225700	80,475	0
Technology Transfer		GFB	43.002 / 43.1226217	12,813	0
Technology Transfer		GFB	43.002 / 43.1229481	17,171	0
Technology Transfer		GFB	43.002 / 43.1230859	84,868	0
Technology Transfer		GFB	43.002 / 43.1234181	82,081	20,325
Technology Transfer		GFB	43.002 / 43.1238953	61,203	0
Technology Transfer		GFB	43.002 / 43.1239003	23,198	0
Technology Transfer		GFB	43.002 / 43.1241698	38,323	0
Technology Transfer		GFB	43.002 / 43.1243545	18,163	0
Technology Transfer		GFB	43.002 / 43.1247908	(2,764)	0
Technology Transfer		GFB	43.002 / 43.1250781	64,548	19,988
Technology Transfer		GFB	43.002 / 43.1250834	29,415	0
Technology Transfer		GFB	43.002 / 43.1251469	75,000	0
Technology Transfer		GFB	43.002 / 43.1252129	53,371	0
Technology Transfer		GFB	43.002 / 43.1252990	66,141	0
Technology Transfer		GFB	43.002 / 43.1253653	52,545	0
Technology Transfer		GFB	43.002 / 43.1253767	50,794	0
Technology Transfer		GFB	43.002 / 43.1255189	52,097	0
Technology Transfer		GFB	43.002 / 43.1255348	64,182	0
Technology Transfer		GFB	43.002 / 43.1255792	30,435	0
Technology Transfer		GFB	43.002 / 43.1258421	4,992	0
Technology Transfer		GFB	43.002 / 43.1258423	32,338	0
Technology Transfer		GFB	43.002 / 43.1259515	977	0
Technology Transfer		GFB	43.002 / 43.1261405	3,755	0
Technology Transfer		GFB	43.002 / 43.958675	7,947	0
Technology Transfer		GFB	43.002 / 43.961196	851,587	99,904
Technology Transfer		GFB	43.002 / 43.961452	121,170	0
Technology Transfer		GFB	43.002 / 43.JPL #959550	636	0
R&D		GLA	43.JPL NASA T/O 10517	24,963	0
JOHNS HOPKINS UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.2430-60020	250,954	0
Technology Transfer		GFB	43.002 / 43.2450-60018	134,718	0
Technology Transfer		GFB	43.002 / 43.824878	319,758	0
Technology Transfer		GFB	43.002 / 43.869319	9,978	0
LOCKHEED MARTIN					
R&D		GLA	43.NAS8-00126	5,344	0
MISSISSIPPI STATE UNIVERSITY					
R&D		GGB	43.01040313-01	389	0
NATIONAL INSTITUTE OF AEROSPACE					
Technology Transfer		GFB	43.002 / 43.2124	12,485	0
OREGON STATE UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.NS142A-A	17,221	0
SCIENCE SYSTEMS & APPLICATIONS INC					
Technology Transfer		GFB	43.002 / 43.2303-03-028	10,313	0
SIMPSON WEATHER ASSOCIATES, INC.					
Technology Transfer		GFB	43.002 / 43.SW A01-006	12,001	0
SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY					
Technology Transfer		GFB	43.002 / 43.SDSM&T-UCB 00-13	24,084	0
SOUTHWEST RESEARCH INSTITUTE					
Technology Transfer		GFB	43.002 / 43.278985Q	88,686	0
Technology Transfer		GFB	43.002 / 43.299449Q	780,201	0
Technology Transfer		GFB	43.002 / 43.378877Q	(2,480)	0
Technology Transfer		GFB	43.002 / 43.PENDING1540367	30,695	0
Technology Transfer		GFB	43.002 / 43.PO #431541E	17,686	0
SPACE TELESCOPE SCIENCE INSTITUTE					
Aerospace Education Services Program		GFB	43.001 / 43.HST-HF-01132.01-A	35,941	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09221.01-A	7,770	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09516.01-A	13,470	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09520.01-A	36,012	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09525.01-A	4,988	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09532.01-A	1,480	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09536.08-A	70,151	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09550.01-A	50,136	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09910.01-A	32,170	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09928.01-A	29,246	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09930.02-A	38,558	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09947.01-A	9,415	0
Technology Transfer		GFB	43.002 / 43.HST-AR-09957.01-A	28,191	0
Technology Transfer		GFB	43.002 / 43.HST-EO-09516.02-A	9,696	0
Technology Transfer		GFB	43.002 / 43.HST-GO-06593.01-A	7,957	0
Technology Transfer		GFB	43.002 / 43.HST-GO-06783.01-A	14,824	0
Technology Transfer		GFB	43.002 / 43.HST-GO-06824.01-A	1,080	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Technology Transfer		GFB	43.002 / 43.HST-G0-08178.01-A	8,273	0
Technology Transfer		GFB	43.002 / 43.HST-G0-08182.01-A	1,784	0
Technology Transfer		GFB	43.002 / 43.HST-G0-08237.01-A	3,379	0
Technology Transfer		GFB	43.002 / 43.HST-G0-08257.01-A	15,971	0
Technology Transfer		GFB	43.002 / 43.HST-G0-08280.01-A	(1)	0
Technology Transfer		GFB	43.002 / 43.HST-G0-08571.01-A	40,188	0
Technology Transfer		GFB	43.002 / 43.HST-G0-08614.02-A	3,971	0
Technology Transfer		GFB	43.002 / 43.HST-G0-08623.01-A	19,382	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09114.08-A	(5,621)	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09125.01-A	43,346	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09271.01-A	4,273	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09273.01-A	1,324	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09426.05-A	4	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09428.10-A	(2,743)	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09506.01-A	49,557	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09507.41-A	32,130	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09511.05-A	2,129	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09688-01-A	4,976	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09778.01-A	26,754	0
Technology Transfer		GFB	43.002 / 43.HST-G0-09825.01-A	16,809	0
Technology Transfer		GFB	43.002 / 43.HST-HF-01166.01-A	59,228	0
STANFORD UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.PY-0036	2,555	0
STRATTON PARK ENGINEERING COMPANY INC					
Technology Transfer		GFB	43.002 / 43.02-1206PLA	25,552	0
TEXAS A&M REESARCH FOUNDATION					
Technology Transfer		GFB	43.002 / 43.S900042	515	0
THE BIONETICS CORPORATION					
Technology Transfer		GFB	43.002 / 43.NAS10-12180	84,884	0
UCAR-NCAR-COMET ATMOSPHERIC TECH. DIVIS. R&D		GGB	43.S03-43483	1,424,912	0
UNIV CALIFORNIA-LAWRENCE BERKELEY LAB R&D		GGB	43.6703058 MOD 5	182,976	0
UNIVERSITIES SPACE RESEARCH ASSOCIATION					
Technology Transfer		GFB	43.002 / 43.03485-05	0	42,239
Technology Transfer		GFB	43.002 / 43.550-86	7,063	0
Technology Transfer		GFB	43.002 / 43.PENDING 1540854	374	0
UNIVERSITY OF ARIZONA					
Technology Transfer		GFB	43.002 / 43.Y402819	6,339	0
UNIVERSITY OF CALIFORNIA R&D		GGB	43.00000026	97,018	0
UNIVERSITY OF CALIFORNIA BERKLEY					
Technology Transfer		GFB	43.002 / 43.SA3649-26326	531,644	0
Technology Transfer		GFB	43.002 / 43.SA3756-24056	66,856	0
UNIVERSITY OF MARYLAND COLLEGE PARK					
Technology Transfer		GFB	43.002 / 43.Z667102	36,666	40,641
Technology Transfer		GFB	43.002 / 43.Z678501	2,621	0
UNIVERSITY OF NEW HAMPSHIRE R&D		GGB	43.03-756	4,340	0
UNIVERSITY OF UTAH					
Technology Transfer		GFB	43.002 / 43.9903061/PO 105811	7,098	0
UTAH STATE UNIVERSITY					
Technology Transfer		GFB	43.002 / 43.C031739	24,817	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				13,694,658	11,012,133
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				56,988,958	19,701,314
SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				56,988,958	19,701,314
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NATIONAL ENDOWMENT FOR THE HUMANITIES					
INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
PASS-THROUGH PROGRAMS FROM:					
UNIVERSITY OF DENVER					
National Leadership Grants		GGB	45.312 / 45.03515502	3,686	0
National Leadership Grants		GFB	45.312 / 45.35683-12	4,309	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				7,995	0
SUBTOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				7,995	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
DIRECT FROM:					
NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
Promotion of the Humanities: Research		GGB	45.161	21,404	0
Promotion of the Humanities: Education Development and Demonstration		GFB	45.162	988	0
R&D		GGB	45.44996-7627	388	0
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SUBTOTAL DIRECT FROM:				22,780	0
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SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				22,780	0
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SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES				30,775	0
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NATIONAL SCIENCE FOUNDATION					
NATIONAL SCIENCE FOUNDATION					
DIRECT FROM:					
NATIONAL SCIENCE FOUNDATION					
R&D		GGB	47.0203285 003	83,513	44,241
R&D		GGB	47.0335203 PROPOSAL NO.	24,882	0
Engineering Grants		GFB	47.041	4,096,301	204,201
Engineering Grants		GFC	47.041	234,587	0
Engineering Grants		GFD	47.041	76,859	0
Engineering Grants		GFE	47.041	92,914	0
Engineering Grants		GGB	47.041	922,530	19,800
Engineering Grants		GLA	47.041 / 47.BES-0122264	23	0
Engineering Grants		GLA	47.041 / 47.BES-0124821	16,501	0
Engineering Grants		GLA	47.041 / 47.BES-0328187	89,978	0
Engineering Grants		GLA	47.041 / 47.CMS-0221484	1,275	0
Engineering Grants		GLA	47.041 / 47.CMS-0301279	18,948	0
Engineering Grants		GLA	47.041 / 47.CMS-0324558	19,655	0
Engineering Grants		GLA	47.041 / 47.CMS-0327509	59,122	0
Engineering Grants		GLA	47.041 / 47.CMS-0414363	23,493	0
Engineering Grants		GLA	47.041 / 47.CMS-9877189	1,094	0
Engineering Grants		GLA	47.041 / 47.CTS-0072967	63,687	0
Engineering Grants		GLA	47.041 / 47.CTS-0093611	136,449	0
Engineering Grants		GLA	47.041 / 47.CTS-0097841	64,654	0
Engineering Grants		GLA	47.041 / 47.CTS-0215958	53,028	0
Engineering Grants		GLA	47.041 / 47.CTS-0304158	93,627	0
Engineering Grants		GLA	47.041 / 47.CTS-0319062	69,151	0
Engineering Grants		GLA	47.041 / 47.CTS-0324207	(28)	0
Engineering Grants		GLA	47.041 / 47.CTS-0332016	16,728	0
Engineering Grants		GLA	47.041 / 47.DMI-0116753	9,457	0
Engineering Grants		GLA	47.041 / 47.DMI-9900053	83,976	0
Engineering Grants		GLA	47.041 / 47.DMI-9978676	682	0
Engineering Grants		GLA	47.041 / 47.ECS-0134130	46,611	0
Engineering Grants		GLA	47.041 / 47.ECS-0134132	43,034	0
Engineering Grants		GLA	47.041 / 47.EEC-0002918	120,984	0
Engineering Grants		GLA	47.041 / 47.EEC-0230699	20,528	0
Engineering Grants		GLA	47.041 / 47.EEC-9729255	15,771	0
Mathematical and Physical Sciences		GFB	47.049	8,962,514	275,896
Mathematical and Physical Sciences		GFC	47.049	107,008	0
Mathematical and Physical Sciences		GFD	47.049	488,618	30,676
Mathematical and Physical Sciences		GFE	47.049	57,176	0
Mathematical and Physical Sciences		GGB	47.049	2,160,778	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0103385	82,075	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0103945	72,446	290
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0200866	39,138	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0208673	106,965	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0303510	51,532	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-0304968	20,192	24,030
Mathematical and Physical Sciences		GLA	47.049 / 47.DMR-9985178	58,873	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMS-0215491	2,424	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMS-0222286	45,575	0
Mathematical and Physical Sciences		GLA	47.049 / 47.DMS-9912293	10,814	0
Mathematical and Physical Sciences		GLA	47.049 / 47.PHY-0078610	5,091	0
Geosciences		GFB	47.050	9,066,876	201,762
Geosciences		GFD	47.050	109,825	0
Geosciences		GGB	47.050	5,448,657	119,120
Geosciences		GKA	47.050 / 47.ATM-0105279	61,684	0
Geosciences		GLA	47.050 / 47.EAR-0003470	64,051	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Geosciences		GLA	47.050 / 47.EAR-0073763	6,247	0
Geosciences		GLA	47.050 / 47.EAR-0106668	69,015	0
Geosciences		GLA	47.050 / 47.EAR-0107095	65,025	0
Geosciences		GLA	47.050 / 47.EAR-0111804	1,471	0
Geosciences		GLA	47.050 / 47.EAR-0116334	161,509	0
Geosciences		GLA	47.050 / 47.EAR-0117000	3,765	2,570
Geosciences		GLA	47.050 / 47.EAR-0207217	40,854	0
Geosciences		GKA	47.050 / 47.EAR-0305074	14,590	0
Geosciences		GLA	47.050 / 47.EAR-0327574	95,566	0
Geosciences		GLA	47.050 / 47.EAR-0337379	8,244	0
Geosciences		GLA	47.050 / 47.EAR-0337501	13,538	0
Geosciences		GLA	47.050 / 47.EAR-9908971	60,231	0
Geosciences		GLA	47.050 / 47.EAR-9909477	(2,379)	0
Geosciences		GLA	47.050 / 47.EAR-9985234	71,382	0
Geosciences		GKA	47.050 / 47.GEO-0122026	24,634	0
Computer and Information Science and Engineering		GFB	47.070	4,636,054	1,238,772
Computer and Information Science and Engineering		GFD	47.070	88,827	0
Computer and Information Science and Engineering		GFE	47.070	13,614	0
Computer and Information Science and Engineering		GGB	47.070	474,994	0
Computer and Information Science and Engineering		GLA	47.070 / 47.ANI-0073699	59,292	0
Computer and Information Science and Engineering		GLA	47.070 / 47.ANI-0208352	95,467	0
Computer and Information Science and Engineering		GLA	47.070 / 47.ANI-0228912	63,610	0
Computer and Information Science and Engineering		GLA	47.070 / 47.CCR-9901929	37,476	0
Computer and Information Science and Engineering		GLA	47.070 / 47.CCR-9988338	47,189	0
Biological Sciences		GFB	47.074	2,937,240	155,743
Biological Sciences		GFD	47.074	94,628	0
Biological Sciences		GFE	47.074	813,826	0
Biological Sciences		GGB	47.074	3,763,099	615,640
Biological Sciences		GKA	47.074 / 47.DBI-0116743	1,367	0
Biological Sciences		GKA	47.074 / 47.DBI-0237149	2,800	0
Biological Sciences		GZA	47.074 / 47.DEB-0344220	16,211	0
Biological Sciences		GKA	47.074 / 47.DEB-9815925	48,309	1,377
Social, Behavioral, and Economic Sciences		GFB	47.075	747,915	42,085
Social, Behavioral, and Economic Sciences		GFC	47.075	91,305	0
Social, Behavioral, and Economic Sciences		GFD	47.075	11,014	0
Social, Behavioral, and Economic Sciences		GFE	47.075	67,435	0
Social, Behavioral, and Economic Sciences		GGB	47.075	119,445	0
Social, Behavioral, and Economic Sciences		GLA	47.075 / 47.INT-0106665	2,528	0
Social, Behavioral, and Economic Sciences		GLA	47.075 / 47.SES-0228542	24,409	0
Education and Human Resources		GFB	47.076	3,054,710	734,364
Education and Human Resources		GFC	47.076	90,212	0
Education and Human Resources		GFD	47.076	126,795	0
Education and Human Resources		GGB	47.076	1,265,566	378,097
Education and Human Resources		GKA	47.076 / 47.DGE-0203225	1,191	0
Education and Human Resources		GLA	47.076 / 47.DGE-0231611	268,555	0
Education and Human Resources		GZA	47.076 / 47.DUE-0101820	53,205	0
Education and Human Resources		GLA	47.076 / 47.DUE-0126306	36,615	0
Education and Human Resources		GLA	47.076 / 47.DUE-0127806	85,404	32,161
Education and Human Resources		GLA	47.076 / 47.DUE-9987037	111,505	0
Polar Programs (B) -		GFB	47.078	3,565,402	913,950
Polar Programs (B) -		GGB	47.078	359,521	432,484
R&D		GLA	47.ANI-0240558	6,321	0
R&D		GGB	47.CHE-0202827 002	30	0
R&D		GGB	47.CHE-0314678 001	76,069	0
R&D		GGB	47.CMS-0301048 #001	772	0
R&D		GLA	47.DAM-9876135	1,866	0
R&D		GGB	47.DEB- 0217631	837,195	26,051
R&D		GLA	47.DMR-9985221	87,758	0
R&D		GLA	47.DMW-9973393	19	0
R&D		GLA	47.DUE-0296002	13,503	0
R&D		GLA	47.DUE-0325492	24,985	0
R&D		GLA	47.DUE-9950910	(101)	0
R&D		GGB	47.ECS-0245291 AMEND. 001	119,790	0
R&D		GGB	47.ECS-9732986	12,624	0
R&D		GGB	47.EEC-0310717	540,312	826,674
R&D		GGB	47.EF-0307132	45,050	0
R&D		GGB	47.EIA 0306142	268,149	0
R&D		GGB	47.IBN-0091976	99,161	0
R&D		GGB	47.MCB-0093014	906	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						
MAJOR SUBDIVISION OF FEDERAL AGENCY						
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
R&D		GGB	47.MCB-0236683	2,957	0	
R&D		GGB	47.MCB-0314255	72,500	0	
R&D		GGB	47.MCB-0314644 002	121,337	0	
R&D		GGB	47.MCB-0314644 003	5,935	0	
R&D		GGB	47.OCE-0352306	12,780	0	
R&D		GLA	47.REC-0330760	160,344	0	
SUBTOTAL DIRECT FROM:				60,043,015	6,319,984	
PASS-THROUGH PROGRAMS FROM:						
AERODYNE RESEARCH, INC.						
Geosciences		GFB	47.050 / 47.ARI-10166-1	52,436	0	
Geosciences		GFB	47.050 / 47.ARI-10242-2	14,500	0	
ALASKA PACIFIC UNIVERSITY						
R&D		GLA	47.NOT GIVEN	(128)	0	
ALD NANOSOLUTIONS, INC.						
Engineering Grants		GFB	47.041 / 47.OCG4505B	18,185	0	
AMERICAN MUSEUM OF NATURAL HISTORY						
Biological Sciences		GFB	47.074 / 47.09-2002/P.O.#24943	15,607	0	
ARIZONA STATE UNIVERSITY						
Biological Sciences		GFB	47.074 / 47.03-056/19103M00379	44,678	0	
Biological Sciences		GGB	47.074 / 47.04-488	60,101	0	
Education and Human Resources		GFB	47.076 / 47.03032KMD52762535SUB	441	0	
Education and Human Resources		GFB	47.076 / 47.KMD5276-25-36/SUB	725	0	
Education and Human Resources		GFB	47.076 / 47.KMD5276-25-37/SUB	688	0	
Education and Human Resources		GFB	47.076 / 47.KMD5276-25-38/SUB	234	0	
Education and Human Resources		GFB	47.076 / 47.KMD52762534/SUB	117	0	
ASTRALUX INCORPORATED						
Mathematical and Physical Sciences		GFB	47.049 / 47.OCG4498B	6	0	
Mathematical and Physical Sciences		GFB	47.049 / 47.P0# A7390	9	0	
BOSTON UNIVERSITY						
Geosciences		GFB	47.050 / 47.GC177055NGA	490,333	27,415	
CAP BIOTECHNOLOGY, INC.						
R&D		GGB	47.03580904	30,836	0	
CARNEGIE MELLON UNIVERSITY						
Mathematical and Physical Sciences		GFB	47.049 / 47.543072-55801	2,066	0	
Computer and Information Science and Engineering		GFB	47.070 / 47.1120330-136308	100,478	0	
CASE WESTERN RESERVE UNIVERSITY						
Mathematical and Physical Sciences		GFB	47.049 / 47.OCG4484B	23,441	0	
CENTRAL WASHINGTON UNIVERSITY						
Geosciences		GFB	47.050 / 47.OCG4572B/0000010466	40,745	0	
COLUMBIA UNIVERSITY						
Geosciences		GFB	47.050 / 47.SUBAWARD NO 1	21,087	0	
Computer and Information Science and Engineering		GFB	47.070 / 47.ONE(1)/PO #543198	122,531	0	
CONSORTIUM OF UNIVERSITIES FOR THE ADVANCEMENT OF						
Geosciences		GFB	47.050 / 47.326064	19,302	0	
DROPLET MEASUREMENT TECHNOLOGIES, INC.						
Geosciences		GFB	47.050 / 47.NS-0320446A	31,500	0	
DUKE UNIVERSITY						
Geosciences		GGB	47.050 / 47.03-SC-NSF-1019	47,165	0	
GRINNELL COLLEGE						
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.NSF PR REC-0087611	114,213	0	
IDAHO STATE UNIVERSITY						
Geosciences		GFB	47.050 / 47.02-232A	16,142	0	
INTERNATIONAL COMPUTER SCIENCE INSTITUTE						
Computer and Information Science and Engineering		GFB	47.070 / 47.376C	49,546	0	
ITN ENERGY SYSTEMS						
R&D		GLA	47.DMI-0110486	16,440	0	
ITN ENERGY SYSTEMS INC						
R&D		GLA	47.DMI-0340259	16,231	0	
KENT STATE UNIVERSITY						
Education and Human Resources		GFB	47.076 / 47.442192-C	605	0	
MASSACHUSETTS INSTITUTE OF TECHNOLOGY						
Geosciences		GFB	47.050 / 47.5710001167	(240)	0	
Geosciences		GFB	47.050 / 47.5710001243	5,338	0	
MICHIGAN STATE UNIVERSITY						
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.632590	15,523	0	
MONTANA STATE UNIVERSITY						
Social, Behavioral, and Economic Sciences		GGB	47.075 / 47.GC010-01-Z1303	27,242	0	
NANOMATERIALS RESEARCH CORPORATION						
Engineering Grants		GGB	47.041 / 47.02403005	(9)	0	
NEW YORK INSTITUTE OF TECHNOLOGY						
Social, Behavioral, and Economic Sciences		GFD	47.075 / 47.523010-01	16,000	0	
NORTHERN ARIZONA UNIVERSITY						
Biological Sciences		GFB	47.074 / 47.OCG4274B	1,592	0	

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
NORTHWEST RESEARCH ASSOCIATES INC						
Mathematical and Physical Sciences		GFB	47.049	/ 47.NWRA-03-S-072	8,146	0
Mathematical and Physical Sciences		GFB	47.049	/ 47.NWRA-99-S-038	3	0
Geosciences		GFB	47.050	/ 47.NWRA-02-S-066	57,498	0
NYU-NEW YORK UNIVERSITY						
Biological Sciences		GGB	47.074	/ 47.F5206-03 - P072002	130,257	0
OHIO STATE UNIVERSITY						
Geosciences		GFB	47.050	/ 47.739204 POW#F915335	166,792	3,000
Geosciences		GFB	47.050	/ 47.739204/PO#915335	5,942	0
Geosciences		GGB	47.050	/ 47.RF 847415/ RF 0091516	139,993	0
Biological Sciences		GGB	47.074	/ 47.744635 POW#F00952727	13,909	0
Education and Human Resources		GGB	47.076	/ 47.RF00941233	44,318	36,973
Polar Programs (B) -		GGB	47.078	/ 47.745140 RF00962947	51,427	0
OHIO STATE UNIVERSITY RESEARCH FOUNDATION						
Geosciences		GFB	47.050	/ 47.739204/RF00915335	359	0
PENNSYLVANIA STATE UNIVERSITY						
Mathematical and Physical Sciences		GFB	47.049	/ 47.2665-UC-NSF-9847	16,356	0
PORTLAND STATE UNIVERSITY						
Computer and Information Science and Engineering		GFB	47.070	/ 47.NSF#EIA-0085952	119,803	0
PUBLIC ENTITY RISK INSTITUTE						
Social, Behavioral, and Economic Sciences		GFB	47.075	/ 47.OCG4581B	2,140	0
PURDUE UNIVERSITY						
Computer and Information Science and Engineering		GGB	47.070	/ 47.S01-0508-01	59,577	0
RESEARCH TRIANGLE INSTITUTE						
Computer and Information Science and Engineering		GFE	47.070	/ 47.RTI 1-81U-8248	38,632	0
RUTGERS UNIVERSITY						
Geosciences		GFB	47.050	/ 47.1480	82,379	0
SAN DIEGO STATE UNIVERSITY FOUNDATION						
Education and Human Resources		GFB	47.076	/ 47.#52270AP16237802211	36,192	0
SCIENCE APPLICATIONS INTERNATIONAL CORP						
Geosciences		GFB	47.050	/ 47.4400060409	13,298	0
SPACE ENVIRONMENT CORPORATION						
Geosciences		GFB	47.050	/ 47.SEC CONTRACT 03-2	12,647	0
SRI INTERNATIONAL						
Computer and Information Science and Engineering		GFB	47.070	/ 47.S5-000342	151,218	0
Computer and Information Science and Engineering		GFB	47.070	/ 47.S5-000452	72,828	0
ST. JOSEPH'S UNIVERSITY						
Education and Human Resources		GLA	47.076	/ 47.NSF DUE-0302542	23,001	0
STATE UNIVERSITY NEW YORK AT STONY BROOK						
Geosciences		GFB	47.050	/ 47.431-3860A	(1,907)	0
STATE UNIVERSITY NEW YORK RESEARCH FOUND						
Geosciences		GFB	47.050	/ 47.1025099	144,031	0
STEVENS INSTITUTE OF TECHNOLOGY						
Computer and Information Science and Engineering		GFB	47.070	/ 47.SUBCONTRACT527947-1	71,995	0
TEXAS A&M RESEARCH FOUNDATION						
Geosciences		GFB	47.050	/ 47.F001620/418929BA268	1,343	0
TEXAS TECH UNIVERSITY						
Engineering Grants		GGB	47.041	/ 47.1316/0800-01 MOD 5	44,495	0
Engineering Grants		GGB	47.041	/ 47.1316/0800-01 MOD 06	6,945	0
UCAR-NCAR-NAT CTR FOR ATMOSPHERIC RES						
R&D		GGB	47.S03-43454		23,475	0
UNIV OF WASHINGTON						
Education and Human Resources		GLA	47.076	/ 47.ESI-0227558	119,870	0
UNIV OF WISCONSIN MADISON						
Polar Programs (B) -		GLA	47.078	/ 47.OPP-0003289	2,231	0
UNIV. OF ILLINOIS-SPRINGFIELD						
Education and Human Resources		GLA	47.076	/ 47.DUE-9952841	951	0
UNIV. OF MISSOURI-COLUMBIA						
Engineering Grants		GLA	47.041	/ 47.CMS-0306823	17,122	0
UNIV. OF WASHINGTON						
Education and Human Resources		GLA	47.076	/ 47.NSF NO.ESI-0227558	1,640	0
UNIVERSITY CORP. FOR ATMOSPHERIC RESEARCH						
Engineering Grants		GFB	47.041	/ 47.S01-30958	(565)	0
Engineering Grants		GFB	47.041	/ 47.S03-36656	12,636	0
Mathematical and Physical Sciences		GFD	47.049	/ 47.S02-34426	39,060	0
Mathematical and Physical Sciences		GFB	47.049	/ 47.S03-42188	38,982	0
Geosciences		GFB	47.050	/ 47.P0# P0240650	(903)	0
Geosciences		GFB	47.050	/ 47.P0# P0344644	6,779	0
Geosciences		GFB	47.050	/ 47.S03-39667	82,032	0
Geosciences		GFB	47.050	/ 47.S03-44115	9,473	0
Geosciences		GFB	47.050	/ 47.S04-38958	12,581	0
Geosciences		GFB	47.050	/ 47.S04-49367	165,356	0
Computer and Information Science and Engineering		GFB	47.070	/ 47.S03-32418	284,056	0
Computer and Information Science and Engineering		GFB	47.070	/ 47.S03-36368	16,597	0
Computer and Information Science and Engineering		GFB	47.070	/ 47.S03-39961	29,348	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Computer and Information Science and Engineering		GFB	47.070 / 47.S03-40710	115,262	0
Education and Human Resources		GFB	47.076 / 47.S01-36444	3,223	0
Education and Human Resources		GFB	47.076 / 47.S02-38682	18,211	0
UNIVERSITY OF ALASKA					
Mathematical and Physical Sciences		GFB	47.049 / 47.FP206280	3	0
Mathematical and Physical Sciences		GFB	47.049 / 47.UAF00-0085/FP101067	6,213	0
Polar Programs (B) -		GFB	47.078 / 47.P0# FP406660	13,909	0
Polar Programs (B) -		GFB	47.078 / 47.UAF 02-0025	14,212	0
UNIVERSITY OF ARIZONA					
Geosciences		GFB	47.050 / 47.P0#Y773372	114,392	0
UNIVERSITY OF CALIFORNIA AT DAVIS					
Biological Sciences		GGB	47.074 / 47.SA6245 AMEND 3	3,541	0
Biological Sciences		GGB	47.074 / 47.SA6245 AMEND 4	14,332	0
UNIVERSITY OF CALIFORNIA AT SAN DIEGO					
Geosciences		GFB	47.050 / 47.P0# 10215466	37,566	0
UNIVERSITY OF CALIFORNIA LOS ANGELES					
Geosciences		GFB	47.050 / 47.2090 G DB310	(1,482)	0
UNIVERSITY OF COLORADO					
Geosciences		GGB	47.050 / 47.154-0469 SPO042045	4,793	0
UNIVERSITY OF GEORGIA					
Mathematical and Physical Sciences		GFB	47.049 / 47.RR185-259/7607104	13,776	0
UNIVERSITY OF IOWA					
Engineering Grants		GFB	47.041 / 47.4000064934	23,232	0
UNIVERSITY OF MASSACHUSETTS					
Computer and Information Science and Engineering		GFB	47.070 / 47.P0#0001013761	121,289	0
UNIVERSITY OF MINNESOTA					
Geosciences		GFB	47.050 / 47.T524673001	179	0
Biological Sciences		GGB	47.074 / 47.X4416249101	80,405	0
UNIVERSITY OF NEW HAMPSHIRE					
Polar Programs (B) -		GFB	47.078 / 47.04-849	22,003	0
UNIVERSITY OF NEW MEXICO					
Engineering Grants		GFB	47.041 / 47.3-19122-7810	(7,401)	0
Geosciences		GFB	47.050 / 47.3-18131-7820	1,546	0
Geosciences		GFB	47.050 / 47.P0 894266	3,000	0
UNIVERSITY OF OKLAHOMA					
Education and Human Resources		GLA	47.076 / 47.DGE-0086457	165,843	0
UNIVERSITY OF SOUTHERN CALIFORNIA					
Geosciences		GFB	47.050 / 47.77025	(35)	0
UNIVERSITY OF TEXAS AT ARLINGTON					
Engineering Grants		GFB	47.041 / 47.26-1001-60-61	56,263	0
UNIVERSITY OF TEXAS AT AUSTIN					
Geosciences		GFB	47.050 / 47.UTA03-298	20,068	0
UNIVERSITY OF WISCONSIN					
Mathematical and Physical Sciences		GFB	47.049 / 47.F082353	53,319	0
UNIVERSITY OF WYOMING					
Biological Sciences		GGB	47.074 / 47.NSFLOC4400	5,298	0
UTAH STATE UNIVERSITY					
Engineering Grants		GFB	47.041 / 47.C023778	22,855	0
Social, Behavioral, and Economic Sciences		GFB	47.075 / 47.C027432	(12)	0
VANDERBILT UNIVERSITY					
R&D		GLA	47.DMR-0313925	15,256	0
VECO USA, INC					
Geosciences		GFB	47.050 / 47.381068-33	9,587	0
VIRGINIA TECH					
Education and Human Resources		GLA	47.076 / 47.NSF DUE-0230992	41,173	0
R&D		GLA	47.SES-0310592	5,634	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				4,787,497	67,388
SUBTOTAL NATIONAL SCIENCE FOUNDATION				64,830,512	6,387,372
SUBTOTAL NATIONAL SCIENCE FOUNDATION				64,830,512	6,387,372

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
TENNESSEE VALLEY AUTHORITY								
TENNESSEE VALLEY AUTHORITY								
DIRECT FROM:								
TENNESSEE VALLEY AUTHORITY								
TVA Energy Research and Technology Applications				GFB	62.001		318,818	0
							-----	-----
SUBTOTAL DIRECT FROM:							318,818	0
							-----	-----
SUBTOTAL TENNESSEE VALLEY AUTHORITY							318,818	0
							-----	-----
SUBTOTAL TENNESSEE VALLEY AUTHORITY							318,818	0
-----								
DEPARTMENT OF VETERANS AFFAIRS								
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS								
DIRECT FROM:								
VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS								
Sharing Specialized Medical Resources				GFE	64.018		58,133	0
							-----	-----
SUBTOTAL DIRECT FROM:							58,133	0
							-----	-----
SUBTOTAL VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS							58,133	0
							-----	-----
SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS							58,133	0
-----								
ENVIRONMENTAL PROTECTION AGENCY								
ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
ENVIRONMENTAL PROTECTION AGENCY								
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GFB	66.606		18,047	0
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GFD	66.606		15,995	0
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GGB	66.606		41,621	0
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GLA	66.606 / 66.X-98859301-0		6	0
R&D				GGB	66.CP-98892801-01		15,754	0
R&D				GGB	66.R-827449-01-0		147,366	0
R&D				GGB	66.R-82861001-1		116,454	0
R&D				GGB	66.R-82951501-2		54,527	0
R&D				GGB	66.R-82951501-3		24,003	0
R&D				GGB	66.R-82958801-1		13,261	52,451
R&D				GGB	66.X8-98873901-0		12,022	0
R&D				GGB	66.X8-98874001-0		812	0
							-----	-----
SUBTOTAL DIRECT FROM:							459,868	52,451
PASS-THROUGH PROGRAMS FROM:								
ARIZONA STATE UNIVERSITY								
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GLA	66.606 / 66.CX-826897-01-7		3,047	0
BATTELLE MEMORIAL INSTITUTE								
R&D				GGB	66.PO-170309		(5,522)	0
OREGON STATE UNIVERSITY								
R&D				GGB	66.E0101A-A		96,976	0
TRI-COUNTY HEALTH DEPARTMENT								
Surveys, Studies, Investigations and Special Purpose Grants (B) -				GFD	66.606 / 66.R-82857701-0		61	0
UNIVERSITY OF DELAWARE								
R&D				GLA	66.R-82950001		63,611	0
UNIVERSITY OF MINNESOTA								
R&D				GGB	66.1628-189-6191-7901		10,936	0
WASHINGTON UNIVERSITY								
R&D				GLA	66.EPA C R-827881-01-0		15,175	45,078
							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							184,284	45,078
							-----	-----
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY							644,152	97,529

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY								
PASS-THROUGH PROGRAMS FROM:								
CARNEGIE MELLON UNIVERSITY								
Air Pollution Control Program Support				GFB	66.001	/ 66.1080004-107770	14,903	0
TRI-COUNTY HEALTH DEPARTMENT								
Air Pollution Control Program Support				GFB	66.001	/ 66.OCC4374B	10,102	0
Air Pollution Control Program Support				GFE	66.001	/ 66.PN:0207-017	50,204	0
							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							75,209	0
							-----	-----
SUBTOTAL OFFICE OF AIR AND RADIATION, ENVIRONMENTAL PROTECTION AGENCY							75,209	0
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY								
Environmental Justice Through Pollution Prevention Grants				GFB	66.711		33,848	0
							-----	-----
SUBTOTAL DIRECT FROM:							33,848	0
							-----	-----
SUBTOTAL OFFICE OF PREVENTION, PESTICIDES AND TOXIC SUBSTANCES, ENVIRONMENTAL PROTECTION AGENCY							33,848	0
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY								
Environmental Protection-Consolidated Research				GFB	66.500		436,632	300,864
Environmental Protection-Consolidated Research				GGB	66.500		1,827,959	565,375
Environmental Protection-Consolidated Research				GLA	66.500	/ 66.R 829518-01	115,870	0
Environmental Protection-Consolidated Research				GLA	66.500	/ 66.R-83043101-0	79,645	0
Science to Achieve Results (STAR) Program				GFB	66.509		129,370	0
Science to Achieve Results (STAR) Program				GGB	66.509		115,496	0
Science to Achieve Results (STAR) Program				GLA	66.509	/ 66.RD-83153001-0	27,907	0
							-----	-----
SUBTOTAL DIRECT FROM:							2,732,879	866,239
PASS-THROUGH PROGRAMS FROM:								
AERODYNE RESEARCH, INC.								
Environmental Protection-Consolidated Research				GFB	66.500	/ 66.ARI-10284-1	141	0
ARIZONA STATE UNIVERSITY								
Environmental Protection-Consolidated Research				GFB	66.500	/ 66.99-116SG	(148)	0
HARDING ESE, INC								
Environmental Protection-Consolidated Research				GFB	66.500	/ 66.S68D98112-STEOP-701	539	0
MACTEC ENGINEERING AND CONSULTING INC								
Environmental Protection-Consolidated Research				GFB	66.500	/ 66.6064035004-3230	3,576	0
METROPOLITAN WATER DIST SOUTHERN CALIFORNIA								
Environmental Protection-Consolidated Research				GFB	66.500	/ 66.57398	20,715	0
UNIVERSITY OF CALIFORNIA RIVERSIDE								
Science to Achieve Results (STAR) Program				GFB	66.509	/ 66.S0043	11,322	0
UNIVERSITY OF CHICAGO								
Environmental Protection-Consolidated Research				GFB	66.500	/ 66.22602-E	26,154	0
WASHINGTON UNIVERSITY								
Environmental Protection-Consolidated Research				GLA	66.500	/ 66.CR827881-01-0	42,209	0
Environmental Protection-Consolidated Research				GLA	66.500	/ 66.EPA C R 827881-01-0	128,779	0
							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							233,287	0
							-----	-----
SUBTOTAL OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY							2,966,166	866,239
OFFICE OF SOLID WASTE, ENVIRONMENTAL PROTECTION AGENCY								
DIRECT FROM:								
OFFICE OF SOLID WASTE, ENVIRONMENTAL PROTECTION AGENCY								
Solid Waste Management Assistance				GFB	66.808		5,934	0
							-----	-----
SUBTOTAL DIRECT FROM:							5,934	0
							-----	-----
SUBTOTAL OFFICE OF SOLID WASTE, ENVIRONMENTAL PROTECTION AGENCY							5,934	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY						
DIRECT FROM:						
OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY						
Water Pollution Control State and Interstate Program Support			GFD	66.419	646	0
Water Quality Cooperative Agreements			GFB	66.463	24,841	0
Water Quality Cooperative Agreements			GGB	66.463	92,456	0
SUBTOTAL DIRECT FROM:					117,943	0
PASS-THROUGH PROGRAMS FROM:						
KEYSTONE CENTER						
Water Pollution Control State and Interstate Program Support			GFB	66.419 / 66.OCG4399B	7,133	0
MOUNTAIN STUDIES INSTITUTE						
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements-Section 104			GFB	66.436 / 66.OCG4595B	9,686	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					16,819	0
SUBTOTAL OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY					134,762	0
SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY					3,860,071	963,768
-----						
NUCLEAR REGULATORY COMMISSION						
NUCLEAR REGULATORY COMMISSION						
DIRECT FROM:						
NUCLEAR REGULATORY COMMISSION						
R&D			GGB	77.NRC-04-02-055 AMD M001	73,969	0
SUBTOTAL DIRECT FROM:					73,969	0
SUBTOTAL NUCLEAR REGULATORY COMMISSION					73,969	0
SUBTOTAL NUCLEAR REGULATORY COMMISSION					73,969	0
-----						
DEPARTMENT OF ENERGY						
DEPARTMENT OF ENERGY						
DIRECT FROM:						
DEPARTMENT OF ENERGY						
R&D			GLA	81.282795/PO#A0344	26,591	0
R&D			GLA	81.43822-001-02 9F	21,779	0
R&D			GLA	81.60842-001-03 3U	52,500	0
R&D			GLA	81.95813-001-04 4X	16,542	0
R&D			GLA	81.A0344-228627	17,653	0
R&D			GLA	81.ADJ-2-30630-05	377,870	0
R&D			GLA	81.B531084	3,415	0
R&D			GLA	81.DE-AC02-98CH10886	1,036	0
R&D			GLA	81.DE-AC07-991D13727	6,095	0
R&D			GLA	81.DE-AP26-03NT30612	3,640	0
R&D			GGB	81.DE-FC02-01ER63163 A002	634,719	157,449
R&D			GLA	81.DE-FC07-00CH11021	52,943	77,444
R&D			GGB	81.DE-FC26-01NT41162 AMEND.	207,354	0
R&D			GLA	81.DE-FC26-02NT15342	100,206	130,815
R&D			GGB	81.DE-FC26-02NT41335 AMEND.	243,467	0
R&D			GGB	81.DE-FC34-01RF02010 AMEND.	45,298	0
R&D			GGB	81.DE-FG02-01ER63239 A003	259,587	0
R&D			GGB	81.DE-FG02-02ER15351	166,214	0
R&D			GGB	81.DE-FG02-02ER15376 M002	108,164	0
R&D			GGB	81.DE-FG02-02ER63365 M003	236,072	139,736
R&D			GGB	81.DE-FG02-02ER63370 AMEND.	351,735	0
R&D			GGB	81.DE-FG02-02ER63474 AMEND.	197,379	0
R&D			GLA	81.DE-FG02-03ER15390	155,498	0
R&D			GGB	81.DE-FG02-03ER15451	28,566	0
R&D			GLA	81.DE-FG02-03ER41242	53,369	0
R&D			GGB	81.DE-FG02-03ER41284	28,058	0
R&D			GGB	81.DE-FG02-03ER63645	38,311	0
R&D			GLA	81.DE-FC02-04ER54775	19,973	0
R&D			GLA	81.DE-FG02-93ER40789	215,853	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
R&D		GGB	81.DE-FG02-94ER61748 AMEND.	193,805	0
R&D		GLA	81.DE-FG02-95ER14568	194,926	0
R&D		GLA	81.DE-FG02-98ER14908	201,085	0
R&D		GGB	81.DE-FG03-00ER15084 M004	83,931	61,536
R&D		GLA	81.DE-FG03-00ER15090	785	0
R&D		GGB	81.DE-FG03-01ER63183	53,198	84,930
R&D		GLA	81.DE-FG03-01ER63242	130,862	0
R&D		GGB	81.DE-FG03-93ER14369 A010	1,884	0
R&D		GGB	81.DE-FC52-02NA00062 AMEND.	348,184	92,152
R&D		GGB	81.DE-FG03-96ER14625 A013	123,766	0
R&D		GLA	81.H1801-001-99 9F	20,334	0
R&D		GLA	81.KH 023299	92,017	0
R&D		GLA	81.KXDJ-0-30600-24	15,576	0
R&D		GLA	81.KXDJ-0-30600-26	3,685	0
R&D		GLA	81.KXDJ-0-30600-27	(3,871)	0
R&D		GLA	81.KXDJ-0-30600-31	4,324	0
R&D		GLA	81.KXDJ-0-30600-32	15,318	0
R&D		GLA	81.KXDJ-0-30600-34	65,382	0
R&D		GLA	81.KXEA-3-33607-01	8,169	0
R&D		GLA	81.KXEA-3-33607-02	27,233	0
R&D		GLA	81.KXEA-3-33607-03	60,568	0
R&D		GLA	81.KXEA-3-33607-04	40,655	0
R&D		GLA	81.KXEA-3-33607-05	34,524	0
R&D		GLA	81.KXEA-3-33607-06	28,589	0
R&D		GLA	81.KXEA-3-33607-07	131,723	0
R&D		GLA	81.KXEA-3-33607-08	23,003	0
R&D		GLA	81.KXEA-3-33607-09	23,817	0
R&D		GLA	81.KXEA-3-33607-10	9,350	0
R&D		GLA	81.NN-SRA-00004 TO 0001	73,294	0
R&D		GLA	81.NN-SRA-00004, TO 002	9,735	17,700
R&D		GLA	81.PO 03095 FY03	84,443	0
R&D		GLA	81.PO 26801	79,882	0
R&D		GLA	81.PO 30817	(372)	0
R&D		GLA	81.PO 66962	50,224	0
R&D		GLA	81.PO 78389	34,973	0
R&D		GLA	81.PO#173797	72,741	0
R&D		GLA	81.XCO-2-32042-01	54,711	0
R&D		GLA	81.XDJ-2-30630-27	65,768	0
R&D		GLA	81.XDK-3-32626-01	30,340	0
R&D		GLA	81.XEA-4-33659-01	47,067	0
R&D		GLA	81.XEA-4-44218-01	20,140	0
R&D		GLA	81.XR-1-11236-1	711	0
SUBTOTAL DIRECT FROM:				6,226,366	761,762
PASS-THROUGH PROGRAMS FROM:					
ALTERNATIVE ENERGY SYSTEMS CONSULTING INC		GGB	81.03587803	32,998	0
R&D		GLA	81.DE-FC07-97ID13554	199	0
AMERICAN IRON & STEEL INST.		GLA	81.DE-FC07-97ID13554	184,502	0
R&D		GLA	81.DE-FC07-97ID13554	26,878	0
AMERICAN IRON AND STEEL INST.		GLA	81.DE-FC07-97ID13554	26,878	0
R&D		GLA	81.DE-FC07-97ID13554	26,878	0
AMERICAN IRON AND STEEL INSTIT		GLA	81.DE-FC07-97ID13554	26,878	0
R&D		GLA	81.DE-FC07-97ID13554	26,878	0
CARGILL DOW POLYMERS, LLC		GLA	81.111 / 81.DE-FC02-99CH11010	10,522	0
Alternative Fuel Transportation Program		GLA	81.111 / 81.DE-FC02-99CH11010	10,522	0
CATERPILLAR		GLA	81.DE-FC36-01ID14242	59,930	0
R&D		GLA	81.DE-FC36-01ID14242	59,930	0
CUMMINS ENGINE COMPANY		GGB	81.PO #	123,259	0
R&D		GGB	81.PO #	123,259	0
FERMI NTL ACCELERATOR LAB (FERMILAB)		GGB	81.PO 552886	57,433	0
R&D		GGB	81.PO 552886	57,433	0
ITN ENERGY SYSTEMS		GLA	81.ND0-2-30628-07	88,403	0
R&D		GLA	81.ND0-2-30628-07	88,403	0
ITN ENERGY SYSTEMS, INC		GLA	81.NDJ-2-30630-11	156,839	0
R&D		GLA	81.NDJ-2-30630-11	156,839	0
KANSAS STATE UNIVERSITY		GGB	81.S04013 MOD 1	23,194	0
R&D		GGB	81.S04013 MOD 1	23,194	0
NISOURCE		GLA	81.DE-AC36-99G010337	1,517	0
R&D		GLA	81.DE-AC36-99G010337	1,517	0
PARSON I & T GROUP INC.		GLA	81.DE-AM01-98FE65271	4,213	0
R&D		GLA	81.DE-AM01-98FE65271	4,213	0
PETROLEUM TECH TRANSF COUNCIL		GLA	81.DE-FC26-98BC15118	95,744	0
R&D		GLA	81.DE-FC26-98BC15118	95,744	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
PETROLEUM TECHNOLOGY TRANSF CO			GLA	81.DE-FC26-98BC15118	32,106	0
R&D						
SOUTHWEST RESEARCH INSTITUTE			GLA	81.DEFC2603NT41849	19,487	0
R&D						
STRATA PRODUCTION COMPANY			GLA	81.DE-FG04-01AL67212	377,303	0
R&D						
THE TIMKEN COMPANY			GLA	81.DE-FC07-99ID13819	20,024	0
R&D						
UNIVERSITY OF TENNESSEE			GLA	81.DE-FG02-94-ER14421	(69)	0
R&D						
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					1,314,482	0
SUBTOTAL DEPARTMENT OF ENERGY					7,540,848	761,762
ENERGY INFORMATION ADMINISTRATION, DEPARTMENT OF ENERGY						
PASS-THROUGH PROGRAMS FROM:						
STANFORD UNIVERSITY			GFB	81.039 / 81.SLAC-0000013566	865	0
National Energy Information Center						
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					865	0
SUBTOTAL ENERGY INFORMATION ADMINISTRATION, DEPARTMENT OF ENERGY					865	0
ENVIRONMENTAL MANAGEMENT, OFFICE OF MANAGEMENT AND EVALUATION, DEPARTMENT OF ENERGY						
PASS-THROUGH PROGRAMS FROM:						
FUSION NUMERICS, INC.			GFD	81.102 / 81.2004.5.LLNL.CUD	3,201	0
Academic Partnerships						
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					3,201	0
SUBTOTAL ENVIRONMENTAL MANAGEMENT, OFFICE OF MANAGEMENT AND EVALUATION, DEPARTMENT OF ENERGY					3,201	0
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
DIRECT FROM:						
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
Conservation Research & Development			GCB	81.086	30,885	0
Conservation Research & Development			CLA	81.086 / 81.DE-FC36-01CH11088	226,968	0
Conservation Research & Development			CLA	81.086 / 81.DE-FC07-01ID14008	60,962	0
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis			GFB	81.117	854,508	0
SUBTOTAL DIRECT FROM:					1,173,323	0
PASS-THROUGH PROGRAMS FROM:						
UNIV. OF CALIFORNIA, IRVINE			GLA	81.086 / 81.DE-FC07-00ID13816	37,172	0
Conservation Research & Development						
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					37,172	0
SUBTOTAL OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY					1,210,495	0
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
DIRECT FROM:						
OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY						
Renewable Energy Research & Development			GFB	81.087	1,018,568	7,263
SUBTOTAL DIRECT FROM:					1,018,568	7,263
PASS-THROUGH PROGRAMS FROM:						
AERODYNE RESEARCH, INC.						
Renewable Energy Research & Development			GFB	81.087 / 81.ARI-10254-1	33,000	0
ALD NANOSOLUTIONS, INC.						
Renewable Energy Research & Development			GFB	81.087 / 81.OCG45598	15,810	0
ARGONNE NATIONAL LABORATORY - SEE UCHICAGO						
Renewable Energy Research & Development			GFB	81.087 / 81.3B-00061	32,832	0
BATTELLE, COLUMBUS DIVISION						
Renewable Energy Research & Development			GFB	81.087 / 81.4000016917	59,237	0
Renewable Energy Research & Development			GFB	81.087 / 81.4000025755	49,525	0
INDIANA UNIVERSITY						
Renewable Energy Research & Development			GFB	81.087 / 81.10807-0234	0	3,227

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
LAWRENCE LIVERMORE NATIONAL LABORATORY					
Renewable Energy Research & Development	GFB	81.087	/ 81.8532803	28,327	0
Renewable Energy Research & Development	GFB	81.087	/ 81.8535492	56,740	0
Renewable Energy Research & Development	GFB	81.087	/ 81.8540520	41,924	0
Renewable Energy Research & Development	GFB	81.087	/ 81.88532404	33,093	0
LOS ALAMOS NATIONAL LABORATORIES					
Renewable Energy Research & Development	GFB	81.087	/ 81.21485-001-01 2J	49,087	0
MASSACHUSETTS INSTITUTE OF TECHNOLOGY					
Renewable Energy Research & Development	GFB	81.087	/ 81.5710001164	29,469	0
NATIONAL RENEWABLE ENERGY LABORATORY					
Renewable Energy Research & Development	GFD	81.087	/ 81.AAD-3-33613-02	5,000	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KDJ-9-29638-07	58,985	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KDJ-9-29638-09	(5,998)	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXDJ-9-29638-10	37,460	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXDJ-9-29638-20	17,067	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXDK-9-29638-22	9,451	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXEA-3-33606-02	39,924	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXEA-3-33606-05	59,076	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXEA-3-33606-06	41,790	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXEA-3-33606-08	54,005	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXEA-3-33606-09	16,469	0
Renewable Energy Research & Development	GFB	81.087	/ 81.KXEA-3-33606-10	14,477	0
Renewable Energy Research & Development	GFB	81.087	/ 81.XCX-3-32227-03	85,632	0
Renewable Energy Research & Development	GFB	81.087	/ 81.XCX-9-29204-01	(18,615)	0
Renewable Energy Research & Development	GFB	81.087	/ 81.XCX-9-29204-04	34,708	0
Renewable Energy Research & Development	GFB	81.087	/ 81.XEA 4 44217 01	12,625	0
SANDIA NATIONAL LABORATORIES					
Renewable Energy Research & Development	GFB	81.087	/ 81.15191 PO#A0357	62,323	0
Renewable Energy Research & Development	GFB	81.087	/ 81.15268	60,070	0
Renewable Energy Research & Development	GFB	81.087	/ 81.177989	105,027	0
Renewable Energy Research & Development	GFB	81.087	/ 81.206086	63,766	0
Renewable Energy Research & Development	GFB	81.087	/ 81.31095	159,748	0
Renewable Energy Research & Development	GFB	81.087	/ 81.35962	81,589	0
Renewable Energy Research & Development	GFB	81.087	/ 81.76473	75,861	0
TDA RESEARCH INC.					
Renewable Energy Research & Development	GFB	81.087	/ 81.#CU-TDA03.1	32,902	0
TULANE UNIVERSITY					
Renewable Energy Research & Development	GFB	81.087	/ 81.TUL-109-00/01	(5,558)	0
Renewable Energy Research & Development	GFB	81.087	/ 81.TUL-130-02/03	92,954	0
Renewable Energy Research & Development	GFB	81.087	/ 81.TUL-131-02/03	46,932	0
UNIVERSITY OF NEBRASKA AT LINCOLN					
Renewable Energy Research & Development	GFB	81.087	/ 81.25-1116-0001-002	43,077	0
UNIVERSITY OF NEVADA AT LAS VEGAS					
Renewable Energy Research & Development	GFB	81.087	/ 81.RF-03-STCH2-001	70,758	0
UT BATTELLE LLC					
Renewable Energy Research & Development	GFB	81.087	/ 81.4000020544	9,616	0
Renewable Energy Research & Development	GFB	81.087	/ 81.4000028998	23,500	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				1,813,665	3,227
SUBTOTAL OFFICE OF ENERGY EFFICIENCY CONSERVATION AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY				2,832,233	10,490
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY					
Used Energy-Related Laboratory Equipment Grants	GFB	81.022		71,000	0
Office of Science Financial Assistance Program	GFB	81.049		4,241,816	99,235
Office of Science Financial Assistance Program	GFE	81.049		138,292	302,284
Office of Science Financial Assistance Program	GGB	81.049		1,465,478	201,156
Office of Science Financial Assistance Program	GLA	81.049	/ 81.DE-FG02-93ER14363	135,594	0
Office of Science Financial Assistance Program	GLA	81.049	/ 81.DE-FG03-95ER54303	26,421	0
SUBTOTAL DIRECT FROM:				6,078,601	602,675
PASS-THROUGH PROGRAMS FROM:					
FERMI NATIONAL ACCELERATOR LABORATORY					
University-Laboratory Cooperative Program	GFD	81.004	/ 81.PO 524631	8,339	0
Office of Science Financial Assistance Program	GFB	81.049	/ 81.521463	1,618	0
Office of Science Financial Assistance Program	GFB	81.049	/ 81.552817	9,990	0
INDIANA UNIVERSITY					
University-Laboratory Cooperative Program	GFB	81.004	/ 81.10807-0234	8,560	0
Office of Science Financial Assistance Program	GFB	81.049	/ 81.P0#10307-0296	0	116,724
LAWRENCE LIVERMORE NATIONAL LABORATORY					
Office of Science Financial Assistance Program	GFB	81.049	/ 81.8533502	160,001	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

LOS ALAMOS NATIONAL LABORATORIES					
Office of Science Financial Assistance Program		GFB	81.049 / 81.95480-001-04 3F	3,718	0
M. D. ANDERSON CANCER CENTER					
Office of Science Financial Assistance Program		GGB	81.049 / 81.02443803	1,802	0
NATIONAL RENEWABLE ENERGY LABORATORY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.KAK-6-16810-01	(6,467)	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.KAK-6-16810-10	(7,393)	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.KAK-6-16810-13	10,299	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.KAK-8-16810-11	(3,498)	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.KDJ-9-29638-01	51	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.KDJ-9-29638-02	(66)	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.KXEA-3-3306-04	21,609	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.XAO-2-12236-01	(42)	0
TULANE UNIVERSITY					
Office of Science Financial Assistance Program		GFB	81.049 / 81.TUL-032-95/96	7,231	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.TUL-162-03/04	73,152	0
Office of Science Financial Assistance Program		GFB	81.049 / 81.TUL-164-03/04	48,504	0
Office of Scientific & Technical Information		GFB	81.064 / 81.TUL-138-0203	22,715	0
UNIV. CALIFORNIA-LOS ALAMOS NATIONAL LAB					
Office of Science Financial Assistance Program		GGB	81.049 / 81.92515-001-04 4V	534	0
UNIVERSITY OF CALIFORNIA					
Office of Science Financial Assistance Program		GGB	81.049 / 81.03579304	(2,939)	0
UNIVERSITY OF MISSOURI-ROLLA					
Office of Science Financial Assistance Program		GFB	81.049 / 81.OCG4401B	99,177	0
VANDERBILT UNIVERSITY					
Office of Science Financial Assistance Program		GLA	81.049 / 81.DE-FG02-03ER15385	8,734	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				463,629	116,724
SUBTOTAL OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY				6,542,230	719,399
OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY					
PASS-THROUGH PROGRAMS FROM:					
BECHTEL BWXT IDAHO LLC					
Office of Environmental Cleanup and Acceleration		GFB	81.104 / 81.28981	18,870	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				18,870	0
SUBTOTAL OFFICE OF ENVIRONMENTAL MANAGEMENT, DEPARTMENT OF ENERGY				18,870	0
OFFICE OF FOSSIL ENERGY, DEPARTMENT OF ENERGY					
DIRECT FROM:					
OFFICE OF FOSSIL ENERGY, DEPARTMENT OF ENERGY					
University Coal Research		GLA	81.057 / 81.DE-FG26-03NT41792	49,922	0
SUBTOTAL DIRECT FROM:				49,922	0
PASS-THROUGH PROGRAMS FROM:					
BROOKHAVEN NATIONAL LAB					
Fossil Energy Research & Development		GFB	81.089 / 81.75854	12,161	0
PENNSYLVANIA					
Fossil Energy Research & Development		GLA	81.089 / 81.DE-FC26-00NT41025	52,629	0
Fossil Energy Research & Development		GLA	81.089 / 81.DE-FC26-00NT 41025	54,288	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				119,078	0
SUBTOTAL OFFICE OF FOSSIL ENERGY, DEPARTMENT OF ENERGY				169,000	0
ROCKY FLATS ENVIRONMENTAL TECHNOLOGY SITE, OFFICE OF CIVIL RIGHTS AND DIVERSITY MANAGEMENT, DEPARTMENT OF ENERGY					
DIRECT FROM:					
ROCKY FLATS ENVIRONMENTAL TECHNOLOGY SITE, OFFICE OF CIVIL RIGHTS AND DIVERSITY MANAGEMENT, DEPARTMENT OF ENERGY					
Science & Engineering Training to Support Diversity-Related Programs		GFB	81.116	162,396	0
SUBTOTAL DIRECT FROM:				162,396	0
SUBTOTAL ROCKY FLATS ENVIRONMENTAL TECHNOLOGY SITE, OFFICE OF CIVIL RIGHTS AND DIVERSITY MANAGEMENT, DEPARTMENT OF ENERGY				162,396	0
SUBTOTAL DEPARTMENT OF ENERGY				18,480,138	1,491,651

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
DEPARTMENT OF EDUCATION						
DEPARTMENT OF EDUCATION						
DIRECT FROM:						
DEPARTMENT OF EDUCATION R&D			GGB	84.P217A990035-03	7,885	0
SUBTOTAL DIRECT FROM:					7,885	0
PASS-THROUGH PROGRAMS FROM:						
STOLAR HORIZON, INC. R&D			GLA	84.DE-FC25-01NT41050	55,396	0
UNIVERSITY OF PITTSBURGH R&D			GLA	84.070183-1	5,074	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					60,470	0
SUBTOTAL DEPARTMENT OF EDUCATION					68,355	0
INSTITUTE OF EDUCATION SCIENCES, DEPARTMENT OF EDUCATION						
DIRECT FROM:						
INSTITUTE OF EDUCATION SCIENCES, DEPARTMENT OF EDUCATION			GFB	84.305	163,797	19,601
Education Research, Development and Dissemination			GFD	84.305	152,746	0
SUBTOTAL DIRECT FROM:					316,543	19,601
PASS-THROUGH PROGRAMS FROM:						
UNIVERSITY OF CALIFORNIA LOS ANGELES			GFB	84.305 / 84.0070 G CC911	425,178	0
Education Research, Development and Dissemination					425,178	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					425,178	0
SUBTOTAL INSTITUTE OF EDUCATION SCIENCES, DEPARTMENT OF EDUCATION					741,721	19,601
OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION						
PASS-THROUGH PROGRAMS FROM:						
THE GREAT CITIES' UNIVERSITIES FOUNDATION			GFD	84.215 / 84.UWM-2/FIE	2,998	0
Fund for the Improvement of Education					2,998	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					2,998	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR EDUCATIONAL RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					2,998	0
OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION						
PASS-THROUGH PROGRAMS FROM:						
FLORIDA INTERNATIONAL UNIVERSITY			GFB	84.004 / 84.541107450-02P030192	4,972	0
Civil Rights Training and Advisory Services					4,972	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					4,972	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					4,972	0
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION						
DIRECT FROM:						
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION			GFC	84.116	33,173	0
Fund for the Improvement of Postsecondary Education			GGB	84.116	66,294	0
Fund for the Improvement of Postsecondary Education			GFD	84.200	76,594	0
Graduate Assistance in Areas of National Need			GGB	84.200	110,052	0
Graduate Assistance in Areas of National Need			GLA	84.200 / 84.P200A000447	72,752	0
Graduate Assistance in Areas of National Need			GLA	84.200 / 84.P200A000845-02	27,930	0
Graduate Assistance in Areas of National Need			GFC	84.336	413,421	60,000
Teacher Quality Enhancement Grants					413,421	60,000
SUBTOTAL DIRECT FROM:					800,216	60,000

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
PASS-THROUGH PROGRAMS FROM:								
OHIO UNIVERSITY					GFC	84.116 / 84.UT 10386	18,701	0
Fund for the Improvement of Postsecondary Education								
PENN STATE					GLA	84.116 / 84.P116J000044	14,224	0
Fund for the Improvement of Postsecondary Education								
UNIVERSITY OF MIAMI					GFD	84.116 / 84.P116J010029	14,738	0
Fund for the Improvement of Postsecondary Education							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							47,663	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION							847,879	60,000
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					GFE	84.133	331,292	0
National Institute on Disability and Rehabilitation Research							-----	-----
SUBTOTAL DIRECT FROM:							331,292	0
PASS-THROUGH PROGRAMS FROM:								
THE UNIVERSITY OF KANSAS CENTER FOR RSCH, INC					GFA	84.133 / 84.KUCR	24,162	0
National Institute on Disability and Rehabilitation Research								
UNIVERSITY OF ILLINOIS					GFB	84.133 / 84.GC#030201	181,858	31,755
National Institute on Disability and Rehabilitation Research					GFE	84.133 / 84.PN0307-028	6,185	0
National Institute on Disability and Rehabilitation Research								
UNIVERSITY OF MINNESOTA					GFE	84.133 / 84.H133B031116	26,217	0
National Institute on Disability and Rehabilitation Research					GFE	84.133 / 84.H133B980047-01	51,379	0
National Institute on Disability and Rehabilitation Research							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							289,801	31,755
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION							621,093	31,755
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION					GFD	84.195	418,841	0
Bilingual Education: Professional Development							-----	-----
SUBTOTAL DIRECT FROM:							418,841	0
SUBTOTAL OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION							418,841	0
OFFICE OF EDUCATION RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
OFFICE OF EDUCATION RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION					GFE	84.307	(35,102)	0
National Institute on Early Childhood Development and Education							-----	-----
SUBTOTAL DIRECT FROM:							(35,102)	0
SUBTOTAL OFFICE OF EDUCATION RESEARCH AND IMPROVEMENT, DEPARTMENT OF EDUCATION							(35,102)	0
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION								
DIRECT FROM:								
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION					GGB	84.184	40,438	0
Safe and Drug-Free Schools and Communities: National Programs							-----	-----
SUBTOTAL DIRECT FROM:							40,438	0
PASS-THROUGH PROGRAMS FROM:								
DENVER PUBLIC SCHOOLS					GFE	84.010 / 84.PN0101-031	(5,851)	0
Title I Grants to Local Educational Agencies					GFE	84.010 / 84.PN0207-173	89,470	0
Title I Grants to Local Educational Agencies							-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							83,619	0
SUBTOTAL OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION							124,057	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION

DIRECT FROM:

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION

Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFB	84.324	26,618	0
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFC	84.324	102,646	0
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFD	84.324	481,410	0
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFE	84.324	262,014	5,419
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GGB	84.324	587,535	27,534
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GKA	84.324 / 84.H324E015001,31401,421	543,494	13,884
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	GFB	84.325	255,006	69,166
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	GFD	84.325	58,947	43,323
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SUBTOTAL DIRECT FROM:

2,317,670 159,346

PASS-THROUGH PROGRAMS FROM:

CHILDRENS HOSPITAL

Special Education: Program for Severely Disabled Children	GFE	84.086 / 84.PN9711	(112)	0
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TENNESSE VOICES FOR CHILDREN

Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFD	84.324 / 84.H324C000049	43,316	0
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFD	84.324 / 84.H324C030118	20,770	0

UNIVERSITY OF CENTRAL FLORIDA

Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	GFD	84.325 / 84.14-27-523	26,340	0
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UNIVERSITY OF DENVER

Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFE	84.324 / 84.DU#35801C	3,858	0
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UNIVERSITY OF SOUTH FLORIDA

Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	GFD	84.324 / 84.5830-479-LO-H	269,536	0
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UNIVERSITY OF WASHINGTON

Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	GFD	84.325 / 84.NO. 812157	132,422	0
			-----	-----

SUBTOTAL PASS-THROUGH PROGRAMS FROM:

496,130 0

SUBTOTAL OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION

2,813,800 159,346

OFFICE OF THE DIRECTOR FOR BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION

DIRECT FROM:

OFFICE OF THE DIRECTOR FOR BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION

Bilingual Education: Research Programs	GFB	84.292	48,660	0
			-----	-----

SUBTOTAL DIRECT FROM:

48,660 0

SUBTOTAL OFFICE OF THE DIRECTOR FOR BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS, DEPARTMENT OF EDUCATION

48,660 0

SUBTOTAL DEPARTMENT OF EDUCATION

5,657,274 270,702

DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIRECT FROM:

ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start	GFE	93.600	445,540	0
Developmental Disabilities Projects of National Significance	GFE	93.631	278,840	0
Child Abuse and Neglect Discretionary Activities	GFE	93.670	300,384	0
			-----	-----

SUBTOTAL DIRECT FROM:

1,024,764 0

PASS-THROUGH PROGRAMS FROM:

UNIVERSITY OF CALIFORNIA LOS ANGELES

Child Welfare Research and Demonstration	GFE	93.608 / 93.UCLA DM624	12,466	0
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UNIVERSITY OF ILLINOIS

Head Start	GFD	93.600 / 93.90YD0119/01	215,049	0
			-----	-----

SUBTOTAL PASS-THROUGH PROGRAMS FROM:

227,515 0

SUBTOTAL ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

1,252,279 0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
PASS-THROUGH PROGRAMS FROM:					
MATHEMATICA POLICY RESEARCH INC					
Special Programs for the Aging: Title IV: and Title II: Discretionary Projects		GFE	93.048 / 93.MPR 8667-99-30	197,339	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				197,339	0
				-----	-----
SUBTOTAL ADMINISTRATION ON AGING, OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				197,339	0
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Research on Health Care Outcomes and Quality		GFE	93.180	592,515	104,904
Research on Healthcare Costs, Quality and Outcomes		GFD	93.226	2,098	0
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226	1,897,433	602,771
				-----	-----
SUBTOTAL DIRECT FROM:				2,492,046	707,675
PASS-THROUGH PROGRAMS FROM:					
AMERICAN COLLEGE OF SURGEONS					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.AMCOLSU-U18 HS11913	235,038	0
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.R01 HS12029-02	48,575	0
HEALTH RESEARCH AND EDUCATION TRUST					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.HRET 50201	106,891	0
MCKESSEN BIOSERVICES					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.MBS-95016-1	32,736	0
NATL JEWISH HOSPITAL					
Research on Health Care Outcomes and Quality		GFE	93.180 / 93.PN0302-079	45,996	0
ORGAN RECOVERY SYSTEMS					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.PN0112-008	10,378	0
UNIVERSITY OF CALIFORNIA AT SAN FRANCISCO					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.1 R01 HS13001	36	0
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.444918-32776	9,232	0
Research on Healthcare Costs, Quality and Outcomes		GFD	93.226 / 93.SUB. #2611SC	134,857	0
UNIVERSITY OF UTAH					
Research on Healthcare Costs, Quality and Outcomes		GFE	93.226 / 93.PN0305-099	113,163	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				736,902	0
				-----	-----
SUBTOTAL AGENCY FOR HEALTH CARE POLICY AND RESEARCH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				3,228,948	707,675
AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Human Health Studies: Applied Research and Development		GFE	93.206	77,456	0
				-----	-----
SUBTOTAL DIRECT FROM:				77,456	0
PASS-THROUGH PROGRAMS FROM:					
TOUCH OF LIFE TECHNOLOGIES					
Human Health Studies: Applied Research and Development		GFE	93.206 / 93.PN0302-058	73,391	0
UNIVERSITY OF CALIFORNIA BERKLEY					
Human Health Studies: Applied Research and Development		GFB	93.206 / 93.SA1796JB	(1,464)	0
				-----	-----
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				71,927	0
				-----	-----
SUBTOTAL AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				149,383	0
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT FROM:					
CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Centers for Research and Demonstration for Health Promotion and Disease Prevention		GFE	93.135	1,007,930	118,222
Injury Prevention and Control Research and State and Community Based Programs		GGB	93.136	1,063,236	177,355
Health Program for Toxic Substances and Disease Registry		GGB	93.161	92,243	0
Occupational Safety and Health Research Projects		GFB	93.262	409,783	36,624
Occupational Safety and Health Research Projects		GFE	93.262	247,580	167,636
Occupational Safety and Health Research Projects		GGB	93.262	517,392	41,219
Occupational Safety and Health: Training Grants		GGB	93.263	80,593	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GFE	93.283	925,811	448,928
Centers for Disease Control and Prevention: Investigations and Technical Assistance		GGB	93.283	870,649	138,359
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus		GGB	93.943	48,452	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY		NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY		INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME						
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance			GFD	93.944	(713)	0
R&D			GLA	93.U60/CCU816929-04	232,032	29,398
R&D			GLA	93.U60/CCU816929-05	800,538	0
SUBTOTAL DIRECT FROM:					6,295,526	1,157,741
PASS-THROUGH PROGRAMS FROM:						
ASSOCIATION OF MAERICAN MEDICAL COLLEGES						
Centers for Disease Control and Prevention: Investigations and Technical Assistance			GFE	93.283 / 93.MM-0067-02/02	96,136	0
Centers for Disease Control and Prevention: Investigations and Technical Assistance			GFE	93.283 / 93.MM-0752-04/04	89,435	0
DENVER HEALTH AND HOSPITAL						
HIV Prevention Activities: Health Department Based			GFE	93.940 / 93.DHH-E0801E	34,498	0
HIV Prevention Activities: Health Department Based			GFE	93.940 / 93.DHH-E1404	9,306	0
HIV Prevention Activities: Health Department Based			GFE	93.940 / 93.DHHA-E1039D	20,810	0
Preventive Health Services: Sexually Transmitted Diseases Research, Demonstrations, and Public			GFE	93.978 / 93.DHH-E0958E4	7,908	0
HDT BIOSYSTEMS						
Immunization Grants			GFE	93.268 / 93.PN0306-067	58,417	0
Immunization Grants			GFE	93.268 / 93.PN0402-122	29,772	0
KAISER FOUNDATION						
Injury Prevention and Control Research and State and Community Based Programs			GFE	93.136 / 93.PN0109-026	13,777	0
NOVA RESEARCH COMPANY						
Preventive Health Services: Sexually Transmitted Diseases Research, Demonstrations, and Public			GFE	93.978 / 93.R01-DA-14717	7,320	0
UNIVERSITY OF IOWA						
Occupational Safety and Health Research Projects			GGB	93.262 / 93.PO # 40000505300 AMD	37,016	0
Occupational Safety and Health Research Projects			GGB	93.262 / 93.PO #4000501471	9,998	0
WESTAT, INC						
HIV Prevention Activities: Non-Governmental Organization Based			GFE	93.939 / 93.7735 N01 HD 3 3162	239,281	0
HIV Prevention Activities: Non-Governmental Organization Based			GFE	93.939 / 93.WESTAT N01HD33345	907,551	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					1,561,225	0
SUBTOTAL CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					7,856,751	1,157,741
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
R&D			GGB	93.2 R01 CA 085419-05	60	0
R&D			GGB	93.5 R01 CA70375-08	30	0
R&D			GGB	93.5 R01 CM56685-03	245	0
R&D			GGB	93.R49/CCR811509-09	11,200	0
SUBTOTAL DIRECT FROM:					11,535	0
PASS-THROUGH PROGRAMS FROM:						
CITY OF HOPE NATIONAL MEDICAL CENTER						
R&D			GGB	93.AMD #2	8,419	0
UNIVERSITY OF UTAH						
R&D			GGB	93.2404046	7,080	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					15,499	0
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					27,034	0
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Food and Drug Administration: Research			GFE	93.103	94	0
Food and Drug Administration: Research			GGB	93.103	45,417	0
R&D			GLA	93.D3921303	74,393	12,000
SUBTOTAL DIRECT FROM:					119,904	12,000
SUBTOTAL FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					119,904	12,000
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Medicare: Supplementary Medical Insurance			GFE	93.774	1,468,300	70,619
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations			GFE	93.779	62,290	0
SUBTOTAL DIRECT FROM:					1,530,590	70,619

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
PASS-THROUGH PROGRAMS FROM:								
COLORADO FOUNDATION MEDICAL CARE					GFE	93.773 / 93.CFMC 500-02C001	136,546	0
Medicare: Hospital Insurance								
DELMARVA FOUNDATION FOR MEDICAL CARE, INC.					GFE	93.779 / 93.500-02-MD02	207,215	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations					GFE	93.779 / 93.SS-MD-07	25,000	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations								
NEW YORK DEPARTMENT OF HEALTH					GFE	93.779 / 93.NYDOH C-015111	484,596	0
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations								
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							853,357	0
SUBTOTAL HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							2,383,947	70,619
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Maternal and Child Health Federal Consolidated Programs					GFE	93.110	29,138	6,965
Coordinated Services and Access to Research for Women, Infants, Children, and Youth					GFE	93.153	51,504	150,463
Allied Health Special Projects					GGB	93.191	74,392	0
Universal Newborn Hearing Screening					GFB	93.251	98,311	16,185
Advanced Education Nursing Traineeships					GFC	93.358	61,768	0
Health Care and Other Facilities					GFE	93.887	573,583	0
Health Care and Other Facilities					GGB	93.887	79,429	0
SUBTOTAL DIRECT FROM:							968,125	173,613
PASS-THROUGH PROGRAMS FROM:								
ASSOC OF TEACHERS OF PREVENTATIVE MEDICINE					GFE	93.117 / 93.ATPM: TS-0781	97,650	223,291
Grants for Preventive Medicine								
CHILDRENS HOSPITAL					GFE	93.110 / 93.PN0001-117	240,838	0
Maternal and Child Health Federal Consolidated Programs								
COLORADO FOUNDATION MEDICAL CARE					GFE	93.117 / 93.CNTRCT#500-02-C001	39,869	0
Grants for Preventive Medicine								
DENVER HEALTH AND HOSPITAL					GFE	93.189 / 93.PN: 0302-059	21,642	0
Health Education and Training Centers								
UNIVERSITY OF CALIFORNIA-LOS ANGELES					GGB	93.110 / 93.1920 G EB561	17,716	0
Maternal and Child Health Federal Consolidated Programs					GFE	93.223 / 93.R18 HL073326	10,613	0
UNIVERSITY OF FLORIDA								
Development and Coordination of Rural Health Services					GFE	93.222 / 93.S-R01NR005075-04	141,747	0
UNIVERSITY OF TORONTO								
Centers for Medical Education Research					GFE	93.110 / 93.USU# C032532	3,735	0
UTAH STATE UNIVERSITY								
Maternal and Child Health Federal Consolidated Programs								
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							573,810	223,291
SUBTOTAL HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							1,541,935	396,904
INDIAN HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PASS-THROUGH PROGRAMS FROM:								
BLACK HILLS CENTER FOR AMERICAN INDIAN HEALTH, S.D					GFE	93.905 / 93.PN0206-129	81,381	0
Indian Health Service Research								
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							81,381	0
SUBTOTAL INDIAN HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES							81,381	0
NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH, CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES								
DIRECT FROM:								
NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH, CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES					GGB	93.956	457,885	113,132
Agricultural Health and Safety Programs								
SUBTOTAL DIRECT FROM:							457,885	113,132
SUBTOTAL NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH, CENTERS FOR DISEASE CONTROL AND PREVENTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							457,885	113,132

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIRECT FROM:

NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Research Related to Deafness and Communication Disorders	GFB	93.173		441,975	329,746
Research Related to Deafness and Communication Disorders	GFE	93.173		2,761,219	131,918
Research Related to Deafness and Communication Disorders	GGB	93.173		474,607	174,241

SUBTOTAL DIRECT FROM:

3,677,801 635,905

PASS-THROUGH PROGRAMS FROM:

LOUISIANA STATE UNIVERSITY

Research Related to Deafness and Communication Disorders

GFE 93.173 / 93.LSU R187697B

96,187 0

UNIVERSITY OF PITTSBURG

Research Related to Deafness and Communication Disorders

GFE 93.173 / 93.UPIITS 102947-1

13,848 0

SUBTOTAL PASS-THROUGH PROGRAMS FROM:

110,035 0

SUBTOTAL NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS, NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES

3,787,836 635,905

NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIRECT FROM:

NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES

R&D

Biological Response to Environmental Health Hazards

GGB 93.1 R01 GM068011-01A1

120 0

Biological Response to Environmental Health Hazards

GFD 93.113

170,423 0

Biological Response to Environmental Health Hazards

GFE 93.113

1,767,013 0

Biological Response to Environmental Health Hazards

GGB 93.113

217,231 0

Applied Toxicological Research and Testing

GFE 93.114

13 0

Applied Toxicological Research and Testing

GGB 93.114

31,514 64,781

Biometry and Risk Estimation: Health Risks from Environmental Exposures

GFE 93.115

171,199 0

Biometry and Risk Estimation: Health Risks from Environmental Exposures

GGB 93.115

184,408 15,221

Oral Diseases and Disorders Research

GFB 93.121

345,335 93,012

Oral Diseases and Disorders Research

GFE 93.121

2,744,510 42,736

R&D

Research and Training in Complementary and Alternative Medicine

GGB 93.2 R01 GM056884-06A2

94,000 0

Research and Training in Complementary and Alternative Medicine

GFB 93.213

18,917 0

National Center on Sleep Disorders Research (B) -

GFE 93.213

327,648 0

Mental Health Research Grants

GFB 93.233

123,451 0

Mental Health Research Grants

GFB 93.242

2,671,079 210,345

Mental Health Research Grants

GFE 93.242

5,145,115 541,744

Alcohol Research Career Development Awards for Scientists and Clinicians

GGB 93.242

1,013,430 0

Alcohol Research Programs

GFB 93.271

98,661 0

Alcohol Research Programs

GFB 93.273

2,323,651 1,385,395

Alcohol Research Programs

GFE 93.273

6,526,577 88,565

Alcohol Research Programs

GGB 93.273

347,025 128,268

Career Development Awards

GFB 93.277

217,843 0

Career Development Awards

GFE 93.277

227,270 0

Career Development Awards

GGB 93.277

88,958 11,725

Drug Abuse Research Programs

GFB 93.279

1,603,387 77,052

Drug Abuse Research Programs

GFD 93.279

75,611 0

Drug Abuse Research Programs

GFE 93.279

5,756,618 2,687,624

Drug Abuse Research Programs

GGB 93.279

2,248,403 0

Mental Health Research Career/Scientist Development Awards

GFB 93.281

80,362 0

Mental Health Research Career/Scientist Development Awards

GFE 93.281

621,570 0

Mental Health National Research Service Awards for Research Training

GFB 93.282

6,615 0

Mental Health National Research Service Awards for Research Training

GFD 93.282

19,016 0

Mental Health National Research Service Awards for Research Training

GGB 93.282

(667) 0

Discovery and Applied Research

GGB 93.286

216,465 119,966

Discovery and Applied Research

GLA 93.286 / 93.1 R21 EB001722-01

75,490 0

Bioengineering Research

GGB 93.287

586,614 18,944

Comparative Medicine

GFE 93.306

139,130 0

Comparative Medicine

GGB 93.306

494,683 63,617

Clinical Research

GFE 93.333

2,715,003 4,238,988

Nursing Research

GFE 93.361

137,206 11,794

Biomedical Technology

GFB 93.371

78,436 0

Biomedical Technology

GFE 93.371

973,988 0

Minority Biomedical Research Support

GFE 93.375

509,943 9,426

National Center for Research Resources

GFB 93.389

823,443 0

National Center for Research Resources

GFE 93.389

3,892,917 741,165

National Center for Research Resources

GGB 93.389

396,226 24,000

Cancer Construction

GFE 93.392

1,488,000 0

Cancer Cause and Prevention Research

GFB 93.393

106,917 0

Cancer Cause and Prevention Research

GFE 93.393

3,528,388 4,552

Cancer Cause and Prevention Research

GGB 93.393

2,091,749 45,364

Cancer Detection and Diagnosis Research

GFE 93.394

1,598,496 438,458

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Cancer Treatment Research		GFB	93.395	244,917	58,154
Cancer Treatment Research		GFE	93.395	1,161,575	(558)
Cancer Treatment Research		GGB	93.395	1,184,329	0
Cancer Biology Research		GFB	93.396	908,149	0
Cancer Biology Research		GFE	93.396	4,003,266	15,000
Cancer Biology Research		GGB	93.396	102,935	0
Cancer Centers Support		GFE	93.397	6,497,655	226,590
Cancer Research Manpower		GFE	93.398	1,055,661	26,842
Cancer Research Manpower		GGB	93.398	308,136	0
Cancer Control		GFB	93.399	114,352	0
Cancer Control		GFD	93.399	323,480	47,837
Cancer Control		GFE	93.399	2,228,812	107,666
Cancer Control		GGB	93.399	59,836	0
R&D		GGB	93.5 R01 GM40525-12	120,479	169,289
R&D		GGB	93.5 R01 HL068916-03	301,211	0
R&D		GGB	93.5 R33 RR017025-03	49,666	0
R&D		GGB	93.5T32HD007031-25	24,497	0
Cell Biology and Biophysics Research		GFB	93.821	2,365,553	0
Cell Biology and Biophysics Research		GFE	93.821	1,043,731	0
Cell Biology and Biophysics Research		GGB	93.821	636,919	0
Heart and Vascular Diseases Research		GFB	93.837	1,234,522	0
Heart and Vascular Diseases Research		GFE	93.837	6,290,042	487,434
Heart and Vascular Diseases Research		GGB	93.837	290,553	64,874
Lung Diseases Research		GFE	93.838	10,626,759	2,232,769
Blood Diseases and Resources Research		GFB	93.839	(56,269)	0
Blood Diseases and Resources Research		GFE	93.839	643,434	0
Arthritis, Musculoskeletal and Skin Diseases Research		GFB	93.846	753,573	0
Arthritis, Musculoskeletal and Skin Diseases Research		GFE	93.846	1,690,821	0
Arthritis, Musculoskeletal and Skin Diseases Research		GGB	93.846	7,108	0
Diabetes, Endocrinology and Metabolism Research		GFB	93.847	70,638	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847	15,048,248	1,931,187
Diabetes, Endocrinology and Metabolism Research		GGB	93.847	692,698	0
Digestive Diseases and Nutrition Research		GFB	93.848	16,410	0
Digestive Diseases and Nutrition Research		GFE	93.848	7,398,747	24,280
Kidney Diseases, Urology and Hematology Research		GFE	93.849	7,051,306	196,596
Kidney Diseases, Urology and Hematology Research		GGB	93.849	402,496	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFB	93.853	1,014,643	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853	5,347,923	376,400
Extramural Research Programs in the Neurosciences and Neurological Disorders		GGB	93.853	3,122,547	247,742
Biological Basis Research in the Neurosciences		GFB	93.854	300,952	0
Biological Basis Research in the Neurosciences		GFE	93.854	2,642,609	0
Biological Basis Research in the Neurosciences		GGB	93.854	468,085	0
Allergy, Immunology and Transplantation Research		GFB	93.855	604,442	0
Allergy, Immunology and Transplantation Research		GFE	93.855	4,777,078	2,498,111
Microbiology and Infectious Diseases Research		GFB	93.856	1,488,518	83,961
Microbiology and Infectious Diseases Research		GFE	93.856	9,614,427	678,092
Microbiology and Infectious Diseases Research		GGB	93.856	8,776,434	955,748
Pharmacology, Physiology, and Biological Chemistry Research		GFB	93.859	3,270,682	183,956
Pharmacology, Physiology, and Biological Chemistry Research		GFC	93.859	229,374	0
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859	1,544,964	74,904
Pharmacology, Physiology, and Biological Chemistry Research		GGB	93.859	1,500,882	3,713
Genetics and Developmental Biology Research and Research Training		GFB	93.862	3,439,709	0
Genetics and Developmental Biology Research and Research Training		GFE	93.862	4,020,720	0
Genetics and Developmental Biology Research and Research Training		GGB	93.862	423,701	0
Population Research		GFD	93.864	42,817	0
Population Research		GFE	93.864	877,345	64,047
Population Research		GGB	93.864	742,647	0
Child Health and Human Development Extramural Research		GFB	93.865	2,549,821	850,603
Child Health and Human Development Extramural Research		GFE	93.865	5,433,881	976,472
Child Health and Human Development Extramural Research		GGB	93.865	469,413	0
Aging Research		GFB	93.866	2,432,953	14,477
Aging Research		GFC	93.866	35,713	0
Aging Research		GFD	93.866	95,167	0
Aging Research		GFE	93.866	2,947,245	396,143
Aging Research		GGB	93.866	135,850	0
Vision Research		GFB	93.867	104,990	179,688
Vision Research		GFE	93.867	836,691	5,758
Medical Library Assistance		GFE	93.879	9,223	0
Alcohol Research Center Grants		GFE	93.891	154,170	443,064
Resource and Manpower Development in the Environmental Health Sciences		GGB	93.894	208,604	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY					
MAJOR SUBDIVISION OF FEDERAL AGENCY					
SOURCE TYPE (DIRECT OR PASS-THROUGH)					
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)					
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Center for Medical Rehabilitation Research		GFE	93.929	251,900	17,918
Center for Medical Rehabilitation Research		GGB	93.929	7,238	2,000
Fogarty International Research Collaboration Award		GFE	93.934	2,292,424	29,000
Fogarty International Research Collaboration Award		GGB	93.934	11,796	56,000
International Research and Research Training		GFE	93.989	31,440	48,174
International Research and Research Training		GGB	93.989	115,789	43,534
SUBTOTAL DIRECT FROM:				202,390,452	24,880,207
PASS-THROUGH PROGRAMS FROM:					
ACRIN					
Cancer Detection and Diagnosis Research		GFE	93.394 / 93.ACRIN-6654	486,231	0
AMC CANCER RESEARCH CENTER					
Cancer Cause and Prevention Research		GGB	93.393 / 93.727-9104	898	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.SUB CNTRCT#738-6103	94,426	0
AMERICAN COLLEGE OF RADIOLOGY					
Cancer Treatment Research		GFE	93.395 / 93.ACOR CA21661	50,905	0
AMERICAN COLLEGE OF SURGEONS ONCOLGY GROUP					
Cancer Treatment Research		GFE	93.395 / 93.ACSOG 99-565	6,441	0
BAYLOR COLLEGE OF MEDICINE					
National Center for Research Resources		GFB	93.389 / 93.4600065934	25,806	0
Cancer Biology Research		GFE	93.396 / 93.BAYLOR PO 794774	102,160	0
Cancer Control		GFE	93.399 / 93.PO#4600500416	24,798	0
BRIGHAM AND WOMENS HOSPITAL					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.BWH #129793	27,803	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.BWH #700792	785	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.5 P01 AI046518-02	6,586	66,883
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.BWH #701891	19,844	0
R&D		GGB	93.BWH# 735266	71,691	0
R&D		GGB	93.PRIME GRANTEE #113217	250,885	0
CHILDREN'S HOSPITAL BOSTON					
Lung Diseases Research		GFE	93.838 / 93.PO# 0000053331	9,757	0
CHILDREN'S HOSPITAL PHILADELPHIA					
Child Health and Human Development Extramural Research		GFE	93.865 / 93.CHOP 20571-02-10	4,684	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.CHOP 20571-03-10	3,526	0
CHILDREN'S HOSPITAL RESEARCH CENTER					
Mental Health Research Grants		GFE	93.242 / 93.662-91193183-AMG	12,811	0
CLEVELAND CLINIC FOUNDATION					
Population Research		GFE	93.864 / 93.1R01 HD41162	252,620	0
CLEVER SYS INC.					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GGB	93.853 / 93.04044002	9,775	0
CLEVER SYSTEMS, INC					
Mental Health Research Grants		GFE	93.242 / 93.PN0209-136	6,043	0
COLUMBIA UNIVERSITY					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.R01 NS45294-01	16,491	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.1 R01 HD38652-03	(14,920)	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.3 R01 HD38652-0354	20,111	0
CORNELL UNIVERSITY MEDICAL COLLEGE					
Population Research		GFD	93.864 / 93.35215-6078	19,370	0
DARTMOUTH COLLEGE					
Cancer Control		GFE	93.399 / 93.DRTMTH 5R01 CA59005	52,902	0
DENVER HEALTH AND HOSPITAL					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.DHH E0966A	22,904	0
DUKE UNIVERSITY					
Cancer Treatment Research		GGB	93.395 / 93.DS639 303-2476 CORE 2	37,110	0
Heart and Vascular Diseases Research		GFE	93.837 / 93.R01 HL075752	76,888	0
Aging Research		GFB	93.866 / 93.02-SC-NIH-1032	225,807	0
EPIMMUNE, INC					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.EPIM AI48238-03	(3,381)	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.EPIM AI48238-04	609,038	0
FRED HUTCHINSON CANCER RESEARCH CENTER					
Cancer Treatment Research		GFE	93.395 / 93.5 R01 CA63030-06	(19,043)	0
GENE THERAPY SYSTEMS, INC.					
R&D		GGB	93.03502605	22,688	0
GEORGE WASHINGTON UNIVERSITY					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.1-U01-DK61055-02	234,979	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.GWJ 03-C23	66,094	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.GWJINV #03-C19	165,751	0
GONEX INC					
Cancer Cause and Prevention Research		GFE	93.393 / 93.PA-01-091-FLAIR STT	70,836	0
GONEX, INC					
Cancer Treatment Research		GGB	93.395 / 93.02334003	93,760	0
HARVARD SCHOOL OF PUBLIC HEALTH					
Aging Research		GFB	93.866 / 93.1R01AG16308-01A2	4,699	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
HDT BIOSYSTEMS					
Allergy, Immunology and Transplantation Research		GFB	93.855 / 93.OCG45738	75,242	0
HOSPITAL FOR SPECIAL SURGERY					
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.HSS AI055007-01	46,687	0
INDIANA UNIVERSITY					
Mental Health Research Grants		GFB	93.242 / 93.10208-0172	8,501	0
JOHNS HOPKINS UNIVERSITY					
Lung Diseases Research		GGB	93.838 / 93.2 P01 HL058065-07	14,091	0
Lung Diseases Research		GGB	93.838 / 93.5 P01 HL58064-08 P08	5,365	0
Lung Diseases Research		GFE	93.838 / 93.3HU 8110-64622-4	24,994	0
JOSLIN DIABETES CENTER INC					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.JOSLIN DK46601-07	17,081	0
KAISER FOUNDATION					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.R01 DK035524	5,217	0
KENSEY NASH CORPORATION					
Cancer Treatment Research		GGB	93.395 / 93.03572803	19,405	0
LAYTON BIOSCIENCE					
Biological Basis Research in the Neurosciences		GFE	93.854 / 93.NS36502-03 5 R44	(17,813)	0
MASSACHUSETTS GENERAL HOSPITAL					
Mental Health Research Grants		GFE	93.242 / 93.N01 MH80001	102,216	0
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859 / 93.1 U54 CM62119-02	20,296	0
Pharmacology, Physiology, and Biological Chemistry Research		GFE	93.859 / 93.5 U54 CM62119-03	45,424	0
MAYO CLINIC ROCHESTER					
Cancer Cause and Prevention Research		GFE	93.393 / 93.5 U01 CA89389-02	20,458	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.5 U01 CA89389-03	104,705	0
MESOSYSTEMS TECHNOLOGY					
Microbiology and Infectious Diseases Research		GFB	93.856 / 93.03-218-002	64,243	0
NANOMATERIALS RESEARCH CORP.					
Bioengineering Research		GFB	93.287 / 93.OCG45978	15,697	0
NATIONAL JEWISH MEDICAL AND RESEARCH CENTER					
Lung Diseases Research		GFB	93.838 / 93.24008706	(12,859)	0
Lung Diseases Research		GFB	93.838 / 93.24008707	12,859	0
Lung Diseases Research		GFB	93.838 / 93.NJ#24008707	12,841	0
Lung Diseases Research		GFE	93.838 / 93.NJMRC-P01 ES11810	302,391	0
NATL JEWISH HOSPITAL					
Lung Diseases Research		GFE	93.838 / 93.NJH 24008307	9,170	0
Lung Diseases Research		GFE	93.838 / 93.NJH 24008308	171,296	0
Lung Diseases Research		GFE	93.838 / 93.NJH 24008707	1,344	0
Lung Diseases Research		GFE	93.838 / 93.NJH 24008708	23,237	0
Lung Diseases Research		GFE	93.838 / 93.NJH HL56263-08	5,495	0
Lung Diseases Research		GFE	93.838 / 93.NJMRC #220689-03	31,675	0
Kidney Diseases, Urology and Hematology Research		GFE	93.849 / 93.PN0403-081	3,964	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.PN00008-095	(4)	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.PN0207-033	(40)	0
Genetics and Developmental Biology Research and Research Training		GFE	93.862 / 93.PN0211-109	15,548	0
NSABP FOUNDATION, INC					
Cancer Treatment Research		GFE	93.395 / 93.NSABP TFD32A-340	18,956	0
NYU-NEW YORK UNIVERSITY					
R&D		GGB	93.04-0014 P079687-0	24,164	0
OREGON HEALTH SCIENCES UNIVERSITY					
Cancer Treatment Research		GFE	93.395 / 93.OHSU J373	31,651	0
PENNSYLVANIA STATE UNIVERSITY					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.2201-UC-DHHS-3958	106	0
QUEENSLAND INSTITUTE OF MEDICAL RESEARCH					
R&D		GGB	93.PST29955	19,585	0
RAND CORPORATION					
Aging Research		GFB	93.866 / 93.12281298.50.15	(5,171)	0
RUSH PRESBYTERIAN, CHICAGO					
Heart and Vascular Diseases Research		GFE	93.837 / 93.RUSH-HL67128-02	42,402	0
Aging Research		GFE	93.866 / 93.R01 AG 17092-04	164,512	0
Aging Research		GFE	93.866 / 93.RUSH-HL67128-01A1	1,456	0
SAINT LOUIS UNIVERSITY,MO					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.PN0211-023	293,399	0
SCRIPPS RESEARCH INSTITUTE					
Alcohol National Research Service Awards for Research Training		GFE	93.272 / 93.P/O # 5-72293	3,569	0
Alcohol National Research Service Awards for Research Training		GFE	93.272 / 93.P/O #5-72294	(576)	0
SIGNAL BEHAVIORAL HEALTH NETWORK					
Drug Abuse Research Programs		GFE	93.279 / 93.03-RS-07	77,593	0
Drug Abuse Research Programs		GFE	93.279 / 93.PN200209-035	21,110	0
SOCIAL AND SCIENTIFIC SYSTEMS					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.AACTG.00046.00001	27,914	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.AACTG.33.24	25,599	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.AACTG.LD360.06	819	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.AACTG.SUBCR.04	234,081	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.AACTG.SUBGR.05	193,592	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.PACTG.202PPCL02 #1	181,565	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.PN0201-255	(1)	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.PN0309-134	84,624	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.PN0312-045	57,124	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.PN:0304-124	10,000	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.SSS 203IC003	245,349	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.SSS AI38858	(420)	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.SSS NIAID AI38858	(3,002)	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.SSS-203PC001	250,865	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.SSS-U01AI38858	11,870	0
SOUTH DAKOTA HEALTH RESEARCH FOUNDATION					
Heart and Vascular Diseases Research		GFE	93.837 / 93.PN0306-045	7,406	0
SOUTHWEST ONCOLOGY CANCER THERAPY RESEARCH					
Cancer Treatment Research		GFE	93.395 / 93.1 R01 CA79099	(57)	0
Cancer Treatment Research		GFE	93.395 / 93.CA79099 1R01	(550)	0
Cancer Treatment Research		GFE	93.395 / 93.SWOG #03037	61,687	0
Cancer Treatment Research		GFE	93.395 / 93.SWOG-03004	12,737	0
Cancer Treatment Research		GFE	93.395 / 93.SWOG-03031	6,309	0
Cancer Treatment Research		GFE	93.395 / 93.SWOG-03052	102,463	0
Cancer Treatment Research		GFE	93.395 / 93.SWOG-CA32102/37429	137,074	0
Cancer Control		GFE	93.399 / 93.SWOG CCOP-01000	(1,353)	0
Cancer Control		GFE	93.399 / 93.SWOG CCOP-0201	1,299,740	0
Cancer Control		GFE	93.399 / 93.SWOG PCPT9310	9,786	0
STANFORD UNIVERSITY					
Drug Abuse Research Programs		GFE	93.279 / 93.PY-2638	37,618	0
STATE UNIVERSITY NEW YORK AT STONY BROOK					
Biological Basis Research in the Neurosciences		GFE	93.854 / 93.SUNYSB 008893	(11,880)	0
TEXAS A & M					
R&D		GGB	93.S900220 AMD #4	69,412	0
THE COOPER INSTITUTE					
Cancer Detection and Diagnosis Research		GFD	93.394 / 93.600-43100-904-3	(645)	0
THE COOPER INSTITUTE DENVER					
Cancer Cause and Prevention Research		GGB	93.393 / 93.600-43100-903-3	(352)	0
R&D		GGB	93.600-6310-0047-5	21,366	0
THE UNIVERSITY OF KANSAS CENTER FOR RSCH, INC					
Digestive Diseases and Nutrition Research		GFE	93.848 / 93.KU FY2001-67 MOD#3	30,429	0
THOMAS JEFFERSON UNIVERSITY					
Heart and Vascular Diseases Research		GFE	93.837 / 93.TJU-HL69009-01	(32,820)	0
Heart and Vascular Diseases Research		GFE	93.837 / 93.TJU-HL69009-02	21,000	0
UMASS-UNIVERSITY OF MASSACHUSETTS					
Child Health and Human Development Extramural Research		GGB	93.865 / 93.S0006020206	47,308	0
UNIVERSITY OF ALABAMA AT BIRMINGHAM					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.N01-AI30025	14,830	0
UNIVERSITY OF ARIZONA					
Cancer Cause and Prevention Research		GFE	93.393 / 93.V901136	388,781	0
UNIVERSITY OF ARKANSAS					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.UARK 0018382	874	0
UNIVERSITY OF CALIFORNIA AT DAVIS					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.00RA5261-UCHSC	59,265	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.K008522-01	50,041	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.00RA6198-UCHSC	(9,913)	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.200403-055	425,180	0
UNIVERSITY OF CALIFORNIA AT IRVINE					
Cancer Treatment Research		GFE	93.395 / 93.UCIR N01-CN-70519	42,001	0
Cancer Control		GFE	93.399 / 93.UCHSC-2003-1185	5,887	0
UNIVERSITY OF CALIFORNIA AT SAN DIEGO					
Mental Health Research Grants		GFB	93.242 / 93.10196808	14,920	0
Mental Health Research Grants		GFE	93.242 / 93.P0#10226927	14,171	0
Cell Biology and Biophysics Research		GFE	93.821 / 93.P0#10228622	554,043	0
Cell Biology and Biophysics Research		GFE	93.821 / 93.USD 10228623	190,549	0
UNIVERSITY OF CALIFORNIA AT SAN FRANCISCO					
Research and Training in Complementary and Alternative Medicine		GFE	93.213 / 93.484918-25783	55,581	0
Clinical Research		GFE	93.333 / 93.UCSF-#3068SC	78,684	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.UCSF 2831SC	19,634	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.UCSF-#3109SC	309,338	0
UNIVERSITY OF CALIFORNIA BERKLEY					
Arthritis, Musculoskeletal and Skin Diseases Research		GFE	93.846 / 93.SA3696-29518PG	42,844	0
UNIVERSITY OF CALIFORNIA LOS ANGELES					
Mental Health Research Grants		GFE	93.242 / 93.2000 G CS883-02	120,144	0
Lung Diseases Research		GFE	93.838 / 93.1685-G-DB024	15,213	0
Lung Diseases Research		GFE	93.838 / 93.1685-G-DD636	11,012	0
UNIVERSITY OF CALIFORNIA-LOS ANGELES					
R&D		GGB	93.1554 G 98989 CHANGE #4	44,455	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.1554 G EC081	345	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
UNIVERSITY OF CHICAGO					
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.R01 DK61724	56,572	0
Kidney Diseases, Urology and Hematology Research		GFE	93.849 / 93.R01 DK55357-04	(19,874)	0
UNIVERSITY OF CINCINNATI					
Cancer Cause and Prevention Research		GFE	93.393 / 93.UC CA076293-05	107,473	0
Aging Research		GFB	93.866 / 93.PC03A-00994	24,612	0
UNIVERSITY OF COLORADO HEALTH SCIENCES					
Microbiology and Infectious Diseases Research		GGB	93.856	35,462	0
UNIVERSITY OF DENVER					
Child Health and Human Development Extramural Research		GFE	93.865 / 93.DU PO# 0037435	41	26,215
UNIVERSITY OF IOWA					
Cancer Biology Research		GFE	93.396 / 93.P0#4000076828	60,338	0
UNIVERSITY OF KENTUCKY					
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFB	93.853 / 93.4-65618-03-408	35,112	0
UNIVERSITY OF MIAMI					
R&D		GGB	93.PO M640104; 665235 AMD #	(198)	0
UNIVERSITY OF MICHIGAN					
Oral Diseases and Disorders Research		GFB	93.121 / 93.F006618	22,011	0
Heart and Vascular Diseases Research		GFE	93.837 / 93.HL68345-03 5 R01	40,576	0
UNIVERSITY OF NEW MEXICO					
Child Health and Human Development Extramural Research		GFE	93.865 / 93.4-03272	(27,201)	0
Child Health and Human Development Extramural Research		GFE	93.865 / 93.PN0304-041	64,750	0
UNIVERSITY OF NORTH CAROLINA					
Population Research		GFB	93.864 / 93.5-51758	(54)	0
Population Research		GFB	93.864 / 93.5-52100	47,637	0
UNIVERSITY OF NOTRE DAME					
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.47217	8,187	0
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.UND NO 46236	234,110	0
UNIVERSITY OF PENNSYLVANIA					
Research and Training in Complementary and Alternative Medicine		GFE	93.213 / 93.UPA 5-38977-A	275,221	0
Digestive Diseases and Nutrition Research		GFE	93.848 / 93.5-38015C	12,844	0
UNIVERSITY OF PITTSBURGH					
Heart and Vascular Diseases Research		GFE	93.837 / 93.UPIITS 106914-1	74,230	0
Lung Diseases Research		GFE	93.838 / 93.PN200310-002	20,700	0
Lung Diseases Research		GFE	93.838 / 93.UPIITS 106908-3	15,086	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.UPIITS A143664	11,764	0
UNIVERSITY OF ROCHESTER					
Mental Health Research Grants		GFE	93.242 / 93.412435-G	43,755	0
Mental Health Research Grants		GFE	93.242 / 93.MH61428-02 1 R01	(40)	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.UROCH POW# 412464-G	36,636	0
UNIVERSITY OF SOUTH CAROLINA					
Mental Health Research Grants		GFE	93.242 / 93.USCRF 03-774	103,957	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.USC A147469	69,064	0
UNIVERSITY OF SOUTH FLORIDA					
Aging Research		GFE	93.866 / 93.6155-032-L0-A	(1,755)	0
Aging Research		GFE	93.866 / 93.AQ04418-19	324,371	0
UNIVERSITY OF SOUTHERN CALIFORNIA					
Cancer Cause and Prevention Research		GFE	93.393 / 93.AGRMNT # H25989	528	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.AGRMNT # H28291	239,977	0
UNIVERSITY OF TENNESSEE					
Microbiology and Infectious Diseases Research		GGB	93.856 / 93.R073621105	44,107	0
UNIVERSITY OF TEXAS, HOUSTON					
Cancer Centers Support		GFE	93.397 / 93.UTEXH N01-AR-0-2249	53,647	0
Cancer Research Manpower		GFE	93.398 / 93.UTEXH-P50 CA098258	138	0
UNIVERSITY OF UTAH					
Cancer Cause and Prevention Research		GFE	93.393 / 93.UTAH 0000120759	24,062	0
Cancer Cause and Prevention Research		GFE	93.393 / 93.UTAH 9709055-1	388,826	0
UNIVERSITY OF WASHINGTON					
Heart and Vascular Diseases Research		GFE	93.837 / 93.UWAS 530074	26,246	0
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.UWASH 933841	(29,553)	0
UNIVERSITY OF WISCONSIN					
Blood Diseases and Resources Research		GFE	93.839 / 93.HL65217-01 R01	103,334	0
VIRGINIA MASON RESEARCH CENTER					
Allergy, Immunology and Transplantation Research		GFE	93.855 / 93.5 R01 A144431-03	9,600	0
WAKE FOREST UNIVERSITY SCHOOL OF MEDICINE					
Cancer Treatment Research		GFB	93.395 / 93.R01 CA83953	2,908	0
Diabetes, Endocrinology and Metabolism Research		GFE	93.847 / 93.U01 DK62418	32,691	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.R01 NS34447	7,428	0
WASHINGTON UNIVERSITY IN ST LOUIS					
Cell Biology and Biophysics Research		GFB	93.821 / 93.P0#295515/WU-02-50	4,647	0
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.UWASH WU-00-44	20,110	0
WESTAT, INC					
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.N01-HD-3-3345	265,261	0
Microbiology and Infectious Diseases Research		GFE	93.856 / 93.WESTAT N01HD-3-3162	423,684	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						
MAJOR SUBDIVISION OF FEDERAL AGENCY						
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
YALE UNIVERSITY						
Mental Health Research Grants		GFB	93.242 / 93.1R01MH65015-01 SUB	6	9,170	
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.YALE-P01-NS044281	162,947	0	
Extramural Research Programs in the Neurosciences and Neurological Disorders		GFE	93.853 / 93.YALE-R01NS40822	181,867	0	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				14,234,425	102,268	
SUBTOTAL NATIONAL INSTITUTES OF HEALTH, DEPARTMENT OF HEALTH AND HUMAN SERVICES				216,624,877	24,982,475	
OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
PASS-THROUGH PROGRAMS FROM:						
JEFFERSON COUNTY, COLORADO						
Community Services Block Grant: Discretionary Awards		GGB	93.570 / 93.03727005	73,928	0	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				73,928	0	
SUBTOTAL OFFICE OF COMMUNITY SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES				73,928	0	
OFFICE OF DISEASE PREVENTION AND HEALTH PROMOTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
OFFICE OF DISEASE PREVENTION AND HEALTH PROMOTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
National Health Promotion		GFB	93.990	14,247	0	
SUBTOTAL DIRECT FROM:				14,247	0	
SUBTOTAL OFFICE OF DISEASE PREVENTION AND HEALTH PROMOTION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				14,247	0	
OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
PASS-THROUGH PROGRAMS FROM:						
ABT ASSOCIATES INC						
Family Planning: Services		GFE	93.217 / 93.ABT C-00-99-0059-00	287,170	0	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				287,170	0	
SUBTOTAL OFFICE OF PUBLIC HEALTH AND SCIENCE, DEPARTMENT OF HEALTH AND HUMAN SERVICES				287,170	0	
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Healthy Community Access Program		GFE	93.252	9,256	0	
SUBTOTAL DIRECT FROM:				9,256	0	
SUBTOTAL OFFICE OF THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES				9,256	0	
PUBLIC HEALTH SERVICE						
DIRECT FROM:						
PUBLIC HEALTH SERVICE						
R&D		GGB	93.SP50DA007074-13	3	0	
R&D		GGB	93.N01-A1-75320 AMEND14	6,337	0	
SUBTOTAL DIRECT FROM:				6,340	0	
SUBTOTAL PUBLIC HEALTH SERVICE				6,340	0	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Consolidated Knowledge Development and Application (KD&A) Program		GKA	93.230 / 93.5 UD1 SP09589-02&03	255,936	153,171	
Mental Health Clinical and AIDS Service-Related Training Grants		GFB	93.244	177,312	0	
SUBTOTAL DIRECT FROM:				433,248	153,171	

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
PASS-THROUGH PROGRAMS FROM:								
CENTER FOR RESEARCH STRATEGIES,LLC								
Substance Abuse and Mental Health Services: Projects of Regional and National Significance				GFE	93.243 / 93.N43	MH32062	9,911	0
DENVER HEALTH AND HOSPITAL								
Block Grants for Prevention and Treatment of Substance Abuse				GFE	93.959 / 93.DHH-E1042B1		2,385	0
PUEBLO COMMUNITY HEALTH CENTER								
Community-Based Comprehensive HIV/STD/TB Outreach Services for High Risk Substance Abusers Demonstration Pr				GFE	93.949 / 93.CU	EIS CONTRCT2003	9,189	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							21,485	0
SUBTOTAL SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES							454,733	153,171
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES							238,555,173	28,229,622
-----								
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE								
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE								
DIRECT FROM:								
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE								
Learn and Serve America: Higher Education				GGB	94.005		502	0
R&D				GGB	94.00LHECO163		2,623	0
R&D				GGB	94.00LHECO163	AMEND. 2	1,079	0
R&D				GGB	94.04087802		988	0
R&D				GGB	94.04103202		153	0
R&D				GGB	94.04114603		1,549	0
SUBTOTAL DIRECT FROM:							6,894	0
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE							6,894	0
SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE							6,894	0
-----								
SOCIAL SECURITY ADMINISTRATION								
SOCIAL SECURITY ADMINISTRATION								
DIRECT FROM:								
SOCIAL SECURITY ADMINISTRATION								
Social Security: Research and Demonstration				GFE	96.007		114,752	0
SUBTOTAL DIRECT FROM:							114,752	0
PASS-THROUGH PROGRAMS FROM:								
UNIVERSITY OF MICHIGAN								
Social Security: Research and Demonstration				GFB	96.007 / 96.F007151		12,514	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							12,514	0
SUBTOTAL SOCIAL SECURITY ADMINISTRATION							127,266	0
SUBTOTAL SOCIAL SECURITY ADMINISTRATION							127,266	0
-----								
FEDERAL AGENCIES NOT USING CFDA NUMBERS								
CENTRAL INTELLIGENCE AGENCY								
DIRECT FROM:								
CENTRAL INTELLIGENCE AGENCY								
R&D				GGB	99.NMA501-03--1-2009		40,263	0
SUBTOTAL DIRECT FROM:							40,263	0
SUBTOTAL CENTRAL INTELLIGENCE AGENCY							40,263	0
SUBTOTAL FEDERAL AGENCIES NOT USING CFDA NUMBERS							40,263	0
SUBTOTAL RESEARCH AND DEVELOPMENT-CLUSTER							494,582,912	63,841,698

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY					
MAJOR SUBDIVISION OF FEDERAL AGENCY					
SOURCE TYPE (DIRECT OR PASS-THROUGH)					
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)					
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
SECTION 8 - CLUSTER					
*****					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT FROM:					
PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Lower Income Housing Assistance Program: Section 8 Moderate Rehabilitation		IHH	14.856	52,659	0
Lower Income Housing Assistance Program: Section 8 Moderate Rehabilitation		NAA	14.856	308,254	23,342
				-----	-----
SUBTOTAL DIRECT FROM:				360,913	23,342
				-----	-----
SUBTOTAL PUBLIC AND INDIAN HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				360,913	23,342
				-----	-----
SUBTOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				360,913	23,342
				-----	-----
SUBTOTAL SECTION 8 - CLUSTER				360,913	23,342
				-----	-----

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY							
MAJOR SUBDIVISION OF FEDERAL AGENCY							
SOURCE TYPE (DIRECT OR PASS-THROUGH)							
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)							
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER		DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
SPECIAL EDUCATION (IDEA)-CLUSTER							
*****							
DEPARTMENT OF EDUCATION							
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION							
DIRECT FROM:							
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION							
Special Education: Grants to States		DAA	84.027		6,467,779	91,038,748	
Special Education: Preschool Grants		DAA	84.173		346,631	4,922,699	
SUBTOTAL DIRECT FROM:					6,814,410	95,961,447	
PASS-THROUGH PROGRAMS FROM:							
MARYLAND STATE DEPARTMENT OF EDUCATION							
Special Education: Grants to States		GFD	84.027 / 84.R00P3206320		13,880	0	
SUBTOTAL PASS-THROUGH PROGRAMS FROM:					13,880	0	
SUBTOTAL OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION					6,828,290	95,961,447	
SUBTOTAL DEPARTMENT OF EDUCATION					6,828,290	95,961,447	
SUBTOTAL SPECIAL EDUCATION (IDEA)-CLUSTER					6,828,290	95,961,447	

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
STUDENT FINANCIAL AID-CLUSTER					
*****					
DEPARTMENT OF EDUCATION					
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Federal Supplemental Educational Opportunity Grants		GFB	84.007	1,252,414	0
Federal Supplemental Educational Opportunity Grants		GFC	84.007	199,126	0
Federal Supplemental Educational Opportunity Grants		GFE	84.007	126,782	0
Federal Supplemental Educational Opportunity Grants		GGB	84.007	825,995	0
Federal Supplemental Educational Opportunity Grants		GCJ	84.007	471,630	0
Federal Supplemental Educational Opportunity Grants		GJB	84.007	57,866	0
Federal Supplemental Educational Opportunity Grants		GJC	84.007	61,718	0
Federal Supplemental Educational Opportunity Grants		GJD	84.007	197,133	0
Federal Supplemental Educational Opportunity Grants		GJE	84.007	269,652	0
Federal Supplemental Educational Opportunity Grants		GJF	84.007	22,802	0
Federal Supplemental Educational Opportunity Grants		GJG	84.007	27,918	0
Federal Supplemental Educational Opportunity Grants		GJH	84.007	43,346	0
Federal Supplemental Educational Opportunity Grants		GJJ	84.007	164,483	0
Federal Supplemental Educational Opportunity Grants		GJK	84.007	160,237	0
Federal Supplemental Educational Opportunity Grants		GJL	84.007	58,539	0
Federal Supplemental Educational Opportunity Grants		GJR	84.007	8,838	0
Federal Supplemental Educational Opportunity Grants		GJT	84.007	19,026	0
Federal Supplemental Educational Opportunity Grants		GKA	84.007	231,234	0
Federal Supplemental Educational Opportunity Grants		GLA	84.007	152,943	0
Federal Supplemental Educational Opportunity Grants		GSA	84.007	210,000	0
Federal Supplemental Educational Opportunity Grants		GTA	84.007	446,554	0
Federal Supplemental Educational Opportunity Grants		GWA	84.007	85,760	0
Federal Supplemental Educational Opportunity Grants		GYA	84.007	145,580	0
Federal Supplemental Educational Opportunity Grants		GZA	84.007	136,604	0
Federal Supplemental Educational Opportunity Grants	*	GWA	84.007	4,006	0
Federal Supplemental Educational Opportunity Grants		GFD	84.007 / 84.P007A030750	311,581	0
Federal Family Education Loans		GDA	84.032	66,383,699	0
Federal Family Education Loans		GFC	84.032	46,075	0
Federal Family Education Loans		GKA	84.032	623,583	0
Federal Family Education Loans		GRA	84.032	15,121,962	0
Federal Family Education Loans		GSA	84.032	372,107	0
Federal Family Education Loans	*	GFD	84.032	536,238	0
Federal Work-Study Program		GFB	84.033	1,681,039	0
Federal Work-Study Program		GFC	84.033	420,415	0
Federal Work-Study Program		GFE	84.033	515,847	0
Federal Work-Study Program		GGB	84.033	958,655	0
Federal Work-Study Program		GCJ	84.033	428,741	0
Federal Work-Study Program		GJB	84.033	116,318	0
Federal Work-Study Program		GJD	84.033	146,730	0
Federal Work-Study Program		GJE	84.033	238,344	0
Federal Work-Study Program		GJF	84.033	32,254	0
Federal Work-Study Program		GJG	84.033	30,889	0
Federal Work-Study Program		GJH	84.033	45,615	0
Federal Work-Study Program		GJJ	84.033	348,803	0
Federal Work-Study Program		GJK	84.033	251,773	0
Federal Work-Study Program		GJL	84.033	111,260	0
Federal Work-Study Program		GJM	84.033	2,849,905	0
Federal Work-Study Program		GJR	84.033	106,186	0
Federal Work-Study Program		GJT	84.033	24,363	0
Federal Work-Study Program		GKA	84.033	425,971	0
Federal Work-Study Program		GLA	84.033	227,015	0
Federal Work-Study Program		GSA	84.033	212,075	0
Federal Work-Study Program		GTA	84.033	702,646	0
Federal Work-Study Program		GWA	84.033	187,283	0
Federal Work-Study Program		GYA	84.033	289,320	0
Federal Work-Study Program		GZA	84.033	243,780	0
Federal Work-Study Program	*	GWA	84.033	(4,006)	0
Federal Work-Study Program		GFD	84.033 / 84.P033A030750	629,171	0
Federal Perkins Loan Program: Federal Capital Contributions		GFB	84.038	141,421	0
Federal Perkins Loan Program: Federal Capital Contributions		GFC	84.038	58,018	0
Federal Perkins Loan Program: Federal Capital Contributions		GFE	84.038	117,922	0
Federal Perkins Loan Program: Federal Capital Contributions		GGB	84.038	129,137	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS
Federal Perkins Loan Program: Federal Capital Contributions		GJT	84.038	25,885	0
Federal Perkins Loan Program: Federal Capital Contributions		GKA	84.038	23,778	0
Federal Perkins Loan Program: Federal Capital Contributions		GLA	84.038	43,756	0
Federal Perkins Loan Program: Federal Capital Contributions		GSA	84.038	31,038	0
Federal Perkins Loan Program: Federal Capital Contributions		GTA	84.038	174,878	0
Federal Perkins Loan Program: Federal Capital Contributions		GYA	84.038	6,246	0
Federal Perkins Loan Program: Federal Capital Contributions		GZA	84.038	22,452	0
Federal Direct Student Loans		GFB	84.268	98,672,265	0
Federal Direct Student Loans		GFE	84.268	31,149,637	0
Federal Direct Student Loans		GGB	84.268	86,240,126	0
SUBTOTAL DIRECT FROM:				316,832,382	0
PASS-THROUGH PROGRAMS FROM:					
MOWD					
Federal Work-Study Program		GJD	84.033 / 84.GE00554-01	33,532	0
various state & private lenders					
Federal Family Education Loans		GWA	84.032	185,937	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:				219,469	0
SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				317,051,851	0
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
DIRECT FROM:					
OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION					
Federal Pell Grant Program		GFB	84.063	9,948,877	0
Federal Pell Grant Program		GFC	84.063	4,301,246	0
Federal Pell Grant Program		GFE	84.063	310,054	0
Federal Pell Grant Program		GGB	84.063	9,735,245	0
Federal Pell Grant Program		GGJ	84.063	4,893,478	0
Federal Pell Grant Program		GJB	84.063	2,917,794	0
Federal Pell Grant Program		GJC	84.063	2,928,444	0
Federal Pell Grant Program		GJD	84.063	6,919,396	0
Federal Pell Grant Program		GJE	84.063	7,120,163	0
Federal Pell Grant Program		GJF	84.063	1,063,660	0
Federal Pell Grant Program		GJG	84.063	1,001,404	0
Federal Pell Grant Program		GJH	84.063	2,184,465	0
Federal Pell Grant Program		GJJ	84.063	6,796,483	0
Federal Pell Grant Program		GJK	84.063	7,895,785	0
Federal Pell Grant Program		GJL	84.063	2,650,781	0
Federal Pell Grant Program		GJR	84.063	1,322,175	0
Federal Pell Grant Program		GJT	84.063	577,692	0
Federal Pell Grant Program		GKA	84.063	5,105,377	0
Federal Pell Grant Program		GLA	84.063	1,228,307	0
Federal Pell Grant Program		GSA	84.063	3,211,467	0
Federal Pell Grant Program		GTA	84.063	12,587,053	0
Federal Pell Grant Program		GWA	84.063	1,596,990	0
Federal Pell Grant Program		GYA	84.063	2,751,208	0
Federal Pell Grant Program		GZA	84.063	5,753,747	0
Federal Pell Grant Program		GFD	84.063 / 84.P038A030750	4,319,806	0
Federal Pell Grant Program		GFD	84.063 / 84.P063P032844	21,218	0
SUBTOTAL DIRECT FROM:				109,142,315	0
SUBTOTAL OFFICE OF POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION				109,142,315	0
SUBTOTAL DEPARTMENT OF EDUCATION				426,194,166	0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY						
MAJOR SUBDIVISION OF FEDERAL AGENCY						
SOURCE TYPE (DIRECT OR PASS-THROUGH)						
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)						
PROGRAM NAME	NONCASH INDICATOR	STATE <sup>1</sup> AGENCY	CFDA / OTHER ID NUMBER	DIRECT EXPENDITURES	PASSED TO SUBRECIPIENTS	
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
DIRECT FROM:						
HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		GFE	93.342	3,584	0	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		GGB	93.342	173,422	0	
Nursing Student Loans		GFE	93.364	71,386	0	
Scholarships for Health Professions Students from Disadvantaged Backgrounds		GFE	93.925	193,766	0	
Scholarships for Health Professions Students from Disadvantaged Backgrounds		GGB	93.925	90,124	0	
				-----	-----	
SUBTOTAL DIRECT FROM:				532,282	0	
				-----	-----	
SUBTOTAL HEALTH RESOURCES AND SERVICES ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES				532,282	0	
				-----	-----	
SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				532,282	0	
				-----	-----	
SUBTOTAL STUDENT FINANCIAL AID-CLUSTER				426,726,448	0	
-----						

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY

MAJOR SUBDIVISION OF FEDERAL AGENCY

SOURCE TYPE (DIRECT OR PASS-THROUGH)

ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)

PROGRAM NAME

NONCASH  
INDICATOR

STATE<sup>1</sup>  
AGENCY

CFDA / OTHER ID NUMBER

DIRECT  
EXPENDITURES

PASSED TO  
SUBRECIPIENTS

TRIO - CLUSTER

\*\*\*\*\*

DEPARTMENT OF EDUCATION

OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION

DIRECT FROM:

OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION

TRIO: Student Support Services	GFB	84.042	611,530	0
TRIO: Student Support Services	CFD	84.042	143,806	0
TRIO: Student Support Services	GGB	84.042	344,526	0
TRIO: Student Support Services	GCJ	84.042	275,424	0
TRIO: Student Support Services	GJD	84.042	277,762	0
TRIO: Student Support Services	GJF	84.042	189,231	0
TRIO: Student Support Services	GJJ	84.042	223,236	0
TRIO: Student Support Services	GJK	84.042	270,484	0
TRIO: Student Support Services	GJM	84.042	359,151	0
TRIO: Student Support Services	GJR	84.042	185,511	0
TRIO: Student Support Services	GKA	84.042	281,836	0
TRIO: Student Support Services	GTA	84.042	268,374	0
TRIO: Student Support Services	GYA	84.042	200,867	0
TRIO: Student Support Services	GSA	84.042 / 84.P042A020971	263,400	0
TRIO: Talent Search	GGB	84.044	378,527	0
TRIO: Talent Search	GJB	84.044	197,640	0
TRIO: Talent Search	GJD	84.044	299,514	0
TRIO: Talent Search	GJM	84.044	300,154	0
TRIO: Talent Search	GSA	84.044	274,977	0
TRIO: Talent Search	GYA	84.044	275,067	0
TRIO: Upward Bound	GFB	84.047	569,292	0
TRIO: Upward Bound	GFD	84.047	74,687	0
TRIO: Upward Bound	GGB	84.047	454,525	0
TRIO: Upward Bound	GGJ	84.047	357,296	0
TRIO: Upward Bound	GJK	84.047	242,454	0
TRIO: Upward Bound	GJM	84.047	790,697	0
TRIO: Upward Bound	GKA	84.047	247,266	0
TRIO: Upward Bound	GSA	84.047	272,586	0
TRIO: Upward Bound	GTA	84.047	569,469	0
TRIO: Upward Bound	GYA	84.047	477,925	0
TRIO: Educational Opportunity Centers	GGB	84.066	510,621	0
TRIO: Educational Opportunity Centers	GCJ	84.066	387,228	0
TRIO: Educational Opportunity Centers	GJD	84.066	597,238	0
TRIO: McNair Post-Baccalaureate Achievement	GFB	84.217	246,888	0
TRIO: McNair Post-Baccalaureate Achievement	GFD	84.217	117,279	0
TRIO: McNair Post-Baccalaureate Achievement	GGB	84.217	228,397	0
TRIO: McNair Post-Baccalaureate Achievement	GKA	84.217	236,350	0

SUBTOTAL DIRECT FROM:

12,001,215 0

SUBTOTAL OFFICE OF ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION, DEPARTMENT OF EDUCATION

12,001,215 0

SUBTOTAL DEPARTMENT OF EDUCATION

12,001,215 0

SUBTOTAL TRIO - CLUSTER

12,001,215 0

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

PROGRAM TYPE (UNCLUSTERED OR CLUSTERED)

FEDERAL AGENCY				NONCASH	STATE <sup>1</sup>		DIRECT	PASSED TO
MAJOR SUBDIVISION OF FEDERAL AGENCY				INDICATOR	AGENCY	CFDA / OTHER ID NUMBER	EXPENDITURES	SUBRECIPIENTS
SOURCE TYPE (DIRECT OR PASS-THROUGH)								
ASSISTANCE PROVIDER (MAJOR SUBDIVISION OF FEDERAL AGENCY OR PASS-THROUGH ENTITY)								
PROGRAM NAME								
WIA - CLUSTER								
*****								
DEPARTMENT OF LABOR								
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR								
DIRECT FROM:								
EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR								
WIA Adult Program					KAA	17.258	3,326,537	4,676,952
WIA Youth Activities					KAA	17.259	3,362,172	5,204,585
WIA Dislocated Workers					GJJ	17.260	6,914	0
WIA Dislocated Workers					KAA	17.260	3,451,992	7,695,628
WIA Dislocated Workers					NAA	17.260	81,486	0
SUBTOTAL DIRECT FROM:							10,229,101	17,577,165
PASS-THROUGH PROGRAMS FROM:								
MOWD								
WIA Adult Program					GJD	17.258 / 17.GE31265	241,477	0
WIA Adult Program					GJD	17.258 / 17.GE32148	43,903	0
WIA Dislocated Workers					GJD	17.260 / 17.GE31265	114,165	0
SUBTOTAL PASS-THROUGH PROGRAMS FROM:							399,545	0
SUBTOTAL EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR							10,628,646	17,577,165
SUBTOTAL DEPARTMENT OF LABOR							10,628,646	17,577,165
SUBTOTAL WIA - CLUSTER							10,628,646	17,577,165
-----								
TOTAL							4,121,266,170	1,395,498,587

<sup>1</sup>See Note 5 for a listing of State agency codes and agency names.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

*Note 1. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the State of Colorado agencies and institutions of higher education. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Under A-133, an award is considered expended when certain events related to the award occur. These include:

- Expenditure/expense transactions associated with grants, cost reimbursement contracts, cooperative agreements, and direct appropriations. The State of Colorado recognizes expenditures/expenses on the modified accrual or full accrual basis depending on the fund used. See note 5 of the Basic Financial Statements for additional information.
- Disbursement of amounts entitling the state to an interest subsidy
- Use of loan proceeds under loan and loan guarantee programs
- Distribution or consumption of food commodities
- Receipt of property or surplus property
- Disbursement of funds to subrecipients
- The period when insurance is in force
- Receipt or use of program income

As a result of these criteria, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

*Note 2. Organization of the Schedule*

Assistance reported in the Schedule of Expenditures of Federal Awards is grouped first by program clusters as defined in the Compliance Supplement then by federal agency and then by major subdivision of federal agency. Programs not included in clusters are reported under Catalog of Federal Domestic Assistance (CFDA) numbers or other identifying numbers at the front of the Schedule in a section titled Unclustered Programs. In order to determine the total assistance provided to the State of Colorado by an individual federal agency, amounts provided by the federal agency must be identified in individual clusters as well as in the Unclustered Programs section.

*Note 3. Other Assistance*

Most noncash assistance is reported in the Schedule of Expenditures of Federal Awards and indicated by an asterisk in the column titled Noncash Indicator. The following provides additional information related to items that federal agencies may consider to be assistance.

- A. The State Department of Labor and Employment expended \$620,826,138 for grant 17.225 - Unemployment Insurance and 21.Unknown for FECA Reimbursable, Federal EB and TEUC Benefit Payments. The total expenditure amount includes the federal portion of the grants and the required state match in the amounts of \$166,738,626 and \$454,087,512, respectively.

*Note 4. Subrecipients*

All amounts passed-through to subrecipients are identified in the Schedule of Expenditures of Federal Awards under the column titled Passed to Subrecipients.

STATE OF COLORADO  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

*Note 5. State Agency Codes and Names*

Agency Code	Agency Name	Agency Code	Agency Name	Agency Code	Agency Name
AMA	DOIT - BUSINESS SERVICES	GJG	MORGAN COMMUNITY COLLEGE	ILD	VET NURSING HOME AT RIFLE
BAA	DEPARTMENT OF AGRICULTURE	GJH	OTERO JUNIOR COLLEGE	ILE	WALSENBURG VET NURSING HOME
CAA	CORRECTIONS ADMINISTRATION	GJJ	PIKES PEAK COMMUNITY COLLEGE	ILG	FITZSIMMONS STATE NURSING HOME
DAA	DEPARTMENT OF EDUCATION	GJK	PUEBLO COMMUNITY COLLEGE	JAA	JUDICIAL
EAA	OFFICE OF THE GOVERNOR	GJL	RED ROCKS COMMUNITY COLLEGE	KAA	DEPT OF LABOR AND EMPLOYMENT
EDA	OFFICE OF ECONOMIC DEVELOPMENT	GJM	TRINIDAD STATE JUNIOR COLLEGE	LAA	DEPARTMENT OF LAW
EFA	OFFICE OF ENERGY CONSERVATION	GJR	NORTHEASTERN JUNIOR COLLEGE	NAA	DEPARTMENT OF LOCAL AFFAIRS
FAA	DEPT OF PUB HLTH & ENVIRONMENT	GJT	NORTHWESTERN COMMUNITY COLLEGE	OAA	DIVISION OF NATIONAL GUARD
GAA	COLO COMMISSION ON HIGHER ED	GKA	UNIVERSITY OF NORTHERN COLO	OBA	VETERANS AFFAIRS
GBA	COLORADO COUNCIL ON THE ARTS	GLA	COLORADO SCHOOL OF MINES	PAA	DNR - EXECUTIVE DIRECTOR
GCA	STATE HISTORICAL SOCIETY	GMA	AURARIA HIGHER EDUCATION CTR	PBA	DIVISION OF WILDLIFE
GDA	COLORADO STUDENT LOAN	GRA	CO STUDENT OBLIGATION BOND AUT	PDA	WATER CONSERVATION BOARD
GFA	CU - REGENTS	GSA	FORT LEWIS COLLEGE	PEA	DIVISION OF WATER RESOURCES
GFB	CU - BOULDER	GTA	METROPOLITAN STATE COLLEGE	PHA	OIL AND GAS CONSERVATION COMM
GFC	CU - COLORADO SPRINGS	GWA	WESTERN STATE COLLEGE	PIA	COLORADO GEOLOGICAL SURVEY
GFD	CU - DENVER	GYA	ADAMS STATE COLLEGE	PJA	PARKS AND OUTDOOR RECREATION
GFE	CU - HEALTH SCIENCE CENTER	GZA	MESA STATE COLLEGE	PKA	MINED LAND RECLAMATION DIV
GGB	COLORADO STATE UNIVERSITY	HAA	COLO DEPT OF TRANSPORTATION	RAA	DEPARTMENT OF PUBLIC SAFETY
GGJ	CO STATE UNIVERSITY - PUEBLO	IHA	DEPARTMENT OF HUMAN SERVICES	SDA	CIVIL RIGHTS DIVISION
GJA	COLO COMM COLL & OCC ED SYS	IHH	PUBLIC HOUSING AUTHORITY	SFA	DIVISION OF INSURANCE
GJB	ARAPAHOE COMMUNITY COLLEGE	IHM	ALCOHOL AND DRUG ABUSE DIV	SGA	PUBLIC UTILITIES COMMISSION
GJC	COMMUNITY COLLEGE OF AURORA	IIA	OHR - ADMINISTRATIVE OFFICES	TAA	REVENUE - ADMINISTRATION
GJD	COMMUNITY COLLEGE OF DENVER	IKA	DIV OF YOUTH CORRECTIONS	UHA	DEPT OF HLTH CARE POLICY & FIN
GJE	FRONT RANGE COMMUNITY COLLEGE	ILB	STATE VET CENTER AT HOMELAKE	VAA	DEPARTMENT OF STATE
GJF	LAMAR COMMUNITY COLLEGE	ILC	VET NURSING HOME AT FLORENCE	WBA	TREASURY - OPERATING

## **Other Required Reports**



## STATE OF COLORADO

JOANNE HILL, CPA  
State Auditor

OFFICE OF THE STATE AUDITOR  
303.869.2800  
FAX 303.869.3060

Legislative Services Building  
200 East 14th Avenue  
Denver, Colorado 80203-2211

December 23, 2004

### **Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Legislative Audit Committee:

We have audited the financial statements of the State of Colorado, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 23, 2004. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the State of Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Colorado's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Colorado's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Recommendation Nos. 2-19, 21-26.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose the reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

A handwritten signature in cursive script, reading "Joanne Hill".



## STATE OF COLORADO

JOANNE HILL, CPA  
State Auditor

OFFICE OF THE STATE AUDITOR  
303.869.2800  
FAX 303.869.3060

Legislative Services Building  
200 East 14th Avenue  
Denver, Colorado 80203-2211

December 23, 2004

**Independent Auditor's Report on Compliance  
With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

Members of the Legislative Audit Committee:

Compliance

We have audited the compliance of the State of Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The State of Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on the State of Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the State of Colorado's compliance with those requirements.

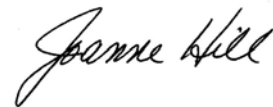
In our opinion, the State of Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB *Circular A-133* and which are described in the accompanying schedule of findings and questioned costs as Recommendation Nos. 27-40, 42-43, 46-78, 81-95.

## Internal Control Over Compliance

The management of the State of Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB *Circular A-133*.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the State of Colorado's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Recommendation Nos. 27-60, 66, 70-71, 89-95.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

A handwritten signature in black ink, appearing to read "Joanne Hill". The signature is written in a cursive, flowing style.



## STATE OF COLORADO

JOANNE HILL, CPA  
State Auditor

OFFICE OF THE STATE AUDITOR  
303.869.2800  
FAX 303.869.3060

Legislative Services Building  
200 East 14th Avenue  
Denver, Colorado 80203-2211

December 23, 2004

### Required Communications Letter

Members of the Legislative Audit Committee:

We have audited the financial statements of the State of Colorado for the year ended June 30, 2004, and have issued our report thereon dated December 23, 2004. Under auditing standards generally accepted in the United States of America, we are providing you with the following information related to the conduct of our audit.

#### Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. In carrying out this responsibility we planned and performed our audit to obtain reasonable assurance about whether the State's financial statements are free from material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements, due to error or fraud, may exist and not be detected by us. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, we obtained an understanding of the State's internal control sufficient to plan the audit and determine the nature, timing, and extent of audit procedures to be performed for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

#### Significant Accounting Policies

The significant accounting policies used by the State are described in the notes to the financial statements contained in the Comprehensive Annual Financial Report issued under separate cover. As described in Note 2, the State implemented Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB Statement No. 14, *The Financial Reporting Entity*, as of July 1, 2003.

#### Management Judgements and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgements. Those judgements are normally based on knowledge and

experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the State's Fiscal Year 2004 financial statements include taxes receivable, allowance for doubtful accounts, depreciation of capital assets, deferred revenue, compensated absence liabilities, self-insurance liabilities, unclaimed property liabilities, scholarship allowances, and unemployment benefits payable. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

### Audit Adjustments

Professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. Uncorrected misstatements identified during the Fiscal Year 2004 audit were determined by management and the Office of the State Auditor to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The net effect of the uncorrected misstatements would have been to decrease the net assets by about \$226,000, increase assets by about \$173,000, increase liabilities by almost \$1.9 million, decrease revenue by about \$2.2 million, and decrease expenditures by nearly \$725,000. See Appendix B, which shows the net and gross passed audit adjustments by agency and the net and gross posted audit adjustments by agency.

### Disagreements with Management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### Consultations with Other Accountants

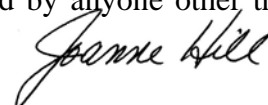
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to confer with us to determine that the consultant has all relevant facts. To the best of our knowledge, there were no such consultations, written or oral, from other independent accountants during the past year.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

\* \* \* \* \*

This report is intended solely for the information and use of the Legislative Audit Committee, and the State's management and is not intended to be and should not be used by anyone other than these specified parties.



## **Appendices**

## APPENDIX A

### FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Department of Corrections</b>						
1	28	Expand its monitoring process for privately operated facilities to ensure that complete and accurate documentation is maintained to support all activity in inmate bank accounts, Administrative Regulations are properly enforced, and appropriate internal controls are in place to ensure accurate processing of inmate account activity.	N/A	Agree	6/30/2005	N/A
2	29	Review its policies and procedures for inventory counts at year-end and modify as deemed necessary to ensure accurate inventory counts are completed.	N/A	Agree	6/30/2005	N/A
<b>Department of Education</b>						
3	32	Strengthen controls over personnel processes by (a) enforcing its existing policy or revising the policy to ensure that all initial hires are properly approved and documented and that salary adjustment forms include all necessary approvals, and (b) establishing policies and procedures over hiring of family members to ensure that situations of nepotism and perceptions of conflicts of interest are avoided.	N/A	Agree	5/2005	N/A

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
4	34	Strengthen its controls over personnel and payroll activities by (a) establishing procedures that require supervisors to sign and approve employee timesheets to indicate that the timesheets are accurate and that leave taken has been properly documented, (b) limiting the Human Resources Director's access to the State's central Human Resources system (EMPL) so that adequate segregation of duties is achieved or developing compensating controls which may include signature approval of the payroll turnaround report or other documentation, and (c) educating Unit Directors regarding the information contained in the monthly budget to actual reports so that the review of the reports can be used as a control over payroll costs.	N/A	Agree	5/2005	N/A
<b>Department of Health Care Policy and Financing</b>						
5	38	Ensure that it routinely reconciles accounts receivable on COFRS to subsidiary ledgers and makes necessary adjustments in a timely manner.	N/A	Agree	6/30/2005	N/A
27	125	Improve oversight of Medicaid eligibility systems to ensure that benefits are paid only to individuals eligible for the Medicaid programs by (a) performing random testing of eligibility information determinations, (b) coordinating periodic peer reviews of eligibility determinations with the Department of Human Services, and (c) completing existing reviews to the standards expected by the Centers for Medicare and Medicaid Services and in a timelier manner.	93.777, 93.778 (E) HHS	Agree	7/2005	Phil Reed (303)866-2764

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<b>Rec. No.</b>	<b>Page No.</b>	<b>Recommendation Summary</b>	<b>CFDA No. / Compliance Requirement / Federal Entity</b>	<b>Agency Response</b>	<b>Implementation Date</b>	<b>Contact for Corrective Action Plan</b>
28	126	Ensure that adequate documentation is maintained to support the methodology on which Child Placement Agency payments to Mental Health Assessment and Services Agencies under the Medicaid program are based.	93.777, 93.778 (A) HHS	Agree	12/1/2004	Phil Reed (303)866-2764
29	128	Improve controls over provider eligibility by continuing to monitor the fiscal agent's review of all provider files. Reviews should ensure each file includes a current provider agreement and that provider licenses are consistent with the dates of services for which claims payments are made.	93.777, 93.778 (N) HHS	Agree	7/1/2005	Phil Reed (303)866-2764

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
30	132	Ensure that it is fulfilling its responsibilities as a pass-through entity for the Medicaid program and that Single Entry Point (SEP) agencies are properly monitored by (a) conducting on-site certification reviews of all SEP agencies on an annual basis and following up on compliance issues identified in a timely manner; (b) issuing annual awards letters informing SEP agencies of federal awards received during the year and ensuring the letters contain all required information; (c) requiring all SEP agencies to undergo an OMB Circular A-133 audit within nine months of fiscal year end as required by federal regulations, following up on SEP agencies not in compliance with the requirement, and taking corrective action as necessary; (d) issuing management decisions on a timely basis regarding Medicaid program questioned costs identified in SEP agency OMB Circular A-133 audits, and taking corrective action as necessary; (e) conducting reviews of SEP annual unexpended Medicaid funds reports and taking steps to recover any unexpected amounts; (f) requiring all SEP agencies to submit monthly statements of expenditures and consistently reviewing these statements for propriety; (g) performing a client satisfaction survey as outlined in the State Rules on an annual basis; and (h) completing on-site Financial Compliance Reviews on all SEP agencies on a more frequent, revolving basis, and investigating and requesting repayment of identified disallowed amounts in a timely manner within the statute of limitations period.	93.777, 93.778 (N) HHS	Agree	5/31/2005	Phil Reed (303)866-2764

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## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
31	136	Ensure full compliance with the Medicaid Drug Rebate Program requirements by (a) implementing a method for identifying the state-only portion of its prescription drug usage and excluding that portion from the federal Medicaid drug rebate calculations; (b) working with the Centers for Medicare and Medicaid Services (CMS) to determine whether some portion of drug rebates received by the Department are due back to participating Medicaid drug manufacturers and, as necessary, repaying any overpayments; and (c) requesting advance approval from CMS for future rate changes related to its Medicaid Drug Rebate Program to ensure rebates are being properly invoiced to manufacturers, collected by the State and reported to CMS.	93.777, 93.778 (A) HHS	a. Agree b. Partially Agree c. Agree	a. 10/31/2005 b. 10/31/2005 c. 2/1/2005	Phil Reed (303)866-2764
32	139	Require that the fiscal agent obtain a SAS 70 Type 2 audit of the Medicaid Management Information System at the Denver site.	93.777, 93.778 (N) HHS	Agree	Implemented	Phil Reed (303)866-2764
33	146	Improve efforts to ensure that outlier claims are appropriate and accurate by (a) working with the utilization management contractor to review all outlier claims for Drug Related Groupings (DRGs) "without complications" for Fiscal Year 2004 and all prior years for which records are available, and the Department should process incorrect DRG assignments for recovery and track recoveries to determine the financial impact of miscoding; (b) expanding future review assignments to include reviews of DRGs without complications; (c) reviewing the methodology for setting the trim point on DRGs and adjusting trim points and DRG weights as needed to reduce or eliminate potential financial incentives for providers to report inaccurate diagnosis or surgical procedure information on their claims, leading to the assignment of incorrect DRGs.	93.777, 93.778 (B)(M) HHS	Agree	7/1/2006	Annmarie Maynard (303)866-3023

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
34	150	Improve the accuracy of claims payments by (a) reinstating its quality control process for Medicaid claims using the Claims Processing Assessment System, (b) periodically reviewing a sample of fee-for-service claims suspended from payment by the Medicaid Management Information System (MMIS) due to Health Maintenance Organizations enrollment, which are then paid as fee-for-service claims by the fiscal agent; and (c) using these processes to identify and implement any necessary changes to MMIS, along with any process improvements and clarifications for manual reviews by the fiscal agent.	93.777, 93.778 (A)(B)(M) HHS	Agree	1/2005	Annmarie Maynard (303)866-3023
35	153	Expand efforts to reduce the number and amount of newborn claims that are inappropriately paid for as fee-for-service by (a) collecting data to determine where lags in the newborn enrollment process occur, whether certain counties experience more problems in this area than others, and what additional processes could be implemented to reduce inappropriate fee-for-service claims for newborns; (b) as part of its next payment correction process, evaluating the extent to which the Colorado Benefits Management System reduces the newborn portion of incorrect fee-for-service payments for Health Maintenance Organizations enrollees; and (c) after implementing the provisions of HB 04-1058, evaluating the success of the designated sites in increasing newborn enrollment in Medicaid and considering the possibility of pursuing statutory change to expand its ability to designate other providers.	93.777, 93.778 (B)(E) HHS	Agree	7/2005	Annmarie Maynard (303)866-3023
36	157	Improve the timeliness of payment recoveries by conducting the Health Maintenance Organization payment correction process twice per year.	93.777, 93.778 (B) HHS	Agree	1/2005	Annmarie Maynard (303)866-3023

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
37	161	Reduce the amount of paid claims for clients after death by (a) using the claim-specific data provided through this audit to identify and recover any payments made for services provided after date of death, (b) periodically conducting a data match of eligibility files and paid claims with date of death data from the Colorado Department of Public Health and Environment and/or the Social Security Administration to identify and pursue recovery of any claims paid for service dates after date of death, and (c) updating client eligibility files as indicated on the basis of parts (a) and (b) of this recommendation.	93.777, 93.778 (A)(B)(E) HHS	Agree	3/2005	Annmarie Maynard (303)866-3023
38	164	Work with the fiscal agent to ensure that its quality control process for rate changes includes a review of all rate change parameters that are input into the Medicaid Management Information System, including the effective dates of rate changes.	93.777, 93.778 (B)(M) HHS	Agree	12/2004	Annmarie Maynard (303)866-3023
39	171	Improve its oversight of prescription claims' payments of non covered and restricted, covered drugs to ensure payments are accurate and allowable by (a) requiring the fiscal agent to compare drug rebate product files and Drug Efficacy Study Implementation (DESI) drug lists from the Centers for Medicare and Medicaid Services with data from First Data Bank on at least a monthly basis to ensure the most accurate data are used to determine allowable payments; (b) developing and reviewing monthly claims paid reports to ensure the fiscal agent is not processing drug claims that are not eligible for Medicaid reimbursement; and (c) identifying and recovering from the fiscal agent all monies incorrectly paid for drug claims for DESI drugs, drugs with no federal rebate agreement, and any other payments which are not allowed under federal or state Medicaid statutes, rules, or plans.	93.777, 93.778 (A)(G) HHS	Partially Agree	7/2005	Annmarie Maynard (303)866-3023

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
40	175	Ensure the accuracy of fiscal agent drug pricing by strengthening its audits of the prescription drug program to include pricing components and larger sample sizes, increasing the frequency of analytic reviews, using cost-effective, available software applications, and establishing and enforcing standard recovery procedures from the fiscal agent for payments made due to pricing errors.	93.777, 93.778 (A)(B) HHS	Agree	4/2005	Annmarie Maynard (303)866-3023
41	178	Maximize drug rebate collections through the Drug Rebate Program by (a) improving the drug rebate accounting system to increase the collection rate and expedite recovery of rebate program revenue; (b) tracking rebate amounts invoiced, disputed, and collected to establish benchmarks and evaluate trends; (c) evaluating staffing/workload and assigning staff resources to compute interest on unpaid balances, properly track pricing and rebate per unit changes, research disputed rebates, and resolve all outstanding disputes with manufacturers in a timely manner; (d) investigating and implementing system edits which will prevent payment of claims that could lead to rebate disputes; and (e) using the dispute resolution services of the Centers for Medicare and Medicaid Services, when appropriate.	93.777, 93.778 (P) HHS	Agree	3/2005	Annmarie Maynard (303)866-3023
42	181	Improve its oversight of pharmacy record keeping to ensure adequate controls for detecting and deterring fraudulent billing practices.	93.777, 93.778 (A) HHS	Agree	12/2004	Annmarie Maynard (303)866-3023

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
43	186	Improve the effectiveness of the prior authorization program and ensure that Medicaid payments are appropriate for restricted, covered drugs by (a) developing and enforcing fiscal agent contract performance standards for drug prior authorization program administration to minimize the risk of proper authorizing non covered drugs; (b) increasing the frequency of analytical review and conducting independent audits of the fiscal agent's accuracy and consistency in following prior authorization guidelines and procedures; (c) increasing oversight of fiscal agent training to ensure proper interpretation and implementation of federal and state statutes, policies, procedures, and clinical prior authorization criteria; and (d) hiring or contracting with a licensed physician to oversee drug and other utilization control programs.	93.777, 93.778 (A) HHS	Agree	4/2005	Annmarie Maynard (303)866-3023
44	190	Strengthen its controls over pharmacy overrides by (a) enforcing existing policies by conducting regular audits of prescription drug claim overrides, (b) expanding analytical review of paid prescription drug claims to include routine analysis and trending of pharmacy override codes to detect patterns of misuse or abuse, (c) conducting provider education and outreach to reinforce the Department's policies and procedures concerning overrides and other utilization controls, (d) establishing additional internal controls to limit quantities dispensed and developing clinical guidelines to prevent pharmacy overrides for drugs that are clinically inappropriate or subject to abuse, and (e) establishing controls to prevent fraudulent billing practices for the "brand cheaper than generic" override and expanding post payment pharmacy audit criteria to include the identification of overpayments resulting from "brand cheaper than generic" overrides.	93.777, 93.778 (P) HHS	Agree	11/2005	Annmarie Maynard (303)866-3023

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
45	192	Implement a preferred drug list, and where appropriate, should adopt the best practices of other states, partner with other states to reduce administrative burden, and produce fiscal impact analyses and share findings with the public.	93.777, 93.778 (P) HHS	Disagree	N/A	Annmarie Maynard (303)866-3023
46	195	Improve oversight and management of fiscal agency activities related to the Medicaid prescription drug program by implementing a strategic plan, including timelines for completion, for the following (a) conducting internal analytical reviews and audits, (b) reviewing the adequacy of the fiscal agent's processes and procedures for quality control, (c) identifying and recovering from the fiscal agent incorrect or improper overpayments, and (d) developing and disseminating useful reports.	93.777, 93.778 (A)(B) HHS	Agree	7/2005	Annmarie Maynard (303)866-3023
<b>Department of Higher Education</b>						
<b>University of Colorado</b>						
47	200	Review the federal regulations surrounding the Return of Title IV Funds and related compliance requirements.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (N) DOE, HHS	Agree	9/2004	Mary Catherine Gaisbauer (303)492-9712
48	204	Implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate, Student Unit Record Data System, and Exhibit K reports are accurate.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (L) DOE, HHS	Partially Agree	9/2005	Mary Catherine Gaisbauer (303)492-9712

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
49	206	Strengthen procedures to ensure that the maximum annual limits of subsidized Federal Direct Student Loans are offered to all students through additional monitoring of the original parameters set during the award determination process, or if system limitations restrict the University from establishing award levels that are compliant with federal guidelines, waivers should be obtained from the applicable awarding agency.	84.268 (E) DOE	Agree	2/2005	Mary Catherine Gaisbauer (303)492-9712
50	207	Strengthen procedures to provide timely supervisory reviews of the calculation of Federal Direct Student Loan draws prior to their submittal.	84.268 (C) DOE	Disagree	N/A	N/A
<b>Colorado State University</b>						
51	210	Establish procedures to ensure that data elements calculated as a result of professional judgement are correct.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (E) DOE, HHS	Agree	5/2005	Barbara Obester (719)491-0512
52	211	Reinforce procedures and provide additional training to ensure that the Technology Charge Awards (TCA) process is properly adjusted when costs of attendance are adjusted during the second day of the TCA process.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (E) DOE, HHS	Agree	8/2004	Barbara Obester (719)491-0512

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
53	211	Reinforce existing procedures and provide additional training as necessary to ensure that manually awarded loans are disbursed in equal installments.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (N) DOE, HHS	Agree	1/2005	Barbara Obester (719)491-0512
54	212	Implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate report are accurate.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (L) DOE, HHS	Agree	9/2005	Barbara Obester (719)491-0512
55	213	Include a standard clause in all purchase orders, maintain a suspended and debarred file, and document the review of the Excluded Parties List System for all vendors related to federal grants, or require certifications for all agreements related to federal grants.	10.001, 10.200, 10.203, 10.206, 10.302, 10.303, 10.652, 11.432, 15.808, 15.916, 47.041, 47.049, 47.050, 47.074, 66.500, 93.136, 93.279, 93.389, 93.393, 93.395, 93.821, 93.853, 93.856 (I) DOC, DOI, EPA, HHS, NSF, USDA	Agree	12/2004	Barbara Obester (719)491-0512

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Colorado State University - Pueblo</b>						
56	215	Establish procedures to ensure that the midpoint of the semester is properly calculated and that requests for Federal Family Education Loan funds and disbursements of these funds are made according to the proper calculated midpoint.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (N) DOE, HHS	Agree	2/28/2005	Barbara Obester (719)491-0512
57	216	Implement procedures whereby there is segregation of duties calculating the drawdowns, making the drawdowns, and reviewing the drawdowns.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (C) DOE, HHS	Agree	10/15/2004	Barbara Obester (719)491-0512
58	217	Implement monitoring procedures over the verification process.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (N) DOE, HHS	Agree	2/28/2005	Barbara Obester (719)491-0512
59	219	Implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate report are accurate.	84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.342, 93.364, 93.925 (L) DOE, HHS	Agree	9/2005	Barbara Obester (719)491-0512

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Colorado Community College System Front Range Community College</b>						
60	223	Develop and implement a plan to improve internal control and compliance over student financial aid.	84.063 (E)(N) DOE	Agree	6/2005	Mike Kupcho (303)404-5546
<b>Colorado Community College System Arapahoe Community College</b>						
61	225	Establish procedures to ensure that declined awards are returned to the federal government in a timely manner.	84.063 (N) DOE	Agree	2/2005	Brett Artzer (303)797-5945
<b>Colorado Community College System Front Range Community College Trinidad State Junior College</b>						
62	226	Establish procedures to ensure that Return of Title IV calculations are processed correctly with accurate charges and period-end dates.	84.063 (N) DOE	Agree	6/2005	Gary Fresquez (719)846-5553 Mike Kupcho (303)404-5546
<b>Colorado Community College System Trinidad State Junior College</b>						
63	227	Establish procedures to ensure that the withdrawal date of students who withdraw without providing notification is determined within 30 days after the end of the term and the resulting return is made no later than 30 days after the date of this determination.	84.063 (N) DOE	Agree	6/2005	Gary Fresquez (719)846-5553

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Colorado Community College System Community College of Denver</b>						
64	228	Establish procedures to ensure that the institution's portion of a student's unearned Title IV funds are returned within 30 days after the College has determined a student has withdrawn.	84.063 (N) DOE	Agree	6/2005	Carol Linsely (303-356-3591
<b>Colorado Community College System Pikes Peak Community College</b>						
65	229	Ensure that breaks are calculated properly on the Return of Title IV Funds calculations.	84.063 (N) DOE	Agree	6/2005	Rick Lee (719)540-7089
<b>Colorado Community College System Front Range Community College</b>						
66	230	Establish procedures to ensure that return calculations are made and that students are requested to repay grant overpayments, and should also repay the federal government as necessary.	84.063 (N) DOE	Agree	6/2005	Mike Kupcho (303)404-5546
67	231	Establish procedures to properly verify student financial aid application information, and if necessary, repay the federal government.	84.063 (N) DOE	Agree	6/2005	Mike Kupcho (303)404-5546

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Colorado Community College System Pikes Peak Community College</b>						
68	232	Implement procedures so that the appropriate supervisor reviews cash drawdowns and entries.	84.063 (C)(N) DOE	Agree	6/2005	Rick Lee (719)540-7089
<b>Adams State College</b>						
69	233	Improve its federal funds draw procedures by identifying and correcting financial aid data errors timely and improving the authorization process so that the federal funds drawn are adequate to meet the cash flow demands for related expenses.	84.063 (C) DOE	Agree	6/30/2005	Bill Mansheim (719)587-7728
<b>Colorado Student Loan Program</b>						
70	235	Continue to ensure the adequate controls are in place over default aversion fee ensuring that data input and similar errors are detected and corrected on a timely basis	84.032 (N) DOE	Partially Agree	5/2004	Michael Glowacki (303)505-3000
<b>Department of Human Services</b>						
6	44	Improve controls over the patient revenue reconciliation process at the Fort Logan Mental Health Institute by (a) performing revenue reconciliations that are complete, timely, and adequately reviewed; and (b) ensuring staff members are adequately qualified, trained, and supervised, and seek higher-level assistance when problems are identified.	N/A	Agree	a. 1/2005 b. 12/2004	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
7	46	Ensure capital asset expenditures are appropriately recorded on COFRS by (a) reviewing expenditures related to the CBMS system that were incurred prior to Fiscal Year 2003 to determine those costs that should have been capitalized as an asset rather than expensed on COFRS and making necessary adjustments; and (b) instituting a process for reviewing expenditures for all future capital asset projects, including information systems, and recording appropriate amounts for capitalization on a timely basis.	N/A	Agree	7/2005	N/A
8	48	Implement procedures to ensure a physical inventory is conducted at least annually of all leased microcomputers.	N/A	Agree	6/2005	N/A
9	51	Improve controls over its purchasing card program by (a) instituting and enforcing a formalized policy requiring approving authorities to address all problems identified in their areas through the Division of Procurement's purchasing card reviews, (b) establishing a system for tracking actions taken by approving authorities to address problems identified through the Division of Procurement's purchasing card reviews, (c) providing periodic training as determined necessary in problem areas identified through the Division of Procurement's purchasing card reviews, and (d) considering the use of a graduated point system with defined consequences for cardholder violations.	N/A	Agree	a. 7/1/2005 b. 4/2006 c. 10/1/2005 d. 6/30/2006	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
71	241	Improve controls over the Food Distribution Program by (a) establishing procedures for performing monthly inventory reconciliations, including a standard format that includes, at a minimum, the previous month's ending inventory, the number of units received, the number of units shipped, the current month's ending inventory, identified discrepancies and adjustments, and comments; (b) ensuring that concerns communicated by the distributors are addressed and that commodities are allocated timely; (c) holding distributors liable for noncompliance with contractual obligations and federal regulations and immediate steps should be taken to recover the \$29,532 worth of donated foods that were destroyed; and (d) placing distributors on corrective action for cited deficiencies, enforcing the corrective action plans, and documenting the results of the corrective action plans.	10.550, 10.555, 10.558, 10.559, 10.565, 10.569, 10.570 (M) USDA	Agree	a. 3/1/2005 b. 9/2004 c. 4/1/2005 d. 5/1/2005	Dick Taylor (303)866-2732
72	244	Strengthen its review process over purchases for the Temporary Assistance for Needy Families program to ensure expenditures are correctly coded and allowable under federal grant requirements.	93.558 (A)(B) HHS	Agree	4/1/2005	Dick Taylor (303)866-2732
73	246	Improve controls over sanctions for the Temporary Assistance for Needy Families (TANF) program by (a) formally incorporating reviews of sanctions as part of the current on-site county monitoring process and following up on problems as appropriate, and (b) reviewing monthly TANF sanction reports and identifying and investigating discrepancies.	93.558 (B)(M) HHS	Agree	a. 6/1/2005 b. 7/1/2005	Dick Taylor (303)866-2732

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
74	250	Improve cash management controls by (a) ensuring federal funds are drawn in a timely manner for all federal programs, (b) identifying the reason for past duplicate federal reimbursement requests and ensuring duplicate draw requests are not made in the future, and (c) seeking clarification from the federal government regarding its responsibility for meeting the Cash Management Improvement Act requirements for the Food Stamps program.	10.551, 93.558, 93.563, 93.575, 93.596, 93.658, 93.667 (C) USDA, HHS	Agree	a. 4/2005 b. 2/2004 c. 7/2004	Dick Taylor (303)866-2732
75	253	Improve its administration of the Supportive Housing and Homeless Program (SHHP) by (a) discontinuing its current policy to allow local service providers to sublease rental units to SHHP clients; if the Department decides to continue the policy, it should require that all leases and subleases executed by service providers be submitted to the Department, and the Department should review them for compliance to federal regulations; and (b) taking immediate steps to recover the \$11,175 in housing assistance overpayments made to the service provider.	14.871 (A)(B)(M) HUD	Agree	5/1/2006	Dick Taylor (303)866-2732
76	256	Improve controls over travel expenditures to ensure they are appropriate and allowable under state and federal regulations, and take steps to immediately recover overpayments made by the Vocational Rehabilitation Program and repay the portion owed to the federal government.	84.126 (B) DOE	Agree	6/2005	Dick Taylor (303)866-2732
77	258	Comply with state and federal regulations for the Vocational Rehabilitation Program by competitively bidding for services from a single provider that exceed \$50,000 annually.	84.126 (I) DOE	Agree	10/2005	Dick Taylor (303)866-2732

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
78	261	Improve controls over the preparation of the Exhibit K at the State Veterans Nursing Home at Fitzsimons by (a) ensuring staff preparing the exhibit are adequately trained, (b) instituting a secondary review process over the Exhibit K to ensure its accuracy prior to submission, and (c) ensuring that information used to prepare the Exhibit K is accurate.	64.010, 64.015 (L) DVA	Agree	a. 6/30/2005 b. 6/30/2005 c. 1/31/2005	Dick Taylor (303)866-2732
80	267	Increase access and improve the application and eligibility determination process for Older Americans Act services by (a) working with the Area Agencies to develop a single, standardized assessment and eligibility determination form and process that eliminates the need for clients to apply with multiple service providers; (b) translating program information, including applications and assessment forms, into appropriate languages for those regions where at least five percent of the population primarily speaks a language other than English; and (c) providing training to Area Agency and service provider staff on the application and eligibility determination processes.	93.043, 93.044, 93.045, 93.777, 93.778 (E)(M)(N) HHS	Agree	4/2005	Jeanette Hensley (303)866-7450
81	269	Work with the Area Agencies to improve access to services and decrease inappropriate service denials by (a) increasing service provider oversight and service planning, and targeting services to those individuals with the greatest social and economic need; (b) working with the Area Agencies to issue specific guidance for improving access to transportation services for rural participants; and (c) providing training to Area Agencies and service providers on voluntary contributions.	93.043, 93.044, 93.045 (A)(E)(M) HHS	Agree	3/2005	Jeanette Hensley (303)866-7450

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
82	271	Work with the Area Agencies and service providers to develop standard policies for establishing and tracking waiting lists in an organized manner to ensure that individuals are not forgotten or overlooked when services become available.	93.043, 93.044, 93.045 (E)(M) HHS	Agree	9/2004	Jeanette Hensley (303)866-7450
83	273	Work to develop a statewide policy on the use of nutrition supplements.	93.045, 93.053 (A)(B) HHS	Agree	3/2005	Jeanette Hensley (303)866-7450
84	277	Improve overall accountability and functionality of the Social Asset Management System (SAMS) database by (a) reviewing SAMS system components to determine whether additional coding mechanisms could be implemented to better track services provided by funding source (including Parts B through E of Title III funds); (b) incorporating fiscal components, such as billing functions, into the SAMS system to enable Area Agencies to pay providers for units of service; (c) performing scheduled reviews and comparisons of service data reported in SAMS to identify outliers or inconsistencies, and following up with Area Agencies and service providers to determine possible causes; (d) including specific requirements for reviewing and reconciling service provider documentation to SAMS data during Area Agency annual on-site reviews; (e) incorporating automated system edits that eliminate inaccurate data entry and issuing specific guidance to Area Agencies and service providers to improve consistency of data entry of SAMS information; and (f) conducting surveys of Area Agencies and service providers to determine what types of reporting and system functions would improve SAMS.	93.043, 93.044, 93.045 (B)(M) HHS	Agree	6/2007	Jeanette Hensley (303)866-7450

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## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
85	281	Establish fiscal controls to ensure that services paid for are provided and that program funds are spent appropriately by (a) requiring Area Agencies to reconcile the number of units provided and reported in the Social Asset Management System (SAMS) to the number of units in each agreement and attempt to recover funds if all services are not provided, (b) incorporating a review of service provider records and a reconciliation of those records to SAMS data into the Area Agencies' annual on-site evaluation of service providers, and (c) working with the Area Agencies to develop standardized practices for documenting and reporting services, and investigate recovery of Older Americans Act funds and state general funds paid for undocumented services, no-show services, or services that were not provided.	93.043, 93.044, 93.045 (A)(J)(L)(M) HHS	Agree	7/2005	Jeanette Hensley (303)866-7450
<p style="text-align: center;"><b>Department of Human Services</b> <b>Department of Health Care Policy and Financing</b></p>						
79	266	The Department of Human Services and the Department of Health Care Policy and Financing should work together to pilot a system for reorganizing the Older Americans and Older Coloradans' programs.	93.043, 93.044, 93.045, 93.777, 93.778 (E)(N) HHS	Agree	1/2007	Jeanette Hensley (303)866-7450 Vivianne Chaumont (303)866-2823
86	283	The Department of Human Services and the Department of Health Care Policy and Financing should work with the United States Department of Health and Human Services (HHS) to clarify the program that is responsible for payment when participants are eligible for services under both the Older Americans Act and Medicaid programs.	93.043, 93.044, 93.045, 93.778 (A)(B)(M) HHS	Agree	7/2005	Jeanette Hensley (303)866-7450 Vivianne Chaumont (303)866-2823

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## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
87	286	Reduce the costs of providing services to people who are ineligible by (a) training Area Agencies and service providers on correct assessment practices and methods for documenting participant eligibility, (b) reviewing participant eligibility during the Department's on-site assessments of Area Agencies and during the Area Agencies' on-site assessments of service providers, and (c) examining options for improving the objectivity of assessments and service authorizations by using independent case managers to authorize all services or reorganizing the program.	93.043, 93.044, 93.045 (E)(M) HHS	Agree	1/2007	Jeanette Hensley (303)866-7450
88	289	Establish comprehensive monitoring of Area Agencies and service providers by using a risk-based schedule for conducting on-site reviews.	93.043, 93.044, 93.045 (M) HHS	Agree	6/2005	Jeanette Hensley (303)866-7450
<b>Judicial Department</b>						
<b>Office of the Child's Representative</b>						
10	56	Ensure that all contracts are signed by all parties to the contract.	N/A	Agree	10/1/2004	N/A

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Department of Labor and Employment</b>						
11	59	Implement procedures for a more thorough review of estimates at year-end. by (a) comparing the current year major estimates exhibits to the prior year and investigating significant fluctuations, (b) reviewing previous year's post closing entries to determine if there are changes which affect current year calculations, (c) discussing any changes in methodology of the calculation with the statistician or individual responsible for the calculation on each estimate to determine if the change is reasonable, (d) assigning review responsibilities for estimates to individuals knowledgeable of facts and assumptions for the estimate and review of year-end adjustments to ensure that ending account balances are correct, and (e) reviewing of significant capital construction activity to ensure year-end accruals are recorded and that estimates are made for invoices not yet received.	N/A	Agree	a. 6/30/2005 b. 6/30/2005 c. 6/30/2005 d. Implemented e. Implemented	N/A
12	61	Ensure amounts recorded as refunds due to employers for overpayment of unemployment insurance tax are accurate and complete, and ensure that the <i>genesis</i> system will generate reports listing the detail on refunds owed to individual employers for unemployment insurance tax refunds.	N/A	Agree	12/2005	N/A
13	63	Consult with the State Controller's Office or others on a timely basis to ensure proper recording of transactions prior to year-end close, and ensure future direct purchases or constructed capital assets are properly capitalized according to the Fiscal Procedures Manual.	N/A	Agree	Implemented	N/A

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## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Department of Natural Resources</b>						
14	68	The Department of Natural Resources should continue working to improve controls over capital assets and ensure assets are recorded accurately on the State's accounting system by (a) specifying what type of documentation is required before an asset will be removed from the Department's capital asset database and communicating this requirement to staff, (b) enforcing its policies requiring the timely reporting of missing items as well as investigating potential theft or embezzlement in accordance with the Department's internal policy and State of Colorado Fiscal Rules if sufficient documentation regarding the disposal of the asset is not presented in a timely manner, and (c) implementing independent review procedures over the reconciliation process.	N/A	Agree	a. 6/30/2005 b. 6/30/2005 c. 12/31/2004	N/A
<b>State Board of Land Commissioners</b>						
15	70	Continue to improve its surface lease procedures by billing hold-over tenants while the renewal is under consideration.	N/A	Agree	2/2005	N/A

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## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Department of Personnel and Administration</b>						
<b>State Controller's Office</b>						
16	77	Ensure compliance with statutory requirements for transfers of General Fund surplus to the Highway Users Tax Fund and the Capital Construction Fund by (a) complying with the statutory date for making these transfers or developing options for the timing of these transfers and working with the General Assembly to revise the statutory transfer date, and (b) seeking legal guidance from the Attorney General's Office regarding the correct manner for calculating the Fiscal Year 2003 reserve and in the future in cases where statutes have conflicting requirements that affect the amounts of these transfers.	N/A	Partially Agree	9/2005	N/A
17	79	Ensure that the Technology Management Unit improve its controls over COFRS access by (a) requiring Financial System Team (FST) management to provide end dates enabling the automated process to suspend contractors access, and (b) implementing a process to ensure FST management reviews access privileges in a timely manner when employee and contractor assignments change.	N/A	Agree	2/2005	N/A

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Department of Public Safety Department of Local Affairs</b>						
89	297	Improve controls over the administration of the Homeland Security Grant Program in order to ensure that the State is in compliance with federal requirements for the grant in the areas of allowable costs and activities, cash management, equipment management, reporting, and subrecipient monitoring.	97.004 (A)(B)(C)(F)(L)(M)	Agree	6/30/2005	Daniel Frelund (303)239-4489 Carmen Velasquez (720)852-6626
<b>Department of Regulatory Agencies</b>						
18	89	Record revenue in accordance with generally accepted accounting principles.	N/A	Agree	6/30/2005	N/A
<b>Department of Revenue</b>						
19	94	Timely bill taxpayers identified as owing taxes to the State.	N/A	Agree	3/2005	N/A
20	97	The Information Technology Division should improve its password usage policy to prevent unauthorized access to the Department's network and confidential information by (a) instructing and assisting employees on setting up password protection on their computers, (b) training employees on the importance of password protection and securing their computers, and (c) clarifying the password usage policy.	N/A	Agree	3/2005	N/A

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
21	102	The Department of Revenue should improve controls over processing severance tax returns by (a) following up with taxpayers who do not submit required supporting documents with returns; (b) entering all critical data from returns and supporting documents into the internal tax system; (c) implementing additional math edits to match information from supporting documents to that reported on returns and to recalculate the tax liability owed, as well as penalties and interest due; (d) establishing more rigorous review procedures for returns that exceed the Department's internal threshold for refund requests; and (e) seeking statutory change to allow enforcement of the withholding requirement in cases where the producer fails to withhold and submit the statutorily required 1 percent of gross income from interest owners on a quarterly basis.	N/A	Agree	a. 10/2005 b. 6/2006 c. 6/2006 d. 5/2005 e. 6/2005	N/A
22	105	The Department of Revenue should improve controls over severance tax quarterly withholding and annual reconciliations by (a) identifying all producers who file quarterly withholding returns but fail to file annual reconciliations and taking appropriate action, including assessing penalties and interest; and (b) reviewing annual reconciliations to ensure that supporting documentation is submitted and agrees to the reconciliation and following up as appropriate.	N/A	Agree	a. 6/2005 b. 6/2006	N/A
23	108	The Department of Revenue should investigate more effective ways to collect oil and gas severance taxes owed to the State.	N/A	Agree	6/2005	N/A

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
<b>Department of Transportation</b>						
24	117	Implement adequate controls over year-end reconciliation by (a) establishing a realistic schedule for the completion of reconciliations of significant balance sheet accounts in the operating fund and all accounts in the debt service fund and at the government-wide level on a monthly basis, (b) assigning staff to perform the reconciliations, and (c) designating a supervisor to monitor compliance with the schedule, review all reconciliations, and sign off on the reconciliations to evidence review.	N/A	Agree	6/30/2005	N/A
25	118	Determine the value of assets abandoned, sold, and relinquished in Fiscal Year 2004 and make the appropriate entries on the general ledger, and ensure disposals of roads and rights of way approved by the Transportation Commission are communicated to accounting staff on a timely basis.	N/A	Agree	6/30/2005	N/A
26	120	Develop a system to estimate the annual amount required to maintain and preserve state bridges, tunnels, and roadways at the condition level established and disclosed by the Department.	N/A	Agree	6/30/2005	N/A
90	300	Identify all subrecipients and the amount paid to each subrecipient, and develop subrecipient monitoring policies and procedures to ensure that audit requirements are met, findings and questioned costs are followed up on in a timely manner, and all subrecipient monitoring activities are documented and problems identified are resolved.	20.205 (M) DOT	Agree	9/30/2005	George McCullar (303)757-9657

## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
91	303	Ensure that construction projects are closed in a timely manner and that surplus funds are released for use on other projects by (a) implementing measures to expedite the submission of forms required for project closure by both contractors and region staff, and (b) establishing requirements and monitoring region practices to ensure they retain only the estimated final payment amount on projects and then release any surplus funds within six months of the date the project was accepted as complete by the Department.	20.205 (C) DOT	Agree	12/31/2004	George McCullar (303)757-9657
92	304	Improve management of the claims payment and settlement process by (a) improving its process for tracking the number, nature, total value, and final outcome of all claims that are filed with the Department; (b) holding region staff accountable for notifying the Division of Audit of all claims over \$250,000 as required by Department policy; and (c) ensuring region staff notify the Federal Highway Administration of all appropriate claims.	20.205 (B) DOT	Agree	7/2005	George McCullar (303)757-9657
93	308	Improve its management of indirect cost rates to ensure costs are reasonable.	20.205 (B) DOT	Agree	4/2005	George McCullar (303)757-9657

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## FEDERAL SINGLE AUDIT RECOMMENDATION LOCATOR

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Rec. No.	Page No.	Recommendation Summary	CFDA No. / Compliance Requirement / Federal Entity	Agency Response	Implementation Date	Contact for Corrective Action Plan
94	311	Adequately verify and substantiate indirect cost rates to ensure consultant fees are fair and reasonable by (a) developing requirements that consultants and subconsultants who perform work on consultant contracts over a certain dollar threshold submit a schedule of direct labor, fringe benefits, and general overhead that has been audited by an independent CPA firm; (b) developing and implementing an audit program to conduct quality assurance reviews of CPA firm audit reports and ensure that indirect cost rates are prepared in accordance with Department policy; and (c) developing and implementing an audit program to conduct, on a sample basis, actual indirect cost rate audits at regular intervals according to predetermined risk factors.	20.205 (B) DOT	Agree	a. 12/2004 b. 12/2004 c. 6/2005	George McCullar (303)757-9657
95	313	Ensure the selection of qualified consultants for contracts by tracking and monitoring consultant compliance with contract terms related to disadvantaged business enterprises, and include a review of consultants' progress toward meeting the disadvantaged business enterprise goals in the consultant performance evaluations.	20.205 (E) DOT	Agree	7/2005	George McCullar (303)757-9657

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## Compliance Requirements

- (A) Activities Allowed or Unallowed
- (B) Allowable Costs/Cost Principles
- (C) Cash Management
- (D) Davis-Bacon Act
- (E) Eligibility
- (F) Equipment and Real Property Management
- (G) Matching, Level of Effort, Earmarking
- (H) Period of Availability of Federal Funds
- (I) Procurement, Suspension, and Debarment
- (J) Program Income
- (K) Real Property Acquisition and Relocation Assistance
- (L) Reporting
- (M) Subrecipient Monitoring
- (N) Special Tests and Provisions
- (P) Other

## Federal Entities

BIA - Bureau of Indian Affairs  
CSREES - Cooperative State Research, Education, and Extension Service  
DARPA - Defense Advanced Research Agency  
DOC - Department of Commerce  
DOD - Department of Defense  
DOE - Department of Education  
DOI - Department of the Interior  
DOL - Department of Labor  
DOT - Department of Transportation  
DVA - Department of Veterans Affairs  
EPA - Environmental Protection Agency  
FEMA - Federal Emergency Management Agency  
HHS - Department of Health and Human Services  
HUD - Department of Housing and Urban Development  
IMLS - Institute of Museum & Library Services  
NIST - National Institute of Standards and Technology  
NOAA - National Oceanic & Atmospheric Administration  
NSF - National Science Foundation  
SSA - Social Security Administration  
USDA - United States Department of Agriculture

## APPENDIX B

### Net Passed Audit Adjustments by Agency For the Fiscal Year Ended June 30, 2004 Increase (Decrease)

Agency Name	Asset	Liability	Net Assets	Revenue	Expenditure
Agriculture	\$ (96,727)	\$ (102,649)	\$ -	\$ 15,342	\$ 9,420
Corrections	(222,911)	-	-	(91,526)	131,385
Education	-	-	-	-	-
Governor	-	-	-	1,929	1,929
Health Care Policy and Financing	158,103	18,275	-	46,691	(93,137)
Higher Education	30,008	1,592,033	(270,114)	(1,985,705)	(693,794)
Human Services	115,111	20,234	43,919	(52,785)	(103,742)
Judicial	118,009	118,009	-	-	-
Labor and Employment	(152,845)	-	-	(152,845)	-
Law	-	-	-	-	-
Legislative	-	-	-	-	-
Local Affairs	(10,844)	-	-	(10,844)	-
Military Affairs	(13,086)	-	-	-	13,086
Natural Resources	-	-	-	-	-
Personnel and Administration	-	-	-	9,944	9,944
Public Health and Environment	-	-	-	-	-
Public Safety	-	-	-	-	-
Regulatory Agencies	-	-	-	-	-
Revenue	-	-	-	-	-
State	-	-	-	-	-
Transportation	248,261	248,261	-	-	-
Treasury	-	-	-	-	-
Net Increase (Decrease)	\$ 173,080	\$ 1,894,164	\$ (226,195)	\$ (2,219,799)	\$ (724,910)

**Gross Passed Audit Adjustments by Agency  
For Fiscal Year Ended June 30, 2004**

<b>Agency Name</b>	<b>Asset</b>	<b>Liability</b>	<b>Net Assets</b>	<b>Revenue</b>	<b>Expenditure</b>
<b>Agriculture</b>	\$ 96,727	\$ 121,489	\$ -	\$ 15,442	\$ 11,514
<b>Corrections</b>	222,911	-	-	91,526	131,385
<b>Education</b>	-	-	-	-	-
<b>Governor</b>	-	-	-	1,929	1,929
<b>Health Care Policy and Financing</b>	158,103	18,275	-	46,691	93,137
<b>Higher Education</b>	9,382,232	8,393,225	5,763,212	6,567,035	10,043,727
<b>Human Services</b>	134,342	20,234	48,543	322,355	236,844
<b>Judicial</b>	252,352	118,009	-	-	-
<b>Labor and Employment</b>	152,845	-	-	152,845	-
<b>Law</b>	-	-	-	-	-
<b>Legislative</b>	-	-	-	-	-
<b>Local Affairs</b>	10,844	-	-	10,844	-
<b>Military Affairs</b>	13,086	-	-	-	13,086
<b>Natural Resources</b>	-	-	-	-	-
<b>Personnel and Administration</b>	-	-	-	1,850,392	9,944
<b>Public Health and Environment</b>	-	-	-	-	-
<b>Public Safety</b>	-	-	-	-	-
<b>Regulatory Agencies</b>	-	-	-	-	-
<b>Revenue</b>	-	-	-	-	-
<b>State</b>	-	-	-	-	-
<b>Transportation</b>	2,639,990	248,261	-	-	-
<b>Treasury</b>	-	-	-	292,596	-
	<b>\$ 13,063,432</b>	<b>\$ 8,919,493</b>	<b>\$ 5,811,755</b>	<b>\$ 9,351,655</b>	<b>\$ 10,541,566</b>

**Net Posted Audit Adjustments by Agency  
For Fiscal Year Ended June 30, 2004  
Increase (Decrease)**

<b>Agency Name</b>	<b>Asset</b>	<b>Liability</b>	<b>Net Assets</b>	<b>Revenue</b>	<b>Expenditure</b>
<b>Agriculture</b>	\$ -	\$ -	\$ -	\$ (1,067,773)	\$ (940,410)
<b>Corrections</b>	-	-	-	(179,505)	(5,526,206)
<b>Education</b>	-	-	-	(9,584,035)	(9,204,296)
<b>Governor</b>	104,913	-	-	(39,613,445)	(39,683,512)
<b>Health Care Policy and Financing</b>	86,714,869	(22,684)	91,453,939	(69,945,072)	(99,968,467)
<b>Higher Education</b>	(11,915,558)	1,047,862	2,778,311	(7,572,679)	6,835,364
<b>Human Services</b>	(537,818)	(5,482,681)	4,630,109	(38,302,953)	(12,221,594)
<b>Judicial</b>	-	-	-	(1,558,131)	(523,118)
<b>Labor and Employment</b>	23,709,379	4,377,329	15,214,094	(6,346,322)	(10,606,343)
<b>Law</b>	-	-	-	(9,971,237)	515,053
<b>Legislative</b>	-	-	-	(15,531)	324,056
<b>Local Affairs</b>	(714,132)	-	-	(2,044,799)	(1,340,590)
<b>Military Affairs</b>	75,882	75,882	-	75,882	120,908
<b>Natural Resources</b>	963,060	(10,715,495)	-	10,447,260	(115,772)
<b>Personnel and Administration</b>	2,865,357	(5,226,781)	-	(22,924,293)	(32,284,116)
<b>Public Health and Environment</b>	-	(261,779)	20,418	(2,909,095)	(1,945,173)
<b>Public Safety</b>	86,241	86,241	-	(11,273,759)	(8,262,463)
<b>Regulatory Agencies</b>	-	(582,607)	495,407	87,200	(23,807)
<b>Revenue</b>	1,465,756	-	-	1,465,756	(1,963,680)
<b>State</b>	-	-	-	-	154,009
<b>Transportation</b>	(20,306,903)	6,303,802	101,839,917	(2,285,254)	125,653,121
<b>Treasury</b>	1,647,304	577,074	-	1,647,304	1,586,564
<b>Net Increase (Decrease)</b>	<b>\$ 84,158,350</b>	<b>\$ (9,823,836)</b>	<b>\$ 216,432,195</b>	<b>\$ (211,870,480)</b>	<b>\$ (89,420,471)</b>

**Gross Posted Audit Adjustments By Agency  
For Fiscal Year Ended June 30, 2004**

<b>Agency Name</b>	<b>Asset</b>	<b>Liability</b>	<b>Net Assets</b>	<b>Revenue</b>	<b>Expenditure</b>
<b>Agriculture</b>	\$ -	\$ -	\$ -	\$ 1,067,773	\$ 1,467,564
<b>Corrections</b>	-	-	23,679	179,505	10,210,142
<b>Education</b>	-	-	-	9,584,035	13,926,573
<b>Governor</b>	104,913	-	-	39,943,445	40,171,212
<b>Health Care Policy and Financing</b>	89,399,321	22,684	91,453,939	240,735,728	102,980,527
<b>Higher Education</b>	386,688,522	171,825,091	90,643,834	555,409,416	100,990,646
<b>Human Services</b>	629,828	5,482,681	5,150,443	52,371,310	17,591,142
<b>Judicial</b>	-	-	-	2,010,849	2,117,154
<b>Labor and Employment</b>	30,237,729	4,477,021	16,190,836	75,660,664	44,785,347
<b>Law</b>	-	-	-	9,971,237	764,259
<b>Legislative</b>	31,062	-	-	15,531	418,542
<b>Local Affairs</b>	714,132	-	-	2,044,799	2,054,552
<b>Military Affairs</b>	75,882	75,882	-	75,882	494,906
<b>Natural Resources</b>	963,060	10,715,495	11,161,884	12,925,841	4,860,868
<b>Personnel and Administration</b>	14,876,963	5,717,230	21,070,006	10,123,787	38,636,667
<b>Public Health and Environment</b>	261,779	-	1,984,848	3,432,653	3,407,577
<b>Public Safety</b>	86,241	86,241	-	18,965,799	11,604,304
<b>Regulatory Agencies</b>	-	582,607	495,407	89,596	874,891
<b>Revenue</b>	1,465,756	4,216,828	3,538,931	1,490,594	4,289,680
<b>State</b>	-	-	-	-	154,009
<b>Transportation</b>	117,445,705	1,074,903,605	1,565,985,281	184,038,389	243,876,456
<b>Treasury</b>	1,647,304	577,074	-	6,936,201	6,704,355
	\$ 644,628,196	\$ 1,278,682,440	\$ 1,807,699,089	\$ 1,227,073,033	\$ 652,381,373

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