



COLORADO
Department of Corrections
Office of Finance & Administration

Deb Goheen | Interim Director
1250 Academy Park Loop
Colorado Springs, CO 80910
P 719.226.4751

May 30, 2018

Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Auditor Ray:

In response to your request, we have prepared the attached status report on the implementation status of audit recommendations contained in the Statewide Single Audit for Fiscal Year Ended June 30, 2017. The report provides a brief explanation of the actions taken by the Colorado Department of Corrections/Correctional Industries to implement each recommendation.

The Department is actively working with the Bureau of Land Management to close out the June 2014 grant agreement, and move to a contract agreement for the Wild Horse and Burro Program. An additional file with documentation of policy and procedure changes is included with this status report.

If you have any questions about this status report and the Colorado Department of Corrections/Correctional Industries' efforts to implement the audit recommendations, please contact Deb Goheen at 719-226-4705 or deb.goheen@state.co.us.

Sincerely,

A handwritten signature in blue ink that reads "Deb Goheen".

Deb Goheen
Interim Director of Finance and Administration



AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME	Statewide Single Audit for Fiscal Year Ended June 30, 2017
AUDIT NUMBER	1701F
AGENCY	Corrections
DATE OF STATUS REPORT	May 30, 2018

SECTION I: SUMMARY

REC. NUMBER	AGENCY'S RESPONSE	ORIGINAL IMPLEMENTATION DATE	CURRENT IMPLEMENTATION STATUS	CURRENT IMPLEMENTATION DATE
2017-049 Part A	Agree	March 2018	Implemented	March 2018
2017-049 Part B	Agree	March 2018	Implemented	March 2018
2017-049 Part C	Agree	April 2018	Implemented	May 2018
2017-050 Part A	Agree	June 2018	Partially Implemented	June 2018
2017-050 Part B	Agree	June 2018	Partially Implemented	June 2018
2017-050 Part C	Agree	June 2018	Implemented	May 2018
2017-051 Part A	Agree	March 2018	Implemented	March 2018
2017-051 Part B	Agree	June 2018	Implemented	May 2018
2017-051 Part C	Agree	June 2018	Partially Implemented	June 2018
2017-051 Part D	Agree	January 2018	Implemented	January 2018
2017-052 Part A	Agree	June 2018	Implemented	May 2018
2017-052 Part B	Agree	March 2018	Implemented	January 2018
2017-052 Part C	Agree	March 2018	Implemented	March 2018

SECTION II: NARRATIVE DETAIL

RECOMMENDATION 2017-049 PART A

The Department of Corrections should strengthen its internal controls to ensure it complies with federal requirements for allowable costs and activities for the Wild Horse and Burro Resource Management program (WHIP) by developing and implementing policies and procedures for allocating payroll costs to WHIP. These should include documentation requirements to support the actual amount of time staff spent on the WHIP and a reconciliation process for any payroll charges that are based on a budget estimate.

CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	March 2018
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AGENCY UPDATE

Time sheets will be completed by all staff to determine allocation of payroll costs to WHIP. Additional paperwork is completed by staff who have split duties outside WHIP, and allocated grant costs are calculated as a percentage of actual staff payroll charges. Grant time allocations were completed from July 2016 to present, and have been adjusted to reflect the Department's policy and procedure of utilizing actual grant time and costs instead of a budget estimate. The Department has been actively working with BLM to reconcile previous year charges.

RECOMMENDATION 2017-049 PART B

The Department of Corrections should strengthen its internal controls to ensure it complies with federal requirements for allowable costs and activities for the Wild Horse and Burro Resource Management program (WHIP) by improving the supervisory review process over expenditures charged to the WHIP to ensure the expenditures are allowable under the grant award.

CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	March 2018
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AGENCY UPDATE

The Department has re-emphasized the review and approval process which includes the Correctional Industries Program Manager, Fiscal Manager, and Grant Management Accountant who will review all expenditures prior to submission to BLM for grant drawdown to ensure all expenditures are allowable. The Department has been actively working with BLM to reconcile previous year charges, and make accounting adjustments for costs identified as non-allowable that were submitted previously.

RECOMMENDATION 2017-049 PART C			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal requirements for allowable costs and activities for the Wild Horse and Burro Resource Management program (WHIP) by correcting known errors for payroll to ensure the Department's accounting records accurately reflect actual costs incurred for the WHIP.</i>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	May 2018
AGENCY UPDATE			
<i>Payroll allocation adjustments were made in May 2018 for correcting known errors for payroll. Implementation was delayed from the original implementation date of April 2018 as the Department ensured all records were complete from July 2016 through April 2018 for adjustment in the BLM grant records.</i>			

RECOMMENDATION 2017-050 PART A			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with the cash management requirements for the Wild Horse and Burro Resource Management Program (WHIP) by revising its cash management policies and procedures to align with the Bureau of Land Management WHIP requirement to request actual cost reimbursements.</i>			
CURRENT IMPLEMENTATION STATUS	Partially Implemented	CURRENT IMPLEMENTATION DATE	June 2018
AGENCY UPDATE			
<i>The Department continues to work with BLM grant management officers to reconcile actual allowable and authorized costs, instead of the previous cost per head per day basis, for reimbursement for previous grant years. Current cost reimbursements comply with the BLM cash management requirements. This reconciliation process for previous grant years is expected to be completed by June 2018.</i>			

RECOMMENDATION 2017-050 PART B			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with the cash management requirements for the Wild Horse and Burro Resource Management Program (WHIP) by submitting a corrected reimbursement request for the noted errors related to the period of July 2016 through January 2017 based on actual costs incurred for this period and working with the Bureau of Land Management staff to resolve identified differences in reimbursements, including returning federal WHIP funds, as appropriate.</i>			
CURRENT IMPLEMENTATION STATUS	Partially Implemented	CURRENT IMPLEMENTATION DATE	June 2018
AGENCY UPDATE			
<i>The Department continues to work with BLM grant management officers to reconcile actual allowable and authorized costs for reimbursement for previous grant years. Current cost reimbursements comply with the BLM cash management requirements. This reconciliation process for previous grant years is expected to be completed by June 2018.</i>			

RECOMMENDATION 2017-050 PART C			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with the cash management requirements for the Wild Horse and Burro Resource Management Program (WHIP) by providing program staff and Department management charged with grant oversight ongoing training over cash management compliance.</i>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	May 2018
AGENCY UPDATE			
<i>Grant training was provided to 30 program staff, financial staff, and Department management on May 14, 2018, ahead of the original June 2018 implementation date. Training included review of the Grant Administrative Regulation, review of cash management requirements, examples of grant tracking, federal reporting requirements, suspension and debarment procedures, and resources. The training materials are posted to the Department's internal website for easy access by all staff. Additional training will be held this summer, and provided annually thereafter.</i>			

RECOMMENDATION 2017-051 PART A			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal reporting requirements for the Wild Horse and Burro Resource Management program by updating and implementing grant procedures related to federal reporting, to include reconciliation of reports to supporting documentation; documented supervisory reviews of the reports to ensure accuracy; and retainage of all required support, including submission confirmations.</i>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	March 2018
AGENCY UPDATE			
<i>The Department's Grant Administrative Regulation has been updated with federal reporting requirement policy and procedures. The BLM requested additional supporting documentation to help reconcile the deficiencies identified in the audit to support actual costs; to include signatures for supervisory reviews of reports by the CI Fiscal Manager and Grant Accountant. Federal report submission confirmations, along with all required supporting documentation, are being retained.</i>			

RECOMMENDATION 2017-051 PART B			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal reporting requirements for the Wild Horse and Burro Resource Management program by providing training to all grant and internal audit staff on the requirements for federal reporting as specified under Uniform Guidance-Subpart F, including information on the Office of the State Auditor's (OSA) responsibility for auditing the Department as a part of the Statewide Single Audit.</i>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	May 2018
AGENCY UPDATE			
<i>Grant training was provided to 30 program staff, financial staff, and Department management on May 14, 2018, ahead of the original June 2018 implementation date. Training included review of the Grant Administrative Regulation, review of cash management requirements, examples of grant tracking, federal reporting requirements, suspension and debarment procedures, and OSA responsibility for conducting the statewide single audit and/or any requests for additional Federal Single Audits. The training materials are posted to the Department's internal website for easy access by all staff. Additional training will be held this summer, and provided annually thereafter.</i>			

RECOMMENDATION 2017-051 PART C			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal reporting requirements for the Wild Horse and Burro Resource Management program by working with the Bureau of Land Management (BLM) to provide accurate cumulative expenditures, either with a revised SF-425 report or some other method approved by BLM.</i>			
CURRENT IMPLEMENTATION STATUS	Partially Implemented	CURRENT IMPLEMENTATION DATE	June 2018
AGENCY UPDATE			
<i>The Department has been actively working with BLM grant management officers to provide accurate cumulative expenditures, and reconcile allowable grant expenditures since June 2014 inception of the grant. The Department anticipates this reconciliation and appropriate adjustments can be completed by the end of June 2018.</i>			

RECOMMENDATION 2017-051 PART D			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal reporting requirements for the Wild Horse and Burro Resource Management program by developing grant communication procedures that require timely notification to the OSA and/or the Office of the State Controller's when the Department receives a Single Audit request by a Federal agency.</i>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	January 2018
AGENCY UPDATE			
<i>The Department will emphasize more timely communications with the Office of the State Auditor and the Office of the State Controller regarding Federal Single Audit requests. This has already been implemented in the Department's policy and grant management training, as the OSA will be conducting a Federal Single Audit this summer for another DOC grant awarded through the U.S. State Department (International Corrections Management Training Center).</i>			

RECOMMENDATION 2017-052 PART A			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal suspension and debarment requirements for the federal Wild Horse and Burro Resource management (WHIP) program by providing training to all grant staff on the federal compliance requirements associated with suspension and debarment.</i>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	May 2018
AGENCY UPDATE			
<i>Grant training was provided to 30 program staff, financial staff, and Department management on May 14, 2018, ahead of the original June 2018 implementation date. Training included review of the Grant Administrative Regulation, review of cash management requirements, examples of grant tracking, suspension and debarment procedures, and OSA responsibility for conducting the statewide single audit and/or any requests for additional Federal Single Audits. The training materials are posted to the Department's internal website for easy access by all staff. Additional training will be held this summer, and provided annually thereafter.</i>			

RECOMMENDATION 2017-052 PART B			
<i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal suspension and debarment requirements for the federal Wild Horse and Burro Resource management (WHIP) program by implementing procedures specifically addressing the federal requirements for the verification of entities to ensure they are not suspended or debarred by utilizing one or more of the methods described in 2 CFR 180.00</i>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	January 2018
AGENCY UPDATE			
<i>The Department's contract and purchasing units conducted suspension and debarment verifications of all current purchase orders and contracts for all federal grants. Policy in Administrative Regulation 200-18 was amended to include updated procedures, and all current contracts or purchase orders will include required language regarding suspension and debarment.</i>			

RECOMMENDATION 2017-052 PART C			
<p><i>The Department of Corrections should strengthen its internal controls to ensure it complies with federal suspension and debarment requirements for the federal Wild Horse and Burro Resource management (WHIP) program by implementing a tracking method for all contracts associated with the WHIP and identifying an individual who will be responsible for monitoring procurement transactions to ensure that all future contracts for covered transactions incorporate federal language regarding entities being suspended or debarred.</i></p>			
CURRENT IMPLEMENTATION STATUS	Implemented	CURRENT IMPLEMENTATION DATE	March 2018
AGENCY UPDATE			
<p><i>A list of procurements for the WHIP program, since inception of this grant from June 2014, has been developed. Additional procurements (contracts or purchase orders) will be added to the tracking list as executed, and monitored by the CI Fiscal and WHIP Program Managers.</i></p>			



COLORADO

Department of Corrections

**Fiscal Year 2017
Single Audit Update**

June 26, 2018



COLORADO

Department of Corrections

Department Inventory Roles and Responsibilities

DOC Inventory Processes and Internal Control Policies Summary

To maintain proper segregation of duties, CI Shops prepare a receiving report with signature for amount received for vendor payment by Accounts Payable in order to document entry to on-site perpetual inventory programs which are entered into the system by the CI shop clerk.

To ensure proper recording of inventory, month-end inventories are adjusted to actual physical counts once they have been submitted by CI area shop managers and reviewed by the CI Fiscal Manager. Adjustments are recorded by JV in CORE by the General Accounting department.

To ensure proper inventory valuation, monthly inventory fluctuations are noted on monthly P&L reports. The P&L reports are reviewed by CI Management for P&L condition and expenditure as a percent of shop revenues. DOC warehouse inventory variance accounts are routinely reviewed by DOC warehouse management, and are consulted by the General Accounting department. Inventory variance postings are reviewed and approved by the DOC Accounting Manager.

Proper cutoff of inventory is completed as all systems complete period activity based on receipt date of the documents being processed. Account values include activity on the document dates of current and prior month.

Inventory is safeguarded as all areas are locked with controlled access in the prison setting when not in use for their designated activity.

Appropriate procedures are maintained to perform periodic physical inventory counts as CI shop supervisors are responsible for monthly inventory counts. Most shops randomly perform test counts during the month, and full item inventories are performed at year-end. Warehouses perform physical counts on high dollar items in December and all items in April.

The Internal Audit department performs test counts of each warehouse at 4/30 and CI shop at 6/30. Once all test counts are completed, the Internal Audit department performs audit procedures on each CI shops inventory packet which includes the 6/30 test count audit control sheet, inventory listing, inventory tags, inventory tag reconciliations, and the inventory value certification sheet. The inventory certification sheet is completed by each CI shop, and approved by the respective CI Sector Manager, once test counts are completed to certify their year-end inventory amount.

After audit procedures are performed, the Internal Audit department summarizes all CI shops inventory balances at 6/30 and reviews with the CI Fiscal Manager. Any discrepancies are reconciled, and the CI Fiscal Manager will provide the year-end adjustments to the General Accounting department for recording by JV in CORE. Any changes to the year-end balances after certification and posting require re-certification by the CI shop, approval by the CI Sector and Fiscal Managers, and review by the Internal Audit department to determine if additional test counts or audit procedures are necessary prior to posting of the adjustment by the General Accounting department.

CI is undergoing an Enterprise Resource Planning software implementation process utilizing Global Shop Solutions. The implementation schedule is three years and will cover every shop in the CI program. This program has an internal inventory tracking system that will be verified on a monthly basis and stored on a single server. This will improve the accuracy of our inventory counting. Implementation of this program started November 1, 2017.



COLORADO

Department of Corrections

**Departmental Physical
Inventory Adjustment
Procedures**

**DEPARTMENTAL PHYSICAL INVENTORY ADJUSTMENT PROCEDURES
WITH COLORADO CORRECTIONAL INDUSTRIES/CANTEEN ATTACHMENTS**

For Fiscal Year Ending June 30, 2018

Colorado Correctional Industries programs with resale inventory need to conduct a physical count of items on hand, identify material counted by affixing a pre-numbered inventory tag, and value the inventory on a cost basis to ensure proper inventory valuation and reporting at fiscal year-end.

DEFINITIONS:

- | | |
|---|--|
| A. <u>Supplies</u> | Consumable items which are used by the department during the normal course of business, i.e., paper, lubricants, medicines, animal feed, packaging materials, fertilizers, etc. |
| B. <u>Resale Inventory</u> | Items which are for sale or will be a component in a finished product which is to be sold. |
| C. <u>Counting Team</u> | Consists of two persons, a counter and a recorder, to identify, count, record, and tag items inventoried. |
| D. <u>Auditing Teams</u> | Consists of persons assigned by the Business Office or the State Auditor for the purpose of observing the inventory and verifying that all items are accurately identified and counted. |
| E. <u>Inventory Tag</u> | Pre-numbered forms used to record the description, unit of measure, quantity, location, and classification of the item being counted. By attachment to the item, the inventory tag is evidence the item was counted. |
| F. <u>Counting Area</u> | The space into which materials being inventoried are segregated in bins, boxes, shelves, or pallets in a manner allowing efficient identification, counting, checking, and possible re-counting in the time allowed. |
| G. <u>Inventory Sheet</u> | Final inventory report to the Business Office. Items inventoried are listed by tag number. |
| H. <u>For Colorado Correctional Industries:</u> | |
| 1. Raw Materials | Materials which will be used in and become a measurable part of another product produced by the operating department. The material should not have been withdrawn from stock or applied to a job. |
| 2. Work in Process | Products that are in the process of being manufactured by the operating department, but not yet completed. |

- 3. Finished Goods Products that have been completed in the manufacturing cycle but have not been delivered to a customer. These items are stocked awaiting shipment.
- 4. Supplies Consumable items which do not become a measurable part of an item of manufacture, are not a major component of a product, have not entered the manufacturing process or are used by the operating shop during the normal course of business, i.e., nails, welding rods, sanding belts, nuts, bolts, screws, washers, etc.

RESPONSIBILITIES:

- A. Departmental Supervisors - responsible for the physical inventories of the department(s) and will certify that the physical inventories for the department(s) are accurately counted and costed. Supervisors will ensure that new staff assigned to conduct physical inventories have participated in the annual inventory orientation conducted by the CTCF Business Office. Supervisors will also ensure that staff perform test counts of offender's counts if they assist with physical inventories to ensure completeness and accuracy. Supervisors should assure themselves that counts are complete and accurate through a pre-audit before DOC and/or State Auditor teams arrive for audit. Supervisors will ensure that significant and / or frequent inventory count discrepancies are completely and accurately resolved prior to certifying the total inventory valuation. Changes to year-end inventory balances which have already been certified by the supervisor require re-certification by the shop supervisor, approval by the CI Fiscal Manager, and review by Internal Audit to determine if additional test counts are required.
- B. Counting Teams - identify and accurately count materials, and properly complete inventory tags.
- C. Auditing Teams - verify that every item in the inventory is tagged, observe the counting procedures and, through sampling, verify the accuracy of the count.
- D. Business Office - assign auditors to DOC audit teams, provide inventory materials, coordinate the inventory, and make a final accounting of DOC inventories to the State.

PROCEDURES:

- A. Site Preparation
 - 1. Identify counting areas in specific terms. (Areas should be small enough to be efficiently counted.)
 - 2. Identify and then bin, box, shelve, or place on pallets all materials prior to counting time. No material may be left loose or in aisles.

3. Separate used material in stock from new. (Materials in stock are those which are not yet place in service). Record and price new materials only.
4. Dispose of all obsolete material.

B. Counting Team Assignment

1. Assign two people per counting team. Department supervisors make assignments.
2. Assign a counting team to a specific counting area. Teams will work in assigned areas only.
3. One team member identified and counts items (counter).
4. The second team member completes the inventory tags and attaches the completed tags to the counted materials (recorder).
5. It is recommended team members periodically switch roles.

C. Inventory Tags

1. Inventory tags should be pre-numbered using the Inventory Manager Microsoft Access Database and be assigned in blocks to each counting team.
 - a. Tags must not be destroyed.
 - b. Tags must not be used from other shops, areas, or counting teams.
2. Completing inventory tag (see tag example - Attachment I).
 - a. Print from Access Database or record all information in ink.
 - b. Print using the Print Inventory Tags section.
 - c. In the Print Inventory Tags section, update Inventory Date to 6/30/2018.
 - d. Item – must be completed. Describe item being counted.
 - e. Stock Number – Should be completed.
 - f. Unit – unit of measure. (EA, GAL, LBS, etc.) should be denoted.
 - g. Quantity – number counted. Should be denoted.
 - h. Price – N/A. Prices will be completed on the final inventory sheets.
 - i. Location – record counting area location.
 - j. Supplies – for DOC & Canteen locations, check this category. Raw Material, WIP % and Finished Goods apply to CI Programs only.
 - k. Initial – person recording the item initials the inventory tag in ink.
 - l. Extended – N/A. (See "h - Price" above).
3. Attach tag to material inventoried. All materials counted must have inventory tags.

D. Inventory Procedures

1. Material Control

- a. **During the inventory count and after completion through midnight, June 30, 2018, material MAY NOT BE REMOVED OR BROUGHT IN except in case of emergency.** Any issues or receipts that do occur must be accounted for. **The final inventory value is to be that which is on hand at the end of June 30, 2018.**
 - b. Department supervisor for an area where material has been removed must document in writing the amount of material used, the tag number or numbers involved, and the reason movement was required.
 - c. All shipments should be refused until after June 30, 2018.
 - d. If the Department Supervisor, or designee, accepts delivery of material, those materials should be counted, signed for on the date of receipt, and segregated in a pre-designated area, with a copy of either the requisition, purchase order, packing slip, or invoice attached for inclusion in physical inventory counts.
2. Supplies
- a. Only new supplies in stock will be counted. Record new stock only. If items such as uniforms, cups, plates, etc. have been placed in service, do not count.
 - b. Supplies to be used through June 30th will not be counted. Excess supplies above these needs will be inventoried.
3. For Colorado Correctional Industries ONLY:
- a. Raw Materials - each shelf, box, bin or pallet of material will be counted with an inventory tag attached. It is possible to have more than one tag on a mixed pallet of material, each tag representing a different material.
 - b. Work in Process - identify items by job lot number (if applicable, as well as item description). The valuation of Work in Process will include materials, labor and applicable overhead.
 - c. Finished Goods - identify item or job lot number (if applicable). To be considered finished goods, the item must be in final configuration and not yet shipped or billed to a customer. The valuation of Finished Goods will include materials, labor, and applicable overhead. Any Finished Goods located in a CI storage area and held for shipment only (i.e. license plates, furniture, etc.) are the responsibility of the CI operating programs, and must be inventoried.
4. Pre-counting and pre-writing of tags
- a. In departments where large numbers of items are located, pre-counting may also be done. All counts on tags and lists must be adjusted to 6/30/18 levels and the business office must be advised of areas being precounted.

5. Not all areas will receive an audit. Audits will be assigned by dollar value and randomly. If you will not be audited, you may proceed with step E-6.

E. Audit Verification - DOC audit teams will audit areas in a randomly determined manner and high dollar inventories. State Auditor teams will audit areas according to their independent schedule. There could be some duplicate audits.

1. Audit teams may observe the counting procedures.
2. Auditors will check to see that every item is tagged.
3. Each area will be test counted, at the discretion of the auditors. A record of these audit counts will be kept by tag number using an Audit Control Sheet.
4. Deviations in count must be rechecked. The supervisor must check for movement into or out of the area and any changes recorded in ink on the original tag by lining out the incorrect figure, writing in the correction, and initialing the change.
5. Both the DOC auditors and the state auditors can and will order a re-count of an area if counting variances are significant.
6. When an area is cleared by the auditor, the original counting team will return to the area and collect each tag.
7. All pulled tags are to be returned to the supervisor's office where they will be merged with any unused tags for verification of completeness. If there are breaks in sequential numbering, the count team will be required to return to the area to locate missing tags.
8. **Original inventory tags are to be returned to the Business Office by July 10, 2018 in numerical sequence order including used, unused, and voided tags. The inventory tags are to be returned with the inventory sheets, and Inventory Reconciliation (Attachment II), which summarizes the use of Inventory Tags for each shop / program.**

F. Costing - All inventory items are valued at cost.

1. All inventory tags are to be accounted for, the tags will be listed in numerical order on the applicable inventory sheet. Computer generated reports with same information could be more efficient than manual worksheets. Either are acceptable.
2. Supply items will be valued at cost per unit - new items will be listed at cost of acquisition.

For Colorado Correctional Industries ONLY:

- a. Raw Materials - cost of acquisition.
- b. Work in Process - valuation of the work in process inventories will include materials, labor and applicable overhead.

- c. Finished Goods - valuation of the finished goods inventories will include materials, labor and applicable overhead.
3. Items unchanged from the last physical inventory (or where the only change is that items were issued from stock on hand) are to be extended using the prior unit value times the current unit count. (NOTE: If new stock has been acquired during the inventory year, this method does not apply). Also review your inventory to determine if there are any obsolete items that should be considered for write-down and disposal. **Please advise the CTCF Business Office if you are aware of any obsolete items that have a total cost of \$10,000 or more.**
4. Program supervisors will provide statements as to the source of their costing information.
5. All extensions (number of units times cost per unit) will be completed prior to submitting inventory sheets. Pages will be totaled.
6. Items must be costed in the units by which they were counted (i.e., items inventoried by each cannot be extended by case, etc.)

G. Certification of Accuracy

1. **Each supervisor will be required to review the completed inventory reports and sign a certification as to the accuracy of the inventory (see Attachment III- Inventory Certification). Please ensure your signature, date, and title are completed prior to sending your Certification Sheet to Internal Audit.**
2. **Any changes to year-end inventory balances which have already been certified by the supervisor require re-certification by the shop supervisor, approval by the CI Fiscal Manager, and review by Internal Audit to determine if additional test counts are required.**

H. **Inventory sheets (listings), tags, tag reconciliations, and certification sheets must be delivered to the Business Office, attention Internal Audit, by Friday, July 10, 2018.**

Departments should fax or scan/email their Inventory Certification and inventory sheets to (719)269-4129 or bradley.duca@state.co.us if they cannot meet this deadline. *You may want to use overnight mailing service to ensure prompt delivery of inventory packets.*

If using USPS, please mail all information to: PO Box 1010, Canon City, CO 81215. FEDEX to 275 US-50, Canon City, CO 81212, with attention to Internal Audit.

I. If you have any questions or concerns, please call or email:

- Brad Duca 719-269-4049 bradley.duca@state.co.us
- Christie Smith 719-269-4074 christie.smith@state.co.us
- Lenny Merriam 719-269-4214 lenny.merriam@state.co.us



COLORADO

Department of Corrections

**Department Federal Grant
Requirement Procedures**

Procurement Suspension and Debarment

To protect the public interest of Federal awards, the DOC Purchasing and Contracts Offices ensure program integrity by only conducting business with responsible vendors.

Grant Applicants and/or Program Managers must verify and provide compliance of "no action" against potential vendors in the Federal System of Award Management (SAM) at <https://www.sam.gov> under the search records option, using the complete vendor name, or DUNS identification number. Verification documentation must be provided to the respective Office and Grant Accountant.

Procurement Suspension and Debarment

Vendors must not presently be debarred, suspended, ineligible, or voluntarily excluded by any Federal agency.

Within 3 years, the vendor has not been convicted of, or had a civil judgment rendered for fraud or a criminal offense.

The vendor has not presently been criminally or civilly charged by a Federal, State, or Local government agency.

Within 3 years, the vendor has not had one or more government transactions terminated for cause or default.

Grant Monitoring and Reporting

- Grant funds must be spent in accordance with:
 - Federal OMB requirements;
 - State Procurement and Fiscal Rules;
 - DOC Administrative Regulations:
 - 200-06 – Purchasing
 - 200-12 – Acquisition of Personal & Professional Services
 - AR 200-18, which contains sub-grantee/recipient monitoring requirements.

Grant Monitoring and Reporting

- The DOC Grant Accountant will need:
 - All supporting documentation involving travel reimbursements, time sheets, commitment vouchers, and invoices pertaining to grant fund expenditures, including journal vouchers with supporting documentation.
 - Copies of all supporting P-Card statements, logs, and receipts pertaining to grant fund expenditures.
 - A copy of any established sub-grantee/recipient agreements.

Grant Monitoring and Reporting

- The Grant Accountant conducts additional monitoring of revenues and expenditures for compliance with grant terms and conditions.
- Prepares and submits the required financial reports to the Grant Manager for final review and approval before submission to the grantor organization.
- Adheres to OMB cash management guidelines in preparing cost reimbursements substantiated by actual results, and obtaining supervisory review(s) and approval(s), to minimize the time between fund transfers.
- Maintains a file to document and report grant financial activity including any matching requirements.

Allowable Costs

- The total allowable costs of a grant are the sum of budgeted costs that:
 - the grantee incurs;
 - third party in-kind contributions that directly contribute to the grant objectives;
 - which are not included in the costs of any other grant or award;
 - and are paid within the period specified by the grant budget.

Unallowable Costs

- Supplanting: Reduce State funding/spending because of available Federal funding.
 - Potential supplanting is subject to monitoring and audits;
 - Supplanting violations can result in:
 - Suspension of the program and funding;
 - Suspension or debarment from federal grants;
 - Payback of grant funds received;
 - Civil and/or criminal penalties.

Grant Audits

- A Federal Single Audit is required when over \$750,000 in Federal funds have been expended on a program.
- Federal Single Audit requests from grantors are coordinated through the DOC Controller with the Office of the State Auditor, and are usually conducted in conjunction with the DOC's annual financial audit.
- DOC grant program and financial staff must provide auditor access to personnel, accounts, records, and other supporting documentation as required.

WHIP Program Outcome Measures					
June 2014 to Present 2018					
Month	Year	Horses	Adoptions	Inmates Employed	FTE
June	2014	2,554		69	7
July	2014	2,382	7	64	7
August	2014	2,411	35	66	7
September	2014	2,686	3	62	7
October	2014	2,993	-	69	7
November	2014	2,954	30	61	7
December	2014	2,900	40	58	7
January	2015	2,876	27	62	7
February	2015	2,827	17	58	7
March	2015	2,571	7	59	7
April	2015	2,279	10	69	7
May	2015	2,267	18	59	7
June	2015	2,265	9	65	7
July	2015	2,254	8	69	7
August	2015	2,245	16	55	7
September	2015	2,209	10	50	7
October	2015	2,158	1	63	7
November	2015	2,156	-	53	7
December	2015	2,160	-	61	7
January	2016	1,874	15	66	7
February	2016	1,836	6	61	7
March	2016	1,723	20	60	7
April	2016	1,710	3	61	7
May	2016	1,598	14	59	7
June	2016	1,491	31	59	7
July	2016	1,469	25	48	7
August	2016	1,449	4	58	7
September	2016	1,492	22	58	7
October	2016	1,433	18	57	7
November	2016	1,382	16	54	7
December	2016	1,398	8	61	7
January	2017	1,410	5	58	7
February	2017	1,445	1	59	7
March	2017	1,370	21	57	7
April	2017	1,475	14	63	7
May	2017	1,337	15	67	7
June	2017	1,253	26	59	7
July	2017	1,221	13	57	7
August	2017	1,182	75	71	7

WHIP Program Outcome Measures					
June 2014 to Present 2018					
Month	Year	Horses	Adoptions	Inmates Employed	FTE
September	2017	1,051	16	58	7
October	2017	1,012	2	66	7
November	2017	944	1	59	7
December	2017	939	6	56	7
January	2018	912	27	55	7
February	2018	909	2	43	7
March	2018	735	5	53	7
April	2018	383	1	55	7