

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Executive Director of Health Care Policy and Financing

EXECUTIVE DIRECTOR OF HEALTH CARE POLICY AND FINANCING

10 CCR 2505-5

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

1.010 FINANCE AND ACCOUNTING

This section of regulations incorporates by reference (as indicated within) material originally published elsewhere. Such incorporation, however, excludes later amendments to or editions of the referenced material. Pursuant to 24-4-103(12.5), C.R.S., the Department of Health Care Policy and Financing maintains either electronic or written copies of the incorporated texts for public inspection. Copies may be obtained at a reasonable cost or examined at any State publications depository library.

Incorporated materials are found in the following sections: 1.010.1, 1.010.3(5), 1.010.5(2)(b), 1.010.7.H(4), 1.010.7.I(4), 1.010.7.K(2), 1.010.7.K(4), 1.010.7.M(3), 1.010.7.O(3), 1.010.8.A(1), 1.010.8.B, 1.010.8.E(1), 1.010.8.F(3), and 1.010.8.H(1)-(5).

1.010.1 Definitions

The following definitions are used in this Rule Manual, unless the context otherwise requires.

Accounts Receivable are recoveries that may be due the county department of social/human services for, but not limited to the following: Overpayment of a benefit or benefits, Ineligibility for a benefit or benefits, Fee for service provided, Overpayment to a Vendor of goods, Provider of service, or Employee.

Allowable Expenditures are those which the Colorado Department of Health Care Policy and Financing deems are allowed or required.

Applicable Credits refer to those receipts or reductions of expenditure-type transactions that offset or reduce expense items as direct or indirect costs. Examples of such transactions are: Purchase discounts, Rebates or allowances, Recoveries or indemnities on losses, Insurance refunds or rebates, Adjustments of overpayments, or Erroneous charges. To the extent that such credits accrue to or are received by the county department of social/human services and relate to allowable costs, they shall be credited to the Colorado Department of Health Care Policy and Financing and/or the appropriate federal award as a reduction of expenditures.

Applicant is any individual who has applied for benefits under the programs of medical assistance administered or supervised by the Colorado Department of Health Care Policy and Financing, in accordance with the provisions of Section 25.5-4-103, C.R.S.

Appointing Authority is the person with the direct authority and responsibility for Appointment of employment, Disciplinary action, Promotion of, and or Discharge of employment, over another person.

Appropriation means the authorization by ordinance or resolution of a spending limit for expenditures and obligations for specific purposes, in accordance with the provisions of Section 29-1-102, C.R.S.

Appropriations Account is a budgetary account that represents the total authorized expenditures for a current fiscal period.

Approving Authority is the person with direct authority and responsibility for reviewing and approving of another's activities or requests for payment of expenses.

Arms-length Bargaining means both parties to a contract have relatively equal powers of negotiation upon entering into the contract. Neither party has a disproportionate amount of power to strong-arm the other party.

Capital Expenditure shall be the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the county department of social/human services' accounting policies.

Capitalized Equipment is tangible personal property that has an acquisition cost of more than \$5,000.00, which is not a permanent part of a building and does not lose its identity through incorporation into a more complex unit.

Capital Lease transfers to the lessee substantially all of the benefits and risks related to ownership of the property. The lessee records the leased property as an asset and establishes a liability for the lease obligation.

Cash means the cash account(s) of the county department of social/human services, all trust accounts, all petty cash accounts and any other cash accounts maintained.

Cash Reconciliation means the treasurer/bank balance shall be agreed to the general ledger cash balance using an outstanding warrant list and possibly other identifiable reconciling items.

Chart of Accounts is a numbered list of accounts that gives order and consistency to a bookkeeping system. Common terminology and classifications shall be used consistently throughout the budget, the accounts, and the financial reports of the fund.

Client is a generic term for an individual or group of individuals who receives any assistance from the county department of social/human services whether it is in the form of cash, non-cash or services.

Commercial Lodging is a hotel, motel, resort or public inn as defined in Section 12-44-101, C.R.S. or a bed and breakfast as defined in Section 12-47-103, C.R.S.

Commitment Vouchers as defined by State of Colorado Fiscal Rules, Rule 2-2, incorporated by reference, include any approved form of purchase order, contract, travel authorization, advice of employment, Grant Contract, license agreement, parking license agreement and other written authorization for disbursements which satisfy the requirements in a document providing the following:

1. A description of goods or services being purchased or other reasons for the disbursement of funds;
2. The amount to be paid;
3. The obligation is being charged to the appropriate account; and
4. That procurement requirements have been satisfied.

Contract means a mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing.

Corrective Action means action taken by an auditee that corrects identified deficiencies.

Cost Allocation Methodology is a system of principles, practices, and procedures that identify the: Types of services provided, Cost of each service, Reasonable basis of allocation for each type of service which will produce an equitable distribution of costs, Cost objective(s), and Appropriate mathematical computation to make a rational allocation of costs.

Cost Allocation Plan is a systematic and rational allocation of all administrative costs and a narrative description of the procedures that will be used in identifying, measuring and allocating all administrative costs to the benefiting programs and activities.

Cost Objective is a program, grant, organizational subdivision, function, contract or other activity for which costs are being accumulated.

Cost Pool is an aggregation of costs for subsequent allocation to another cost pool or a cost objective.

Costs are expenses incurred, either directly or indirectly. Costs include such items as Labor, Material, Supplies, Rent or building charges, Operating expenses, and Administrative expenses that might properly be assigned to a project or program. It does not include transfers to a general fund or similar fund.

County Board of Social/Human Services means the county or district board of social/human services except in the case of the City and County of Denver or the City and County of Broomfield, means the department or agency with responsibility for medical assistance and related activities.

County Department of Social/Human Services means the county or district department of social/human services except in the City and County of Denver or in the City and County of Broomfield this means the department or agency responsible for medical assistance and related activities.

County Director means the director of the county or district department of social/human services except in the City and County of Denver or in the City and County of Broomfield this means the department or agency responsible for medical assistance and related activities.

County is a county or a city and county.

Data refers to all books, papers, maps, photographs, or other documentary materials regardless of physical form. Data may be in hard copy form, microfiche, electronic, or other form.

Deferred Revenue means a revenue collected but not yet earned.

Direct Costs are those costs that can be specifically and readily identified with a program, grant, function, contract, or other activity.

Disbursement is any decrease in fund resources.

Double-entry Accounting is a method of accounting that recognizes the duality of a transaction. Any change in one account also causes a change in another account.

Equipment shall be an article of nonexpendable, tangible personal property having a cost, which equals the lesser of the capitalization level established by the county for financial statement purposes, or \$5,000.00.

Estimated Revenues Account is a budgetary account that represents the total anticipated revenues expected to be available during the fiscal year on a budgetary basis.

Executive Director means the executive director of the Colorado Department of Health Care Policy and Financing.

Expenditures is a decrease in fund resources other than through inter-fund transfer.

Federal Award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities.

Federal Financial Assistance means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals as:

1. Medicare payments (payments to a non-federal entity for providing patient care services to Medicare eligible individuals), and
2. Medicaid payments (payments to a sub-recipient for providing patient care services to Medicaid eligible individuals) unless a state requires the funds to be treated as federal awards expended because reimbursement is on a cost-reimbursement basis.

Fiscal Year for a county department of social/human services is the period covered by the county appropriations for county social/human services funds and shall be the calendar year, which coincides with the county fiscal year. The fiscal year covered by the Colorado Department of Health Care Policy and Financing appropriations and allocations to the counties shall be July through June. The fiscal year covered by the federal grants in aid shall be October through September. Federal projects may cover fiscal years other than the federal fiscal year and will be specified in the terms of the project.

Fund is an accounting entity which owns assets and incurs liabilities. This means the social/human services fund in each county must be accounted for separately from any other funds in the county. The assets, including cash, must be identified as assets of this fund.

General Ledger is a book or computer database that contains a full set of accounts. It should be in balance at all times with aggregate debits equaling aggregate credits.

Generally Accepted Accounting Principles has the meaning specified by the American Institute of Certified Public Accountants (AICPA). The AICPA Council has designated the Federal Accounting Standards Advisory Board (FASAB) as the body that establishes generally accepted accounting principles for federal reporting entities. They encompass a wide spectrum of accounting guidelines, ranging from basic concepts and standards to detailed methods and procedures. The priority sequence of sources that an entity should look to for accounting and reporting guidance is discussed in the Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles for Federal Entities, Including the Application of Standards Issued by the Financial Accounting Standards Board*, incorporated by reference

Governmental Auditing Standards: The Comptroller General of the United States issues Generally Accepted Governmental Auditing Standards. They are the standards for audits of governmental organizations, programs, activities and functions, and of governmental assistance received by contractors, nonprofit organizations and other nongovernmental organizations. They are more commonly known as the "Yellow Book."

Indirect Costs relate to a cost incurred that cannot be specifically and readily identified with a cost objective and therefore must be allocated on some basis of imputed benefit. Indirect costs are more commonly known as the costs of administration.

Indirect Cost Rate Proposal means the documentation prepared by a governmental unit or component thereof to substantiate its request for the establishment of an indirect cost rate as described in Attachment E of Office of Management and Budget (OMB) Circular A-87 (revised 05/10/04) located at 2 CFR, Subtitle A, Chapter II, part 225, incorporated by reference.

Internal Control is a process affected by an entity's board of directors, management, and other personnel that is designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) reliability of financial reporting, b) effectiveness and efficiency of operations, and c) compliance with applicable laws and regulations.

The above definition reflects certain fundamental concepts:

1. Internal control is a process. It is a means to an end, not an end in itself. People affect internal control. It is not policy manuals and forms, but people at every level of an organization.
2. Internal control can be expected to provide only reasonable, not absolute assurance, to an entity's management and board.
3. Internal Control comprises five interrelated components:
 - a. Control Environment: The people - their individual attributes, including integrity, ethical values and competence - and the environment in which they operate. They are the engine that drives the entity and the foundation on which everything rests.
 - b. Risk Assessment: Mechanisms that identify, analyze, and manage related business and operating risks.
 - c. Control Activities: Control policies and procedures must be established and implemented to help ensure that the actions identified by management as necessary to address risks and obtain the specified goals are effectively carried out. Policies and procedures should be reviewed on a periodic basis by management.
 - d. Information and Communication: Surrounding these activities are information and communication systems. These enable the county department of social/human services to capture and exchange the information needed to conduct, manage and control their operations.
 - e. Monitoring: The entire process must be monitored and modifications made as necessary. In this way, the system can react dynamically, changing as conditions warrant.

Inventory means a physical identification and count and/or to provide a list of items.

Less-than-arms-length Transactions include, but are not limited to, those where one party is able to control or substantially influence the actions of the other.

Management Decision means the evaluation by the federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

Maintenance of Effort is a requirement that a county department of social/human services must maintain a specified level of financial effort in a specific area in order to receive federal grant funds.

Medical Assistance is defined in 25.5-1.103 CRS (2007).

Medical Services Board means the state board authorized to act in accordance with the provisions of Section 25.5-1-301, C.R.S.

Non-capital Expenditure is one that is less than \$5,000.00 (or a lesser threshold amount set by the county department of social/human services) or an operating expense not expected to benefit future periods.

Partisan refers to any election in which any one of the candidates for office is nominated or elected representing a political party whose candidates for presidential election received votes at the last preceding election at which presidential electors were selected.

Pass-through Entity means a non-federal entity that provides a federal award to a sub-recipient to carry out a federal program.

Payroll means a list of expenditures and/or disbursements that are similar in nature or object of expenditure. An employee payroll listing wages, with the amounts due to each employee is an example of a payroll. A listing of Old Age Pension benefits payable to eligible OAP clients is another type of payroll. Such lists become vouchers when certified and approved.

Personal Property is property such as machinery, equipment, or furniture that is not real property.

Post-audit is the examination and verification of expenditures after reimbursement with State and/or federal funds.

Pre-audit is the examination and verification of expenditures before reimbursement with State and/or federal funds.

Program is a generic term for any "social services" , "assistance payments" , "payments under the Colorado Medical Assistance Act" , or a specific function or activity.

Provider is any person, public or private institution, agency, or business concern enrolled under the state Medical Assistance program to provide medical care, services, or goods and holding a current valid license or certificate to provide such services or to dispense such goods.

Questioned Cost means a cost that is questioned by an auditor because of an audit finding: (1) Which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of federal funds, including funds used to match federal funds; (2) Where the costs, at the time of the audit, are not supported by adequate documentation; or (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Random Moment Sampling is the federally approved cost allocation method that documents the efforts expended in support of programs in order to receive reimbursement for the expenditures.

Real Property is land and generally anything erected on, growing on, or attached to land, for instance, a building.

Recipient Agency means a non-federal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program.

Recipient means any individual or group of individuals who is receiving or has received benefits from programs of medical assistance administered or supervised by the Colorado Department of Health Care Policy and Financing, in accordance with the provisions of Section 25.5-4-103 (21), C.R.S.

Regulation is a rule or order issued by an executive authority or regulatory agency of a government and having the force of law.

Reimbursable Expenditures are supported in whole or in part by State general fund, federal (Pass Through) or a combination of State and federal money.

Revenue Expenditure is one that benefits only the current year and is treated as an expense to be matched against revenue; it is less than \$5,000.00 or a lesser amount established by the county and the expenditure is not for land, a building or a permanent part of a building and does not lose its identity through incorporation into a more complex unit.

Rule is an agency statement of general applicability and future effect implementing, interpreting, or declaring law or policy or setting forth the procedure or practice requirements of any agency. Rule includes regulation.

Social/Human Services Fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Social Services are services and payments for services available, directly or indirectly, through the county departments of social/human services or through State designated agencies, where applicable, for the benefit of eligible persons.

Subrecipient means a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. Guidance on distinguishing between a subrecipient and a vendor is provided in Office of Management and Budget's (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations.

OMB Circular A-133 was issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156, incorporated by reference.

Training Function is a meeting, conference, or other function which is held to enhance staff knowledge or to educate customers of the county that are affected by the county department of social/human services' operations or regulations.

Transportation is travel by commercial airline, railroad, bus, taxicab, county-owned, or personally-owned automobile or any other means of conveyance.

Trial Balance is a list of all open accounts in a ledger and their balances. The debits and credits should be in balance at all times. It provides a summary that can be used in making later adjusting and closing entries before financial statements are prepared.

Trust Accounts may result from activity of a foster care, child support enforcement, adult protective or any other activity when a county department of social/human services employee is given the responsibility as representative payee for a client's financial affairs. Trust account funds typically come from a client's income from SSA, SSI, Railroad Retirement, Veteran's Affairs, court ordered lump sum settlements, or child support enforcement activities. Trust accounts maintained by the county departments of social/human service imply a high degree of fiduciary responsibility.

Vendor generically means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal program. Additional guidance on distinguishing between a subrecipient and a vendor is provided in Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

1.010.2 Purpose and Scope

These rules are the fiscal rules for county departments of social/human services concerning medical assistance and the administration of that assistance including but not limited to internal controls, financial reporting, accounting and auditing.

The Colorado Department of Health Care Policy and Financing's Finance and Accounting Manual consists entirely of Executive Director rules as allowed by 25.5-1-108 C.R.S.

1.010.3 Board of County Commissioners

1. Board of County Commissioners Responsible for Appropriating Twenty Percent Share

As per Section 25.5-4-206 C.R.S., the board of county commissioners in each county of Colorado or department or agency responsible for administering medical assistance and related activities shall annually appropriate as provided by law the funds necessary to defray the county department of social/human services' twenty percent share of the overall cost of medical assistance administration and related activities delivered in the county, including the costs allocated to the administration of each, and shall include in the tax levy the funds appropriated for that purpose. Such appropriation shall be based upon the county department of social/human services' budget prepared by the county department of social/human services' director.

2. Board of County Commissioners Responsible for Availability of Twenty Percent Share

Additional funds shall be made available by the board of county commissioners if the county funds so appropriated prove insufficient to defray the county department of social/human services' twenty percent share of actual costs for medical assistance administration.

3. Approval of the County Department of Social/Human Services Budget

The board of county commissioners approves the final county department of social/human services' budget and makes a county department of social/human services' levy to provide the necessary money to defray the local share of amounts appropriated for administration of medical assistance payments and the administration of the county department of social/human services.

4. Send a Copy of the Approved Budget to the Colorado Department of Health Care Policy and Financing.

One copy of the Approved final budget shall be submitted to the Colorado Department of Health Care Policy and Financing, Audits Section, 1570 Grant St., Denver, CO 80203-1818 or submitted electronically to HCPFAudit@hcpf.state.co.us as soon as the budget is approved or by January 1 of each year, whichever date is earlier.

5. Approval of the County Merit System Plan

On or before January 1 of each year, the board of county commissioners shall submit to the Colorado Department of Health Care Policy and Financing a certification that the county merit system is in conformity with Code of Colorado Regulations 9 CCR 2502-1, incorporated by reference.

6. Liability Insurance

The board of county commissioners shall purchase insurance for its officers, employees and agents that protects them against any liability for injuries or damages resulting from their negligence or other tortuous conduct during the course of their service or employment. The board of county commissioners can, in writing, assume the risk and the financial responsibility of a reasonable deductible.

7. Surety Bond

A surety bond shall be purchased for the county social/human services' director and other social/human services' employees, who receive, disburse, handle or have access to currency, checks, money orders, and warrants. The bond shall be in favor of the county department of social/human services and be the greater of \$10,000 or 15% of the maximum value of cash and or cash-like items the employee has access to during a year. The Board of County Commissioners can, in writing, assume the risk and the financial responsibility of a reasonable deductible. This bonding requirement applies to any contractual employees having the same responsibilities.

1.010.4 County Board of Social/Human Services

1. Membership Consists of County Board of Commissioners

The county board of social/human services shall consist of the board of county commissioners in each county; except that "board of county commissioners" as used in this title, in the City and County of Denver, means the department or agency with the responsibility for medical assistance activities, and, in the City and County of Broomfield, means the department or agency with the responsibility for medical assistance and related activities.

2. County Board of Social/Human Services are Separate from County Commissioners

The county board of social/human services shall perform its medical assistance duties, responsibilities, and activities separate and apart from the duties and responsibilities of the board of county commissioners and in accordance with rules and regulations adopted by the Colorado Department of Health Care Policy and Financing for the administration of medical assistance activities in the counties.

3. Cooperation and Reporting

The county department of social/human services shall cooperate with the State and federal government in any reasonable manner, in conformity with the laws of the State, which may be necessary to qualify for federal aid, including the preparation of plans, making reports in such form and containing such information as any federal agency may require from time to time, and compliance with such provisions as the federal government may from time to time find necessary to assure correctness and verification of the reports.

4. County Board of Social/Human Services Responsibilities

a. Appoint a County Department of Social/Human Services Director

The county board of social/human services shall appoint a county department of social/human services director or shall appoint someone acting in the capacity of a director. At no time will the county social/human services department be without the services of a director or an acting director.

b. Sign All Warrants

One member of the county board of social/human services shall sign all warrants or one member of the county board of social/human services shall have their facsimile signature on all social/human services warrants. In the case of a facsimile signature there shall be detailed written procedures that set forth internal administrative controls and internal accounting controls surrounding the application of the facsimile signature.

c. Approve All Expenditures

One member of the county board of social/human services, who shall be designated by resolution for that purpose, shall review and approve in writing the expenditure of salaries and expenses prior to the disbursement of funds. Such written approvals shall indicate the approval of the board of county commissioners and the county board of social/human services.

d. Financial Statements

The county board of social/human services is ultimately responsible for the preparation, content, completion and/or distribution of materially correct financial statements of the social/human services fund prepared by county department staff, or outside entities.

1.010.5 County Department of Social/Human Services Director

1. Secretary to the County Board of Social/Human Services

The county social/human services director shall serve as secretary to the county board of social/human services, unless the county board of social/human services otherwise appoints a secretary.

2. General Duties of the Director

a. Director Responsibilities

The county social/human services director shall be charged with the executive and administrative duties and responsibilities of the county department of social/human services, subject to the policies, rules, and regulations of the Colorado Department of Health Care Policy and Financing.

b. Responsibility For Staffing

The county social/human services director, with the approval of the county board of social/human services, shall appoint such staff as may be necessary to administer medical assistance within the county. Such staff shall be appointed and shall serve in accordance with a merit system for the selection, retention, and promotion of county department of social/human services employees as described in the county merit system. The salaries of the members of such staff shall be fixed in accordance with the rules and salary schedules prescribed by the county merit system. The county merit system shall conform to the Code of Colorado Regulations, 9 CCR 2502-1, incorporated by reference.

c. Responsibilities for Administrative Internal Control and Accounting Internal Control

The county director shall be responsible for organizing staff functions to assure adequate control and safeguards for all cash, fixed assets and negotiable items (cash, bonds, securities, etc.) handled by, stored in or used in the county department of social/human services, and to establish appropriate internal controls and separation of duties.

- i) Internal control activities include, but are not limited to, reviews by director or high level financial staff member of actual performance, controls over information processing, physical control over vulnerable assets, establishment and review of performance measures and indicators, segregation of duties, proper execution of transactions, accurate and timely recording of transactions, and access restrictions to and accountability for resources and records.

d. Responsibility for Internal Control on Trust Accounts

i) Signatures Required

Internal control on trust accounts or other funds entrusted or maintained for others outside the county department of social/human services shall require at least two signatures, one of which is to be the county social/human services director or designee of the county director, for making withdrawals from savings accounts, checking accounts or for the sale of, or redemption of bonds or other securities.

ii) High Degree of Fiduciary Responsibility

Trust accounts require a high degree of fiduciary responsibility. The county department of social/human services director is responsible for every trust account transaction.

e. Responsibility for Record Retention

The county social/human services director shall assure that the county department of social/human services has available all necessary and complete records for audit purposes and that adequate prior years' expenditure documents are maintained for use in the budgeting process.

3. Budgetary Responsibility

a. Budget Preparation

As part of the county budget, the county director shall prepare a county department of social/human services budget and submit this to the county board of social/human services for approval.

b. Annual Budgets

The county social/human services director shall be responsible for estimating future needs of the county department of social/human services as accurately as possible, utilizing all available data, including economic and census forecasts. The estimates are to be supported by documentation and a narrative supporting the budget. The budget shall estimate revenues from all sources based on the most current information. County department of social/human services revenue shall be sufficient to maintain an appropriate surplus from year to year. The county director is responsible for initiating requests to the county board of social/human services for changes in the county department of social/human services budget.

c. Distribution of the Budget

The county director shall submit the original budget request to the county board of social/human services and as many copies as it may need. One copy shall be submitted to the Colorado Department of Health Care Policy and Financing, Audits Section, Denver CO 80203-1818 and the county department of social/human services shall retain two copies. The budget shall be submitted to the board of county commissioners no later than October 15 of each year.

d. Spending Within Budgeted Appropriations

The county director shall be responsible for assuring that expenditures do not exceed appropriations and for controlling the county fund balance at all times.

e. Monthly Budget Reports to Commissioners

The county director shall be responsible for timely submitting monthly reports to the board of county commissioners concerning:

- i) A budget report containing a comparison of calendar year-to-date expenditures to calendar year-to-date county appropriations,
- ii) A budget report containing a comparison of calendar year-to-date earned revenues to calendar year-to-date county estimated revenues,
- iii) A budget report containing a comparison of State fiscal year-to-date expenditures to State fiscal year-to-date allocations from the Colorado Department of Health Care Policy and Financing, and
- iv) Interim Balance Sheet and Statement of Net Assets.

f. Budget Revisions

The county director shall be responsible for initiating requests to the county board of social/human services for changes in the county department of social/human services budget.

4. Payroll and Expenses Responsibility

a. Payroll and Expenses Certification

Each month the county social/human services director or designee shall certify by signature all payrolls and each expense voucher for the issuance of warrants.

b. Certified Payrolls of Salaries and Expenses Presented to the County Board of Social/Human Services

The county social/human services director shall present to the county board of social/human services the certified payrolls for salaries and expenses authorizations that have been certified.

c. Certification Description

A description of the certification process for issuance of warrants for the county social/human services fund and a copy of each certificate shall be available for audit purposes.

5. Responsible for Overseeing the Maintenance of the Accounting System

The county social/human services director shall be responsible for overseeing the maintenance of the county department of social/human services accounting system.

a. Financial Reports Follow Generally Accepted Governmental Accounting Principles

Each monthly reporting period shall be regarded as an integral part of the fiscal year. Revenues shall be allocated to monthly reporting periods in accordance with generally

accepted governmental accounting principles. Expenditures, such as salaries and operating expenditures, shall be allocated to interim periods in which they were incurred. Arbitrary assignment to a monthly period shall not be allowed. The county social/human services director shall submit these monthly reports to the county board of social/human services within 60 calendar days of the end of each month.

b. Financial Reports Come From The General Ledger

The county department of social/human services general ledger and supporting systems to the general ledger shall be the system used to record the county department of social/human services financial information and the system from which standard reports shall be prepared and forwarded to the county board of social/human services.

c. Monthly Financial Reports

Pursuant to section 1.010.5(3)(e) of these rules, the county social/human services director shall be responsible for submitting monthly financial reports to the board of county commissioners. These financial reports shall be available for use by county executive management, and their respective staffs for planning purposes and decision-making.

d. Annual Financial Statements

The county social/human services director shall be responsible for generating un-audited annual financial statements fully disclosing the financial position of the social/human services fund by March 1 of the subsequent fiscal year.

6. Reporting Period for Submissions to the Colorado Department of Health Care Policy and Financing

Pertaining to administration of Colorado Department of Health Care Policy and Financing programs, the county social/human services director shall report to the Department at such times and in such manner and form as the Department may from time to time direct. The routine reporting period from the county to the Colorado Department of Health Care Policy and Financing is a calendar month. The Audit Section Manager of the Colorado Department of Health Care Policy and Financing shall determine the date required to submit financial data for each reporting cycle.

1.010.6 County Treasurer

1. County Treasurer Shall Act As Custodian

The county treasurer shall be the treasurer and custodian of the social/human services fund and shall disburse money from the fund only upon distinct county social/human services warrants drawn by the person duly appointed by the county board of social/human services.

2. Monthly County Treasurer's Reports

The county treasurer, or county entity acting as the county treasurer, shall prepare a monthly report which indicates a beginning balance of cash, the amount of monies deposited into the social/human services fund each month, the warrants redeemed by the treasurer or designated redemption entity each month, and an ending cash balance. Alternate forms of tracking the monthly amounts of cash through a redemption entity are also accepted. One example of this is the use of a zero balance account(s) where the balance of this account(s) at any point in time is the amount of unredeemed warrants.

3. No County Treasurer's Fee for Social/Human Services Fund

The county treasurer, or county entity acting as the county treasurer, shall not collect any fee for the collection or deposit of any monies into the county social/human services fund.

1.010.7 Accounting Systems, Internal Control, Bids, Allocations and Reporting

1.010.7.A Chart of Accounts

A chart of account numbering system shall reflect the order of the Statement of Net Assets/Balance Sheet and Statement of Activity/Statement of Revenues and Expenditures accounts. The numbering shall start with the accounts that go into current assets, the first section of your balance sheet, and end with the last category of expenses in your income statement.

1.010.7.B. General Ledger

1. Double-Entry General Ledger

Each county's social/human services fund shall maintain a double-entry general ledger system that is the basis for the accounting system and for financial reporting. The general ledger shall be the location in which all of the active accounts are collected.

2. General Ledger in Balance

The general ledger shall be in balance at all times, with aggregate debits equaling aggregate credits.

3 Experienced Staff to Maintain the Accounting System

Only county staff experienced in bookkeeping and accounting shall maintain the accounting system for the social/human services fund.

4. Subsidiary Journals

Subsidiary journals shall be maintained to support the general ledger. The supporting journals at a minimum shall be the general journal, cash receipts journal, cash disbursements journal, earned revenue journal, electronic benefits authorized journal, and an accounts receivable journal. In an automated accounting system these journals may consist of a distinct code for each type of journal:

a. Accounts Receivable Journal

Colorado Department of Human Services automated accounts receivable systems may be used as a subsidiary journal but only if appropriate internal controls are in place at the county level for the operation and maintenance of these systems.

b. Cash Disbursement Journal

The warrants issued by the county department of social/human services shall be recorded in the cash disbursement journal in a manner that distinctions shall be shown for administration, specific programs, and those warrant issues which are returns or refunds or other accounts payable transactions.

5. Postings Are To Be Current

The accounting system shall be kept current. Each month's transactions shall be recorded to the general ledger as soon as possible after all information is received concerning receipts, expenditures, disbursements, electronic benefit authorizations, actual revenue, and estimated revenue, for a month.

6. Budgetary Accounts

The budget amounts for each calendar year shall be entered in the county department of social/human services general ledger or budget system used by the county. The amounts noted shall reflect the final budget as approved by the Board of County Commissioners or other governing body with authority to approve the budget. If the budget is subsequently revised, the amounts by program shall be posted to the appropriation and estimated revenue accounts.

1.010.7.C. Financial Statement Reporting

1. Prepare In Accordance With Generally Accepted Governmental Accounting Principles

Financial statements shall be prepared in accordance with generally accepted governmental accounting principles.

2. Reflect All Financial Activities

Financial statements shall reflect all of the financial activities of the county department of social/human services.

3. Additional Financial Reports

Additional reports to fully disclose the operations of the county department of social/human services shall be tailored to meet the county department of social/human service's needs and enhance the ability to make timely and accurate decisions. Reports shall include but are not limited to such items as: comparison of budget to actual for programs or organizational units; efficiencies and economies in operations; and the results of specific programs and activities, as reflected in accomplishments, benefits, and effectiveness; and compliance with grant requirements and administrative policies.

1.010.7.D. Internal Control

1. Personnel Responsible for Internal Accounting and Administrative Controls

The county board of social/human services, the county social/human services director, county social/human services' managers and supervisors, and employees are all responsible for the internal accounting and administrative control processes within and surrounding the county department of social/human services.

a. Signature Authority

County department of social/human services shall identify those persons authorized to sign or approve specific documents for another person. The county department of social/human services director shall approve of such listing that shall contain the name(s) and manual signature(s) of those persons delegated signature authority.

b. Adequate and Appropriate Personnel

There shall be personnel of quality, integrity, and experience commensurate with their assigned responsibilities.

c. Access to Assets

There shall be restrictions permitting access to assets only by authorized persons in the performance of their assigned duties.

2. Written Plan of Accounting Controls and Administrative Controls

A written plan of accounting controls and administrative controls shall be on file at the county department of social/human services. This plan shall reflect the current operations of the county department of social/human services and shall provide for but not be limited to the following:

a. Accounting and Administrative Procedures

There shall be adequate authorization and procedures to provide effective accounting control over assets, liabilities, revenues, and expenditures.

b. Continuous Review of the Plan of Internal Accounting and Administrative Controls

There shall be an effective process of internal review and adjustment for changes in operating conditions.

c. Purchasing or Procurement Cards (P-Cards)

The director is responsible for establishing and maintaining written department-specific P-Card program policies and procedures that include, but are not limited to, purchasing approvals, accounting controls, cardholder compliance and training for employees participating in the P-Card program.

3. Separation of Duties

There shall be internal control procedures that include the appropriate separation of duties such as, but not limited to the following:

a. Separation of Duties for the Receipt and Recording of Cash

The same employee shall not receive cash, record the receipt, deposit the funds, and make journal and/or ledger entries for cash.

b. Separation of Duties for the Receipt of Negotiable Items and the Control of Negotiable Items

The same employee shall not receive negotiable items, dispense these items and control the repository and the inventory of them.

c. Separation of Duties, Ordering and Paying for Goods and Services

The same employee shall not order, receive, and process payment for goods and/or services. Orders for goods and/or services are to be approved in writing by the county director or the director's designee prior to placing such orders. There shall be written approval from the director or the director's designee prior to payment being made for goods and services received.

d. Security for Computer Systems

There shall be sufficient security to safeguard computer hardware, equipment and resources, and to prevent actual and/or potential loss of physical resources. The county department of social/human services is responsible to develop, define, recommend, establish, implement, review, maintain, and enforce policies and procedures relating to physical access to computer hardware, servers, PCs, workstations, terminals, printers, and other equipment physically located at the county department. Confidentiality of data shall follow the guidance of section 1.010.8.F of these rules.

4. Effectiveness and Efficiency of Operations

There shall be an appropriate balance between accounting controls and administrative controls, and the effectiveness and efficiency of operations.

5. Reliable Financial Reporting

There shall be systems in place for the accurate and timely compilation of financial reports.

6. Compliance with Applicable Laws and Regulations

There shall be a review process to ensure compliance with the many and varied laws, rules and regulations that are included with the administration of federal grants.

7. Record Retention

Medical assistance data of any form shall be retained for the current year, plus three previous years unless:

- a. There is a written statutory requirement, rule, or regulation available from a county, state or federal agency requiring a longer retention period; or,
- b. There has been a claim, audit, negotiation, litigation or other action started before the expiration of the three-year period.

8. Official Receipts

a. Consecutively Numbered Receipt Book

County departments of social/human services shall maintain manual or automated receipt books with receipts numbered consecutively. Manual receipt books shall be pre-numbered.

b. Mail Listing of All Negotiable Items

There shall be a listing at the point the mail is opened for all negotiable receipts. This mail listing shall be prepared by the person opening the mail and by someone other than the bookkeeper/accountant.

c. Restrictively Endorsed Negotiable Items

Each county shall have a restrictive endorsement stamp and each negotiable item shall be immediately stamped with a restrictive endorsement at the point the mail is opened.

d. Separation of Duties for Mail List Preparation and Receipt Writing

The preparation of the mail and the writing of receipts, whether automated or manual shall be performed by different people. If possible, the monies shall be sent to another person for preparation of the deposit.

9. Deposit of All Cash

All cash or negotiable items made payable to the county department of social/human services shall be deposited directly into the department of social/human services fund.

a. Daily Deposit of All Cash Totaling \$100 or More

Monies shall be deposited daily unless the total amount received is less than \$100.00. Once the cumulative amount of monies received equals \$100 or more, it shall be deposited no later than the next business day. Sufficient security shall be provided to secure cash and negotiable items against theft or loss.

b. Cash Receipts Shall Equal Cash Deposits

The cash receipt total shall be the same as the amount deposited.

c. Reconcile the Mail List to the Receipts to the Deposits

At least at the end of each month, the mail listing and the listing of receipts shall be reconciled with the amount deposited and any differences shall be noted and reconciled.

d. Identification of Cash Receipts

At a minimum, cash receipts shall include information to distinguish Colorado Department of Health Care Policy and Financing remittances, county revenues, plus receipts from individuals, vendors, and other sources.

e. Maintain a Cash Receipts Journal

The county department of social/human services shall record the monies received for deposit into the social/human services fund on a cash receipts journal. The cash receipts journal shall record the receipt transactions for a calendar month.

f. Receipt of Negotiable Items Not Made Payable to the County Department of Social/Human Services

If the county department of social/human services must accept negotiable items made payable to others, the county department of social/human services shall initiate a procedure to record the county department of social/human services receipt of the negotiable item, the amount of the negotiable item, the sender, the payee, the reason the transaction must be handled in this way, and the date the negotiable item was forwarded to the payee. All available methods to eliminate or minimize these transactions shall be undertaken by the county department of social/human services.

10. Bid System

a. Threshold for Utilizing a Bid System

A county department of social/human services that purchases at one time, supplies, equipment, personal property, or personal services in excess of \$25,000.00 shall use a formal advertising and bidding process to provide, to the maximum extent practicable,

open and free competition. If a county department of social/human services is unable to use this process, written justification shall be available at that county department of social/human services giving the facts related to the purchase and the inability to advertise and seek bids.

i) Groups of Items Totaling \$25,000 or More

Purchases, including a group of items or services from one vendor, at one time, that equals or exceeds \$25,000.00 are defined as a purchase of one item or service.

11. Reporting to the Colorado Department of Health Care Policy and Financing

a. Required Use of Statewide Automated Systems

County departments of social/human services shall use the State of Colorado automated statewide client and/or provider information systems. These systems are designed to collect and store program data; assist with eligibility and payment determinations; generate forms and reports; create electronic benefit authorizations; and add to, delete, or make changes to the information on file.

b. Reconciliation of County Information with Statewide Automated Systems

County department of social/human services reimbursement or billing will be based on the information that is transmitted by these statewide-automated tracking systems to the Colorado Department of Human Services financial reporting system. County departments of social/human services shall reconcile their own information with the expenditures, reimbursements, and billing information documented in the statewide automated tracking systems and the State financial reporting system.

c. Correct Coding of Information

County departments of social/human services shall correctly code all information reported to the Colorado Department of Human Services. These codes determine whether the expenditure falls within budgetary allocations, disregards budgetary maximums or is a special project.

i) Reimbursable and Non-Reimbursable Costs

Some costs have a reimbursable portion and a non-reimbursable portion. County department of social/human services shall split and appropriately code these costs for reporting in the County Financial Management System.

d. Reporting of Refunds

All refunds collected for previously reimbursed expenditures shall be reported in the County Financial Management System. This reporting shall follow the procedures of the statewide automated tracking systems and/or the financial reporting systems.

e. Over-collections

If the county department of social/human services collects more money from a payer than the amount established as due, a county warrant shall be issued to the payer to repay this over-collection within 10 business days of determining the over-collection.

1.010.7.E. Balance Sheet Accounts

1. Social/Human Services Fund

A fund to be known as the county social/human services fund shall be established and maintained in each of the counties of the State of Colorado.

a. Separate from Other Funds

The social/human services fund in each county shall be accounted for separately from any other funds in the county so that the cash balance in the county social/human services fund can be determined at all times.

b. Special Revenue Fund

The county social/human services fund shall be maintained as a special revenue fund and used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

c. Includes All Medical Assistance

The county social/human services fund shall include all money appropriated by the board of county commissioners for medical assistance administration and related purposes.

d. Includes All Colorado Department of Health Care Policy and Financing and Federal Funds

The county social/human services fund shall include all moneys allotted, allocated, or apportioned to the county by the Colorado Department of Health Care Policy and Financing. These funds are granted by the State of Colorado and by the federal government for medical assistance administration and related purposes and paid to the county by the Colorado Department of Health Care Policy and Financing.

e. Composition of the Social/Human Services Fund

The fund consists of:

- i) Assets,
- ii) Liabilities,
- iii) Approved Budget, and
- iv) Fund Balance (surplus or deficit of local revenues, both current and prior year).

2. Cash, Warrants and Electronic Benefits Authorized

a. Cash Reconciliation(s)

i) Performed Within 30 Days

All cash accounts are to be reconciled each month within 30 days of the end of each month.

- ii) Send Reconciliation to the Colorado Department of Health Care Policy and Financing

A copy of the December 31 cash reconciliation(s) report shall be submitted to the Colorado Department Health Care Policy and Financing, Audits Department, 1570 Grant Street, Denver, CO 80203-1818 or submitted electronically to HCPFAudit@hcpf.state.co.us by March 1 of each year.

- iii) Warrants Redeemed List

A redeemed warrant listing(s) shall be retained or alternative procedures should be in place to reconcile the cash balance of the social/human services fund. The reconciliation of the fund shall be based on warrants written and warrants outstanding along with other reconciling items to agree the book balance of the cash in the account with the actual cash balance of the social/human services fund..

- iv) Retain Redeemed Warrants

The redeemed warrants shall be retained, filed in numerical sequence or by date redeemed, and available for audit. A facsimile listing of redeemed warrants provided by the financial institution shall be acceptable.

b. Date of Warrant Issue

The date of issue on a warrant must be on or before the date of mailing.

- i) Delivery

On the established pay date, all client and vendor warrants shall be mailed to the last known address of the payee. Client and vendor warrants shall not be hand delivered to payees. Employee compensation or employee travel reimbursement may be hand delivered with appropriate internal control surrounding the delivery.

c. Warrant Redemption Period of 180 Days

Each warrant drawn on and issued from the county social/human services fund shall bear a notation clearly printed in a prominent position upon its face, stating that the warrant is void after a predetermined number of days, for example: "Void after 180 days from issue date."

- i) Exception to Rule

County departments of social/human services shall not have the option of using a time period longer than 180 days for canceling warrants but may use a shorter period of time for cancellation of the warrants.

- ii) Canceling Warrants

Any warrants outstanding after the specified time period shall be canceled in accordance with the county's internal control procedures or by resolution of the county board of social/human services at their next county social/human services board meeting with the stipulation that should such warrant be presented for payment, a new warrant shall be issued.

iii) Stale Dated Warrants

A stop-payment order will be issued to the county treasurer or county redemption entity at the time the warrant cancellation resolution is passed.

d. Forged Warrants

i) County Procedure

Disposition of the forged warrant shall follow whatever steps are available at the county level to recover the amount of the forged warrant.

ii) Non-Reimbursable

The expenditure as a result of a forged warrant is non-reimbursable. If the amount is collected (from the forger or through return through the banking system) the refund is not reported through the County Financial Management System.

1.010.7.F Trust Accounts

1. Responsibility

All trust accounts arising from the Department of Health Care Policy and Financing programs shall bear the name and the title of the director of the county department of social/human services as trustee for the recipient. Withdrawals from savings, checking or investment accounts shall require two signatures, neither of which can be the caseworker or the bookkeeper. They may be the business office supervisor and director or director designee, caseworker supervisor and director or director designee. Shortages in trust accounts are the responsibility of the county department of social/human services.

2. Trust Accounts Usage

a. Deposits

All trust account funds shall initially be deposited with the county treasurer with the understanding that it is to be deposited where it can draw interest.

b. Document Security

All savings account passbooks, blank checks, checkbooks, bonds, all other securities and any other documentation that could provide access to a trust account shall be kept in a secure place.

c. Checking Accounts

When a client has monthly needs, the trust account funds may be held in a checking account. When it is determined that the checking account contains more than is reasonably needed for the current month's needs, the excess shall be deposited in an interest bearing account.

d. Documentation

Documentation must exist for all transactions of the trust account(s). Withdrawals from trust accounts shall be documented by use of a disbursement request form developed by the county department of social/human services.

e. Termination

Termination of trust accounts shall be documented on a notice to terminate trust account form. The form shall be prepared by a caseworker/technician indicating the fact that all payments are to cease on a given date and indicating the disposition of the funds.

f. Reconciliations

All trust accounts shall be reconciled each month and the business office shall prepare a monthly trust account status report 10 working days after the close of the month's business. If all activity is limited to saving account interest earnings, quarterly status reports are acceptable.

g. Commingling

Multiple trust accounts may be held in one account. The monthly reconciliation shall indicate that the adjusted bank balance will cover the positive balances of all the individual trust accounts.

3. Trust Accounts Recorded in the General Ledger

Trust account deposits, withdrawals, and balances shall be recorded in a general ledger account(s). The general ledger account(s) shall, at a minimum, be updated at the conclusion of each month's business.

1.010.7.G. Accounts Receivable

1. Conflict with Accounts Receivable Program Rules

If the accounts receivable rules of a program are in conflict with these financial rules, the program rules on accounts receivable shall be followed instead of this section 1.010.7.G.

2. Establish Accounts Receivable

County department of social/human services shall establish recoveries due from clients, providers, vendors, and employees for all program and administrative areas in a manner consistent with program rules.

3. Interest Payment on Delinquent Accounts Receivables

a. Statutory Interest

If permitted by program rules, a delinquent receivable not already assigned an interest rate may be assessed interest at the statutory rate as set by Section 5-12-102 C.R.S.

b. Interest Begins on Forty-Sixth Day After Notice

If no time for payment has been provided for in writing and interest is assessed, interest on the unpaid balance shall be calculated beginning with the forty-sixth day after the notice has been given that the receivable is due and payable.

c. Interest Stated Separately

Interest liability incurred shall be presented on each billing statement as a separate amount from the original amount due.

4. Monthly Billing for Accounts Receivable

The billing shall be supported by the detail of the amount owed, prepared by the county department of social/human services referencing the delinquent receivable, the number of days of interest to be paid if applicable, and the interest rate if applicable.

5. Aging Accounts Receivable

Each month every account receivable shall be aged in increments of 1-30 days past due, 31-60 days past due, 61-90 days past due, and over 91 days past due.

a. Referral of Accounts Receivable to a Collection Agency

When a county has exhausted its collection resources on a claim, the claim shall be referred to a collection agency and written off.

6. Assignment of Client Benefits

No assistance payments made to an eligible recipient shall be transferable or assignable at law or in equity, and none of the money paid or payable under this article shall be subject to execution, levy, attachment, garnishment, or other legal process or to the operation of any bankruptcy or insolvency law.

7. Accounts Receivable Recorded in the General Ledger

The total amount of recoveries due shall be recorded in the county department of social/human service's general ledger accounting system. The account will be adjusted at a minimum each quarter, reflecting additional amounts due and collections received.

8. Accounts Receivable, Subsidiary Journal

The county department of social/human services shall maintain detailed subsidiary journals and the total of the subsidiary journals must equal the amount(s) recorded in the general ledger accounting system for accounts receivable.

1.010.7.H. Fixed Assets

1. County Responsibility

Each county department of social/human services shall be responsible for ensuring that all capitalized equipment is properly accounted for when acquired, annually inventoried, safeguarded throughout its useful life, and properly accounted for at the time of disposal.

2. Inventory

The county department of social/human services shall be responsible for an annual inventory of property, both real and personal, belonging to the county department of social/human services. An inventory shall be required only with respect to items of property having an original cost that equals or exceeds \$5,000.00. For control purposes a county department of social/human services may establish an amount less than \$5,000.00.

3. Property Records

Each county department of social/human services shall maintain detailed property records disclosing the:

- a. Date acquired,
- b. Cost of the fixed asset or value at the time of donation,
- c. Specific program fund or cost pool used to acquire the fixed asset,
- d. Any alterations made to the fixed asset, and
- e. The physical location of the fixed asset.

4. Useful Life, Use and Disposal

a. Useful Life

The fixed asset acquired must be used by, and in, the county department of social/human services for the useful life of the asset. Useful life will be the same as defined by the Internal Revenue Service for straight-line depreciation for that class of asset as discussed in the Internal Revenue Manual 1.35.6, *Property and Equipment Accounting*, incorporated by reference

b. Use for the County Department of Social/Human Services

If the fixed asset is removed from the county department of social/human services, sold or traded before the useful life is exhausted, the prorated cost of the remaining useful life is to be refunded to the original funding source for the asset.

c. Discontinuance of Program

If fixed assets were purchased for a program that has been discontinued, the assets may continue to be used for the benefit of the other federally funded programs that are administered by the county department of social/human services.

d. Credit to the Original Funding Source

Upon fixed asset disposal, the trade-in value or scrap value is to be reported as a credit to the original funding source of the asset.

5. Recorded in the General Ledger

The total dollar amount of fixed assets shall be recorded in the general ledger and shall be supported by and agree to the detailed property records that disclose the funding source of the assets.

6. Donated Fixed Assets

Fixed assets donated to a county department of social/human services shall be recorded at the fair market value on the date of the gift and treated as purchased equipment for inventory and accounting purposes.

7. Leased Fixed Assets With No Intent to Purchase

The fixed asset so acquired must be used by, and in, the county department of social/human services for the term of the lease.

a. Interest

Interest is allowable per the restrictions found in this rule manual, section 1.010.7.G(3)(a).

b. Allowable Cost in a Sale and Leaseback

Costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the county department of social/human services continued to own the fixed asset.

c. Limit on Amount of Reimbursement

Fixed assets rented by the county department of social/human services with no intent to purchase are reimbursable only up to the amount of the annual depreciation had the county purchased the asset.

8. Capital Lease of Fixed Assets

Costs under leases, which are required to be treated as capital leases under generally accepted governmental accounting principles, are allowable only up to the amount that would be allowed had the county purchased the fixed asset on the date the lease agreement was executed. This amount would include expenses such as depreciation or use allowance, maintenance, and insurance.

1.010.7.I. Revenue and Expenditures

1. County Tax Revenue

The county government, through the budget process, determines the amount of county tax revenue that will be deposited into the social/human services fund during a calendar year.

a. Apportioned Taxes

County tax revenue apportioned to the social/human services fund includes but is not limited to:

i) Levy on assessed valuation of property, and

ii) Specific ownership taxes.

b. Deposits are Revenues

The county department of social/human services shall record the actual deposits made each month to the social/human services fund from information furnished by the county treasurer. No calculation of earned revenue from county sources is necessary month by month.

2. Miscellaneous Revenue

a. Revenue from Social/Human Services Costs

All revenue received by a county or county department of social/human services, as a result of part or all of the costs being borne by a social/human services program, shall be deposited into the county social/human services fund.

b. Donations and Gifts

Unrestricted bequests, gifts or donations to the county department of social/human services are used as local revenue. If a restricted donation to the county department of social/human services is invested and the income from the investment is not restricted, such income is a source of local revenues.

3. State and/or Federal Revenue and Payables

a. Monthly Posting to the General Ledger

Accounting entries to record the county department of social/human services' calculation of the monthly earned revenues and electronic benefit authorization payables shall be posted monthly to the county department of social/human services general ledger.

4. Expenditures

a. Expenditures, Basis of Claims for Reimbursement, and Factors Affecting Allowability of Costs

To be allowable for reimbursement under Federal awards, expenditures reported in the County Financial Management System shall meet the following general criteria:

i) No Provision for Profit

Reimbursable expenditures shall be based on actual cost with no provision for profit or increment above cost.

ii) Expenditures shall be based on Actual Costs

Reimbursable expenditures shall be an actual cost and not a cost based on an average, allocated, anticipated or budgeted cost.

iii) Expenditures Shall Not Be Prohibited

Reimbursable expenditures shall not be those prohibited under federal, State, or local, laws, rules, and regulations.

iv) Expenditure Policies, Regulations, and Procedures Shall Be Applied Uniformly

Reimbursable expenditures shall be consistent with policies, regulations, and procedures that apply uniformly to State and federal awards and other activities of the county.

1) Expenditures Shall Have Consistent Treatment

Expenditures shall be accorded consistent treatment. A cost shall not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.

2) Expenditures Shall Comply With Generally Accepted Accounting Principles

Expenditures shall, except for provisions in Office of Management and Budget Circular A-87, incorporated by reference, be determined in accordance with generally accepted governmental accounting principles.

v) Expenditures Shall Only Be Used Once as a Match

Expenditures shall not be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period, except as specifically provided by federal law or regulation.

vi) Expenditures Shall Be Net of Applicable Credits

1) Net of All Credits

Expenditures shall be claimed net of all credits, including but not limited to, volume and cash discounts, refunds, rental income, trade-ins, scrap sales, rebates or allowances, recoveries or indemnities on losses, insurance refunds, adjustments of overpayments, and erroneous charges.

2) In Some Instances, the Amounts Received from the Federal Government Shall Be Treated as Applicable Credits

In some instances, the amounts received from the Federal government to finance activities or service operations shall be treated as applicable credits. Specifically, the concept of netting such credit items, including any amounts used to meet cost sharing or matching requirements, should be recognized in determining the rates or amounts to be charged to federal awards.

vii) Expenditures Shall Be Necessary and Reasonable

Expenditures shall be necessary and reasonable for proper and efficient performance and administration. A cost is reasonable if, in its nature and amount, it meets all the following criteria:

1) Expenditures Shall Be Compared to Market Prices for Reasonableness

Expenditures shall be compared to the market prices for comparable goods or services as a test for reasonableness.

2) Expenditures Shall Be Ordinary and Necessary

Expenditures shall be of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the federal award.

3) Expenditures Shall Meet Standards Such as Sound Business Practices and Arms-Length Bargaining

Expenditures shall have restraints or requirements imposed by such factors as: sound business practices; arms-length bargaining; Federal,

State and other laws and regulations; and, terms and conditions of the State and/or Federal award.

4) Expenditures Shall Be the Same as Would Be Incurred by a Prudent Person

Expenditures shall not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. A prudent person is one who considers their responsibilities to the governmental unit, its employees, the public at large, and the federal government.

b. Legal Settlements

Legal judgments and settlements against county departments of social/human services are not reimbursable.

5. Documentation of Expenditures

To be allowable for reimbursement under Federal awards, expenditures reported in the County Financial Management System shall meet the following criteria:

a. Documentation to Support Expenditures

The authorization to purchase, documentation of the receipt of the goods or services, the vendor's invoice, and a signed commitment voucher or signed approval to pay for each disbursement are documents supporting expenditures and must be retained and available for audit purposes.

i) Prior Authorization

Expenditures shall be prior authorized by a signed requisition, purchase order, or similar form of prior authorization. If the purchase is for a monthly recurring expense, a copy of the initial authorization shall be attached to the billing.

ii) Different People are Required for Ordering, for Receiving and for Processing Payment

The person ordering goods and/or services shall not be the same person receiving or the person processing the payment for them. Likewise, the person receiving the goods/services shall not be the same person processing the payment for them.

iii) Receiving Reports

1) Proper Receiving Report

Expenditures shall be documented by evidence of the receipt of goods or services such as a receiving report signed by an employee authorized to receive the goods or services. A receiving report shall include; actual quantities received, any unsatisfactory condition, and compliance with specifications, prior to a voucher being processed for payment and shall be attached to the voucher packet.

iv) Verification of Vendor's Invoice

The vendor's invoice must be verified by checking for proper purchase authorization, notation of receipt of goods/services, correct addition, and extensions. The invoice should be signed by the person verifying its accuracy. Any discounts for prompt payment or volume purchase shall be reported as a credit or reduction of expenditures.

v) Commitment Vouchers

No disbursement of funds shall be made unless the county department of social/human services director or the director's designee has signified approval by signing the commitment voucher or invoice.

6. Employee Salary and Benefits

To be allowable for reimbursement under Federal awards, employee salary and benefits reported in the County Financial Management System shall meet the following criteria:

a. Documentation of Employee Salary and Benefits

The county director and/or board of county commissioners will document employee salary, benefits, and withholdings on payroll records. County department of social/human services' expenditures shall be listed on payrolls separate from other county personnel costs. These payrolls must be retained as per Colorado State Archives Records Management Manual, Schedule 10 and available for audit .

i) Documentation of Employee Salary and Benefits

County departments shall have records documenting all personnel actions including, but not limited to, appointments and separations, employee salary level, transfers, demotions, funding changes, pay increases, promotions, terminations, title changes, attendance and leave records, longevity or other circumstances affecting employee compensation.

ii) Controls Over Employee Salary and Benefits

Adequate controls shall be maintained to initiate changes in salary due to promotion, longevity or other circumstances affecting employee compensation.

b. Employee Wage Assignments

County department of social/human services' employee wages are subject to execution, levy, attachment, garnishment, or other legal processes.

c. Leave Records

All county departments of social/human services shall maintain records of all leave both accrued and taken.

d. Employee Training

i) Training Purpose

Training functions shall be held to achieve program objectives, develop employees, enhance employee's job performance, and shall be limited to reasonable and actual costs.

ii) Training Attendance

The attendance of employees at training functions shall include only those individuals related to the purpose of the function.

iii) Training Functions Shall Be Documented

Training functions shall have a written agenda, study materials, and be led by an identified presenter.

1.010.7.J. Contracts

To be allowable for reimbursement under Federal awards, expenditures for contracts reported in the County Financial Management System shall meet the following criteria:

1. Contract Intent

Each county department of social/human services shall be responsible for assuring that the contracts they initiate are within the intent of the funding source and that the contract is necessary and is the most economical and efficient means for accomplishing the identified tasks.

2. Interagency Contracts

Formal agreements between two agencies, sometimes referred to as "Interagency Agreements", "Memoranda of Understanding", or "Memoranda of Agreement" are to be treated as if they are contracts.

3. Contracts Legality

The county department of social/human services shall be responsible for assuring that all constitutional, statutory, regulatory, and grant requirements have been met prior to signing a contract.

4. Protection of Interests

A county department of social/human services shall negotiate and process a contract when protecting the interest of the county can only be accomplished by using a contract. When questions arise in this area, the county's legal representative should be contacted for assistance.

5. Advance Payments/Retainers

Contracts and other commitment vouchers shall not provide for advance payment for goods and/or services unless it is an established industry standard or unless the party to the contract provides a benefit to the county at least equal to the cost and risk of the advance payment. Any advance payment made on a contract shall require the written approval of the chairman of the county social/human services board, or an authorized delegate.

6. No Personal Benefit

The county signatories of a contract shall have no personal or beneficial interest whatsoever in the goods or services described in the contract.

7. Contracts at a Minimum Shall:

a. Be in Writing

All contracts at a minimum shall be prepared in writing.

b. Specifically Identify the Parties to the Contract

All contracts at a minimum shall specifically identify the parties to the contract.

c. Contain a County Fiscal Year Restriction

All Contracts shall contain a fiscal year restriction such as:

"This contract is subject to and contingent upon the continuing availability of budgeted county funds for the purposes hereof."

d. Contain a Restriction Regarding the Availability of State and/or Federal Funds

Contracts shall contain a restrictive clause involving State and or federal funds such as:

"This contract is subject to and contingent upon the continuing availability of State and or federal funds for the purposes hereof."

e. All Contracts Shall Contain Provisions for:

- i) Statement of Work;
- ii) Payment terms, including maximum dollar amount;
- iii) Performance period (contract beginning and end dates); and
- iv) General terms and conditions.

f. Request Payment at Least Monthly

Contractors shall bill for goods or services at least monthly. Goods or services performed must be identified in detail. Contracts shall specify that all parties to the contract shall maintain, for audit purposes, documentation to support expenditures claimed under the contract. Payments made should be coded to account categories that identify the type of expense being paid.

g. Define Breach of Contract

The County shall define breach of contract and include available remedies in the contract.

h. State a Preference for Colorado Labor

Pursuant to Sections 8-17-101 and 8-17-102, C.R.S., a preference for Colorado labor is applicable if the contract is for public works and is financed in part or in whole with State funds.

8. Contract Review

a. Contract Monitoring

The County shall have a monitoring system to assure that expenditures claimed are within the terms of the contract.

b. Review for Availability of Funds

Before the execution of a contract, the county department of social/human services director or a delegate shall review the contract for completeness and to ensure that funds are available to cover the contract liability; written evidence of the director's or delegate's review shall be maintained with the contract.

c. Review for Compliance

Before execution of a contract, the county department of social/human director or delegate shall categorize the contract according to risk using the State Controller's "Review and Approval of State Contracts" criteria or criteria established by written policy of the county department of social/human services director. The county's legal representative shall review all high risk contracts to include compliance with:

- i) The Federal and the State constitution,
- ii) Federal and State laws,
- iii) Federal and State rules and regulations,
- iv) Executive orders, and
- v) The authority of the county department of social/human services to enter into the contract.

The county department of social/human services shall maintain written documentation of the risk analysis of the contract as well as a copy of the results of the written legal review in the contract file.

d. Delegation of the Contracting Authority

Under certain circumstances the county department of social/human services director may delegate, in writing, authority to execute contracts. Delegation of the county director's signature authority does not eliminate the requirement that all contracts have a risk analysis and, if required, legal review, or exempt any county department of social/human services from securing the required approval from the chairman of the county social/human services board.

9. Contract Signature Approval

a. Signature Authority

The chairman of the county social/human services board or a designee shall sign all contracts on behalf of the county department of social/human services. Delegated authority shall be in writing and maintained for audit purposes.

b. Original Signatures

It shall be the responsibility of the contracting county to obtain original or legally accepted signatures of all parties to the contract and to retain at least one contract that contains the original or legally accepted signatures of all of the contracting parties.

10. Required for Personal Services

Contracts shall be required when a county department of social/human services purchases personal services that are provided in a relationship other than that of employee-employer. Personal service contracts include maintenance and service agreements, including but not limited to, legal services, management services, extensions of county department of social/human services staff, other public or private agencies, automated data processing services, and training by other than Colorado Department of Health Care Policy and Financing, Colorado Department of Human Services, or another county department of social/human services' staff.

a. Contract Provision for Personal Services in excess of \$100,000

To be included as a reimbursable expense from the Department of Health Care Policy and Financing, personal services contracts over \$100,000 shall include all of the contract requirements of Section 24-103.5-101 C.R.S. as follows:

- i) Performance measures and standards developed specifically for the contract by the administering County;
- ii) Accountability standards requiring regular vendor reports on achievement of the specified performance measures and standards;
- iii) Payment provisions allowing the County to withhold payment until successful completion of all or specified parts of the contract and requiring prompt payment upon successful completion;
- iv) Monitoring requirements specifying how the County and the vendor will evaluate each other's performance, including progress reports, site visits, inspections, and reviews of performance data; and
- v) Processes for resolving disputes between the County and the vendor.

b. Contract for Legal Services

Contracts for legal services that provide for a set monthly fee shall contain a reconciliation clause that requires an annual rebate to the county department of social/human services if the hours expended on social/human services cases is less than the predetermined number at the contract-specified hourly rate.

11. Contract with the District Attorney

Pursuant with Section 25.5-1-115, C.R.S., the county department of social/human services shall negotiate a contract with the district attorney and pay expenditures incurred by the district attorney's office in investigating and prosecuting any person who has fraudulently obtained medical assistance. Costs of the District Attorney's office for training county department of social/human services staff are also allowable.

12. Required for Lease/Rent

A county department of social/human services shall negotiate and process a contract when leasing land, buildings, or other office or meeting space when the rental is for more than thirty days or for an amount more than \$5,000.00.

13. Required for Capital Construction/Maintenance

A county department of social/human services shall negotiate and process a contract when expending capital construction or maintenance funds in excess of \$5,000.00.

1.010.7.K. Travel

1. To be allowable for reimbursement under Federal awards, travel expenditures reported in the County Financial Management System shall meet the following criteria:
 - a. General

All costs for travel not directly related to case workers or client activity shall be pre-approved by the employee's supervisor and the social/human services department director. Appropriate supporting documentation shall be maintained by the supervisor prior to travel.
 - b. Travel Policies Shall Be Consistent Throughout the County

The travel policies for county departments of social/human services employee reimbursement for lodging, meals, and transportation shall be consistent with those policies in the county's other departments, offices, and divisions.
 - c. Travel Expense as Part of Another Fee

If travel expenses (meals, lodging, transportation, etc.) are included in conference fees, registration fees, or are otherwise furnished at no additional cost to the traveler, no reimbursement shall be made for these items. If, however, a meal included in a commercial transportation ticket is not adequate, and the traveler incurs an additional meal expense, reimbursement may be claimed at the authorized rate for that meal.
 - d. Travel Reimbursement for Only County Business

Lodging, meals, and other reimbursable travel expenses shall only be reimbursed for the period of time necessary for the traveler to accomplish the county's business. When a traveler uses an alternate method of transportation, which is authorized by the approving authority, any additional time required to complete the county's business shall be charged to approved leave.
 - e. Limited Time for Reimbursement

Reimbursement for travel and related expenses is available for the current month (month being paid) and two preceding months.
2. Transportation

Transportation costs charged to the Department of Health Care Policy and Financing shall be for benefit of the Department of Health Care Policy and Financing and shall conform to the State of Colorado Fiscal Rules, Rule 5-1 (Travel), incorporated by reference.

 - a. Reimbursement for the Most Economical and Efficient Means Available

Transportation shall be completed using the most economical and efficient means available that will satisfactorily accomplish the county department of social/human services' business.
 - b. Documentation of Trip

Sufficient documentation of the purpose and the cost of the trip shall be included with the travel expense form. If the purpose of the travel is not solely for business purposes, the

individual involved shall make a reasonable allocation of the expenses and the travel reimbursement request shall contain sufficient documentation to indicate the allocation made and the basis for the allocation.

c. Mileage Rate

Reimbursement of vehicle transportation shall be not be greater than the rate established for state employees. This mileage rate is to cover all ownership and operating costs of the vehicle, such as depreciation, use allowance, insurance, repairs, maintenance, gas, oil, tires, etc.

d. Transportation Does Not Include Employee's Spouse or Other Non-County Employee

Reimbursable costs shall not include the cost of an employee's spouse or other non-county employee(s) accompanying the employee on a business trip.

e. Only One Reimbursement per Vehicle

When two or more people travel together in the same personally owned and operated automobile, only the employee responsible for the automobile shall be allowed mileage reimbursement.

3. Lodging

a. Lodging Receipt

Receipts for lodging shall be obtained and submitted with the travel expense form. The actual lodging receipt is required. Charge slips are not sufficient.

b. Travel Reimbursement at Reasonable Accommodations

Employees pre-authorized to travel shall be reimbursed the actual cost of reasonable accommodations. Employees may be required to use approved or designated lodging facilities in certain areas to assist in controlling travel cost. Reimbursement shall be limited to the cost of commercial lodging.

4. Meals

a. Meal Per Diem

Employees pre-authorized to travel shall be reimbursed for the cost of meals, including tax, tip and other incidental expenses at a rate not higher than the per diem rates set by State of Colorado Fiscal Rules, Rule 5-1, incorporated by reference.

5. Reimbursable Items

In addition to lodging, meals, and transportation, the following actual expenses incurred as a necessary part of approved travel may be reimbursed.

a. Travel Tips

Reasonable tips paid by the traveler for bellhops, porters, maids, and ground transportation are reimbursable up to the daily incidental per diem. Tips paid in conjunction with meals are included in the meal per diem and cannot be claimed separately.

b. Vehicle Trips

i) Mileage of a Private Vehicle

Mileage expenses are reimbursable for the written, pre-approved use of a private vehicle. The written approval should be by the employee's supervisor. The pre-approval may be provided by the supervisor on an annual basis for case workers and those directly involved with client activity.

ii) Commercial Vehicle

Commercial transportation expenses paid by the traveler are reimbursable. A receipt shall be required for each individual ride in a commercial vehicle, if over \$25.00.

c. Travel Campsite Fees

Campsite fees paid by the traveler for a commercial camp ground or a State or national park are reimbursable. A receipt shall be required if over \$25.00.

d. Parking Fees

Parking fees paid by the traveler are reimbursable. A receipt shall be required for any single fee over \$25.00.

e. Travel Registration Fees

Registration fees paid by the traveler are reimbursable. A receipt is required for all registration fees paid.

f. Rental Car Cost

Rental car costs paid by the traveler are reimbursable. A receipt is required for all rental car expenditures.

g. Communications Charges

Telephone, fax, and other similar charges paid by the traveler for official county business are reimbursable. A receipt shall be required for any single charge over \$25.00. Personal phone calls are included in the incidental per diem rate; they cannot be claimed separately.

h. Toll Road Charges

Toll road charges paid by the traveler are reimbursable when the travel is for official county business and when the travel is pre-approved.

6. Non-Reimbursable Travel Items

The following actual expenses incurred as a part of approved travel shall not be reimbursed.

a. Alcohol

Alcoholic beverages purchased by the traveler are not allowable for reimbursement.

b. Entertainment Fees

Entertainment expenses paid by the traveler are not allowable for reimbursement.

c. Personal Items

Personal expenses incurred during travel that are primarily for the benefit of the traveler and not directly related to the official purpose of the travel are not allowable for reimbursement. Examples include the purchase of personal hygiene items, magazines, snacks, movie rentals, and other miscellaneous items.

d. Insurance Expense

Travel insurance expenses paid by the traveler are not allowable for reimbursement.

e. Traffic Fines and Tickets

The cost of traffic fines and traffic tickets are not allowable for reimbursement.

7. Travel Expense Form and Approval

a. Travel Expense Form

The Colorado Department of Health Care Policy and Financing prescribed travel expense form or alternate form containing the same information shall be used for claiming all travel expense for which an employee, volunteer, or county social/human service board member requests reimbursement. A properly completed and approved travel expense form shall support all payments for travel expense.

b. Approval

The director of social/human services or the director's designee shall sign the travel expense form. This signature shall certify a review and approval of all travel expense items. Receipts for lodging, parking and other miscellaneous claims shall be attached to the county department of social/human services' copy of the travel expense form. This travel expense form and all receipts shall be retained. Approval of this travel expense form shall be shown by the employee's supervisor's signature. The employee requesting reimbursement shall sign the travel expense form to certify that all expenses listed are for approved county social/human services purposes.

c. Travel Advances

At the discretion of and in compliance with county policies and procedures, employees may request a cash advance to conduct business for the county department of social/human services. The amount of the travel advance shall be no larger than the total per diem allowance for the planned trip. The Colorado Department of Health Care Policy and Financing prescribed Request for Travel Advance form or alternate form containing the same information shall be used for requesting an advance. The form should require the signed approval of the employee's supervisor and the department director or designee.

8. Travel Coding and Reimbursement

a. Travel Coding

Travel shall be reported under the same program and function coding as the employee's salary and benefits. If the travel expense is reported under a coding other than the coding for the employee's salary and benefits, sufficient explanation and/or documentation to support this alternate coding shall be attached to the travel expense form.

b. Travel Appropriations and Reimbursement

Travel by county department of social/human services employees and members of county social/human services boards will be reimbursed within the limit of each county's allocation(s) if travel was pursuant to section 1.010.7.K of these rules.

1.010.7.L. Office Space

1. To be allowable for reimbursement under Federal awards, expenditures for office space reported in the County Financial Management System shall meet the following criteria:

a. Purchase of Office Space

A county social/human service fund shall not use federal funds to construct or purchase buildings or facilities or to purchase real estate unless prior approval has been obtained from the Controller of the Colorado Department of Health Care Policy and Financing, 1570 Grant St., Denver, CO 80203.

b. Allocation of Office Space Costs

The reimbursement for office space is a part of each program's administrative allocation and allowable only to the extent of each program's administrative allocation. The allocation of the total office space costs to each program is to be based on square foot used or other reasonable and documented method.

c. Sharing Office Space

If a building is shared with another agency, the county department of social/human services' cost shall not exceed the prorated share of the total building costs based on square feet used.

d. Substantiating Space Costs

Prior to building or contracting for another building, or changing the current contract, the county department of social/human services shall obtain and retain documentation that office space costs incurred are equal to or less than the cost of comparable commercial leases in the area.

2. Allowable Costs for County Owned Office Space

a. Allowable Capital Costs for Owned Office Space

The allowable cost for county owned office space is based on a usage allowance of two percent per year of the capitalized cost of the building or an amount based on a reasonable depreciation schedule that is approved by the Controller of the Colorado Department of Health Care Policy and Financing, 1570 Grant St., Denver, CO 80203.

b. Expenditure of the Social/Human Service Fund

The full amount of the usage allowance or depreciation for office space shall be an actual expenditure from the social/human services fund. This expenditure shall be paid to the county fund or other county entity that owns the building(s)

c. Allowable Office Space Costs in Addition to Capital Costs

Office space costs that are allowable for reimbursement are as follows, but are not limited to, utilities such as heating, lighting or cooling the building, normal repairs and maintenance that are not capitalized, ordinary and normal rearrangement and alterations that are not capitalized, security, janitorial, building insurance, elevator service, and upkeep of grounds.

d. Allowable Interest on Office Space Costs

Costs incurred for interest on borrowed capital or the use of a governmental unit's own funds, however represented, are unallowable except as specifically provided below.

i) Office Space Interest Expense Limitations

Financing costs (including interest) paid or incurred on or after August 29, 1997, associated with the otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling completed on or after October 1, 1980, is allowable, subject to the following three conditions:

1) Bona Fide Third Party Funding

The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the governmental unit,

2) Support Federal Awards

The assets are used in support of federal awards, and

3) Interest Earnings

Earnings on debt service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate. Earnings subject to being reported to the Federal Internal Revenue Service under arbitrage requirements are excludable.

3. Allowable Costs for Leased Office Space

a. Allowable Office Space Costs for Leased Office Space

The allowable cost for non-county owned office space is the lower of the actual lease cost or a rate that is reasonable in light of such factors as rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased.

b. Allowable Office Space Costs in Addition to Lease Costs

Office space costs that are allowable for reimbursement if not already provided for in the lease agreement are as follows but are not limited to utilities such as heating, lighting or cooling the building, normal repairs and maintenance that are not capitalized, ordinary

and normal rearrangement and alterations that are not capitalized, security, janitorial, building insurance, elevator service, upkeep of grounds, and appraisal fees required by the county department of social/human services for cost comparisons.

c. Allowable Office Space Costs in a Sale and Leaseback

Costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the county continued to own the property.

d. Office Space Costs in a Less-Than-Arms-Length Lease

Office space costs under a less-than-arms-length lease are allowable at the lower of the actual lease cost or an amount that is reasonable in light of such factors as rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased.

e. Authority Created to Acquire and Lease Office Space

Prior approval from the Controller of the Colorado Department of Health Care Policy and Financing, 1570 Grant St., Denver, CO 80203, is required for reimbursement of office space costs when the county creates an authority or similar entity to acquire and lease the office space to the county.

f. Capital Lease of Office Space

Costs under leases, which are required to be treated as capital leases under generally accepted governmental accounting principles, are allowable only up to the amount that would be allowed had the governmental unit purchased the property on the date the lease agreement was executed. This amount would include expenses such as depreciation or use allowance, maintenance, and insurance. Interest costs related to capital leases are allowable to the extent they meet the criteria for allowability of interest in section 1.010.7.L(2)(d) of these rules.

4. Office Space Costs to be Excluded from Reimbursement

a. Office Space Funded by Others

Office space cost to be excluded is space that is funded by another State or private agency.

b. Sublet Office Space

Office space cost to be excluded is space sublet to a local, state, or federal agency or other user.

c. Used by Others

Office space cost to be excluded is space used solely by staff not authorized by the Colorado Department of Health Care Policy and Financing.

d. Not Authorized for Use

Office space cost to be excluded is space used solely for functions not authorized by the Colorado Department of Health Care Policy and Financing.

e. Not Incurred

Office space cost to be excluded is cost, which has not been incurred by or paid from the county department of social/human services. Costs excluded are the value of donated materials, labor, or buildings. Other costs excluded are those paid from a grant, or a cost used as matching funds for a grant.

f. Idle or Empty Office Space

Office space cost to be excluded is idle facilities or idle capacity unless necessary to meet fluctuations in workload.

1.010.7.M. Cost Accounting

1. Application of Costs Requires a Plan

Where an accumulation of indirect costs will ultimately result in charges to a federal award, a cost allocation plan, indirect rate proposal, or application of random moment sampling shall be required.

2. Direct or Indirect Cost

a. Consistent Treatment

Each item of cost shall be treated consistently in like circumstances either as a direct or an indirect cost.

b. No Universal Rule

There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the federal award or other final cost objective.

3. Reasonable and Based on Generally Accepted Governmental Accounting Principles

All costs incurred shall be allocated to the program/activity/cost pool based on generally accepted governmental accounting principles and OMB Circular A-87, incorporated by reference. Direct costs shall be allocated to the project on a reasonable basis relating directly to the benefit or value added to the program. Indirect costs shall be allocated from indirect cost pools on a reasonable basis consistent with that of other similar or related projects/grants/activities.

4. All Inclusive Cost Accounting Plan

All activities that benefit from an indirect cost, including unallowable activities and services, shall receive an appropriate allocation of indirect costs.

5. Duplicate Claims for Reimbursement

a. Same Cost Not Allowed

Costs shall not be claimed for reimbursement by a county or a county department of social/human services more than once.

b. Direct and Also Indirect

The same cost shall not be charged directly to a program and then charged again through a cost allocation plan or an indirect rate proposal.

c. Same Cost Reported to More Than One Program

The same cost shall not be charged to more than one program. For example, a staff person being reported and reimbursed from county administration full-time may have some costs reimbursed through a special program, project, or grant. Any reimbursement received from the special grant must be reported as a reduction of expenditures, not as a source of revenue. Crediting the refund to the funding source from which the original reimbursement was made reduces expenditures.

6. Net of All Credits

Expenditures shall be claimed net of all credits, for example, volume and cash discounts, refunds, rental income, trade-ins, scrap sales, rebates or allowances, recoveries or indemnities on losses, insurance refunds, adjustments of overpayments, erroneous charges, etc.

7. Relative Benefits Received

A cost is allocable to a particular cost objective if the goods or services involved shall be chargeable or assignable to such cost objective in accordance with relative benefits received.

8. Cost Shifting to Fund Deficiencies

Any cost allocable to a particular federal award or cost objective shall not be charged to other federal awards to overcome fund deficiencies or to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. However, this prohibition shall not preclude from shifting costs that are allowable under Federal and State laws for two or more awards in accordance with existing program agreements.

1.010.7.N. Random Moment Sampling

1. Participation in Random Moment Sampling

Participation in random moment sample reporting shall be required by all county departments of social/human services employees as determined by the Colorado Department of Human Services and the Department of Health Care Policy and Financing.

2. Purpose of Reporting Under Random Moment Sampling

The purpose of this reporting is to measure time expended by employees on certain programs in order to substantiate expenditures eligible for federal reimbursement. Reporting on random moment sampling measures the direct services provided by the county department of social/human services. The results of the workload study are used to distribute the indirect costs of the county department of social/human services to direct service areas.

1.010.7.O. Countywide Cost Allocation Plan

1. Availability of Funds

Based on the availability of State and federal funds, a county's allowable indirect countywide costs shall be reimbursed.

2. Purpose of the Countywide Cost Allocation Plan

Counties shall prepare a countywide cost allocation plan that allocates indirect costs across the county operations relative to the benefit derived. Countywide cost allocation plans shall be used in determining rates, fees, or the cost of services provided, and by management in determining the cost effectiveness of a program or activity.

3. Countywide Cost Allocation Plan, Cost Principles

Certified countywide cost allocation plans must be prepared in accordance with the cost principles found in the Office of Management and Budget Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," incorporated by reference, or other cost principles as required by a specific grant.

4. Responsibility for the Countywide Cost Allocation Plan

Responsibility for preparation and submittal of an indirect countywide cost allocation plan is with the county.

5. Submittal of the Countywide Cost Allocation Plan

A copy, either electronic or hardcopy, of the countywide cost allocation plan that is provided to Colorado Department of Human Services annually due on June 30 of each year shall be provided to the Colorado Department of Health Care Policy and Financing, Audits Section, 1570 Grant Street, Denver, CO 80203 or submitted electronically to HCPFAudit@hcpf.state.co.us.

1.010.8 Audits, Conflict of Interest, Confidentiality, Misappropriation, and OMB Circulars

1.010.8.A. County Responsibility for Administration

1. County Responsibilities

The county department of social/human services is charged with the responsibility for administering all social/human services funds in accordance with rules established by the Colorado Department of Health Care Policy and Financing and other State departments. The county department of social/human services will only be reimbursed for payments under the Colorado Medical Assistance Act and the administration of these programs if said programs are administered in accordance with Colorado Department of Health Care Policy and Financing rules as well as all other applicable Federal, State, and local laws, rules and regulations.

2. Federal Compliance on Pass Through Funds

County departments of social/human services are responsible for administering federal programs that involve contracts, grants, block grants, and other agreements and shall comply with the applicable federal and state laws and regulations even though the funds were passed through the Colorado Department of Health Care Policy and Financing.

3. Contracts and Memorandums of Understanding

Existing laws, rules and regulations cannot be overridden by terms in a contract or a memorandum of understanding.

4. Knowledge of Laws and Regulations

There are many Federal, State and local, laws, rules and regulations that govern the administration of grants, the employment of personnel, and the health and safety of our lands and the general population. When in doubt as to the existence, applicability, or intent of any law, rule

or regulation, county personnel shall make inquiries with the Colorado Department of Health Care Policy and Financing and/or the applicable federal department or agency.

1.010.8.B. Audit by an Independent Certified Public Accountant

Each county shall annually have a financial and, if required by OMB A-133, incorporated by reference, a single audit made by a certified public accountant. A copy of these audits shall be sent to the Department of Health Care Policy and Financing, 1570 Grant Street, Denver, CO 80203 or submitted electronically to HCPFAudit@hcpf.state.co.us, within the earlier of 30 days after receipt by the county of the auditor's report or nine months after the end of the audit period. If the audit report is not received by the Department of Health Care Policy and Financing within nine months after the end of the audit period, the Colorado Department of Health Care Policy and Financing may suspend reimbursements of expenditures until such time as the audit report is received. Extensions for filing can be requested from the Department of Health Care Policy and Financing, Audits Section.

1.010.8.C. Audits by the Colorado Department of Health Care Policy and Financing

Information requested by the Colorado Department of Health Care Policy and Financing personnel resulting from Desk Audits, Medicaid Eligibility Quality Control (MEQC) audits, Payment Error Rate Measurement (PERM) audits, or any other audit of county records, shall be provided a response by the county departments of human/social services within the time frame specified in the request. If responses are not received by the due date (including Department approved extensions), the Colorado Department of Health Care Policy and Financing may suspend reimbursements of expenditures until such time as the responses are received.

1. Desk Audits

The Colorado Department of Health Care Policy and Financing is responsible for supervising the maintenance of fiscal and administrative controls to insure proper accountability for all expenditures of State and Federal funds. Desk audits made at the Colorado Department of Health Care Policy and Financing may result in reducing a county's claim for reimbursement by the amount of any incorrect claims for reimbursement.

2. Post-Audits

Post-audits are made by the Colorado Department of Health Care Policy and Financing to verify the correctness of payments and benefit authorizations and may result in additional adjustments in county claims for reimbursement.

3. Recovery of Money Owed by a County

Pursuant to Section 25.5-1-114, C.R.S., the Colorado Department of Health Care Policy and Financing has the power to recover any monies owed by a county to the Colorado Department of Health Care Policy and Financing by reducing the amount of any payments due from the Colorado Department of Health Care Policy and Financing in connection with any program or activity. Unallowable costs which are identified during either desk audits or field audits will be disallowed despite similar costs which may have been reimbursed in the past.

4. Corrective Action Process for Financial Compliance Reviews Performed by the Colorado Department of Health Care Policy and Financing

a. Copy to County Director

The Colorado Department of Health Care Policy and Financing will mail one copy of the preliminary Financial Compliance Review report to the director of the county Department of Social/Human Services

b. Deadline for Factual Corrections

The county department of social/human services shall have 15 working days from the date of mailing to submit any factual corrections to the Financial Compliance Review report to the Colorado Department of Health Care Policy and Financing, Audit Section, 1570 Grant Street, Denver, CO 80203. If no factual corrections are to be submitted, then the county department of social/human services shall have 30 working days from the date of mailing to submit a corrective action plan to the Audit Section.

c. Corrective Action Plan

The corrective action plan submitted by the county department of social/human service shall include a:

i) Written Corrective Action Plan Completion

Description, in writing, on how each non-compliance issue has been corrected; or

ii) Information on the Corrective Action Planned

Plan, in writing, by which each non-compliance issue will be corrected. Such a plan must contain the following information for each non-compliance issue:

- 1) Identify the non-compliance issue,
- 2) List the specific action(s) to be taken to correct the non-compliance,
- 3) List the specific time frames for completion of each specific action, and
- 4) Provide the name of the contact person responsible for corrective action.

The corrective action plan should proceed as rapidly as possible.

d. Technical Assistance

The county department of social/human services may request technical assistance from the State in developing the corrective action plan. This request must occur within the 30-day period.

e. Extension of Time

If the county department of social/human services needs additional time to develop a Corrective Action Plan, the county director must submit a request in writing to the Colorado Department of Health Care Policy and Financing, Audit Section, 1570 Grant Street, Denver, CO 80203, specifying the new timeframe and providing an explanation for the extension request.

i) Review of Extension Request

The Colorado Department of Health Care Policy and Financing, Audit Section, will review the request for time extension within five working days of receipt and respond to the county department of social/human services director.

ii) Accept or Reject the Corrective Action Plan

Within 30 working days of receipt of the Corrective Action Plan from the county department of social/human services, the Colorado Department of Health Care Policy and Financing, Audit Section, will review and either accept or reject the corrective action plan.

f. Corrective Action Plan

i) Accepted Corrective Action Plan

If the plan is accepted, this decision will be indicated and the county department of social/human services will be notified via letter.

ii) Rejected Corrective Action Plan

If the plan is rejected by the Colorado Department of Health Care Policy and Financing, , the county department of social/human services will be notified in writing of the decision along with a new due date for an amended plan to be submitted.

iii) Accepted New Plan

Upon acceptance of new plan, the Colorado Department of Health Care Policy and Financing, Audit Section will follow procedures outlined in section 1.010.8.C(4)(f)(i) of these rules.

iv) Follow-Up

The Colorado Department of Health Care Policy and Financing, Audit Section will verify that the county department of social/human services has complied with the corrective action plan.

v) Closure

The Colorado Department of Health Care Policy and Financing, Audit Section, will send a closure letter to the county director and any applicable financial adjustments to the Colorado Department of Human Services, Accounting Division to be processed in the State financial reporting system.

5. Appeal Process for Financial Compliance Reviews Performed and Management Decisions Issued by the Colorado Department of Health Care Policy and Financing, Audit Section

a. Appeal in Writing

The appeal must be in writing and addressed to the Audit Manager of the Colorado Department of Health Care Policy and Financing, 1570 Grant St., Denver, CO 80203. The appeal must be received in the Audit Manager's office within 30 days from the date of Notice of Non-Compliance. The basis for the appeal shall be limited to a factual error in the report or an incorrect interpretation of law, rule, or regulations. The county may submit documents or evidence with its appeal. Within 30 days of receiving the appeal, the

Audit Manager shall issue his/her final decision in writing. The final decision shall be mailed to the county. The effective date of the Audit Manager's final decision is the date it is signed.

- b. A secondary appeal may be made in writing to the Executive Director of the Colorado Department of Health Care Policy and Financing, 1570 Grant Street, Denver, CO 80203, after a final decision by the Audit Manager. The secondary appeal must be received by the Executive Director of the Colorado Department of Health Care Policy and Financing within 30 days from the date of the decision by the Audit Manager. The Executive Director of the Department will notify the county department of the decision in writing. The decision of the Executive Director of the Department shall be the end of the appeal process.

6. Interest on Wrongful Claims

a. Statutory Interest

When money or property has been wrongfully claimed, withheld, or reimbursed, and when there is no agreement as to the interest rate, interest charged by the State may be at the rate of eight percent per annum compounded annually commencing on the date of the wrongful claim, withholding, or reimbursement to the date of settlement for all moneys or the value of property wrongfully claimed withheld, withheld, or reimbursed. Interest paid to the State may not be claimed for reimbursement.

7. Federal Department of Health and Human Services, and Other Federal Department or Agencies

The federal Department of Health and Human Services and other federal departments or agencies with which the county department of social/human services expends funds and is reimbursed with federal funds may make periodic audits in selected county department of social/human services to verify the correctness of payments, case recording, and pertinent administrative practices. County departments of social/human services shall comply with requests from these federal auditors. These audits may result in adjustments in county claims for reimbursement.

1.010.8.D. Conflict of Interest

1. Conflicts of Interest

No county department of social/human services employee shall accept fees, compensation, gifts, payment of expenses, or any other item of monetary value under circumstances in which the acceptance could result in:

a. Preferential Treatment

An undertaking to give preferential treatment to any person or business, or,

b. Impeding Efficiency or Economy

Impeding governmental efficiency or economy, or,

c. Loss of Independence or Impartiality

Any loss of complete independence or impartiality, or,

d. Decisions Made Outside Official Channels

The making of governmental decisions outside official channels, or,

e. Activity Detrimental to Duties and Responsibilities

County department of social/human services employees shall not engage in any activity that may be perceived as detrimental to the discharge of assigned duties and responsibilities, or,

f. Reasonable Inference of Conflict of Interest

The reasonable inference that any of the provisions in this subsection have happened or might happen, or,

g. Adverse Effect on Public Confidence

Any adverse effect on the confidence of the public in the integrity of the government of the State of Colorado or its county departments of social/human services.

2. Personal Business Interests

County commissioners, county department of social/human service directors, or any other county department of social/human services employee shall not perform an official act directly and substantially affecting an economic benefit for a business or other undertaking in which they either have a substantial financial interest or are engaged as counsel, consultant, representative, or agent.

3. Outside Employment

All outside employment of county department of social/human services' employees shall have the prior written approval of their appointing authority. The outside employment shall not conflict with the interests of the county department of social/human services, the county involved, the State of Colorado, or the federal government.

4. Private Business with People You inspect or Supervise

County commissioners, city council or any board of social/human services, county department of social/human service directors, or any other county department of social/human services employee shall not engage in a substantial financial transaction for their private business purpose with a person whom they inspect or supervise in the course of their official duties.

5. Employment Within Six Months of Termination

County commissioners, city council or any board of social/human services, county department of social/human services directors, or any other county department of social/human services employee shall not, within six months following the termination of their office or employment, take advantage, unavailable to others, of matters with which they were directly involved during their employment.

6. Voting or Attempting to Influence

Pursuant to Section 24-18-109 C.R.S., County commissioners, city council or any board of social/human services, county department of social/human services directors, or any other county department of social/human services employee shall not vote and shall refrain from attempting to influence the decision of other members of the governing body in voting on matters in which they have a personal or private interest.

1.010.8.E. Political Activity

1. Partisan Politics

Pursuant to the Hatch Act, 5 United State Code (USC) Chapter 15, Section 1502, incorporated by reference, county department of social/human services' employees whose salary is reimbursed partially or fully with federal funds shall not be candidates for partisan elective office.

2. Non-Partisan Politics

Activity with respect to the proposed adoption of constitutional amendments, the approval of matters specified in referendums, the proposed adoption of charter amendments, the approval of municipal ordinances, or with respect to other matters of a similar non-partisan character, shall not be deemed to be political activity.

1.010.8.F. Confidentiality

1. Confidentiality of Financial Data

Pursuant to Sections 19-1-301 to 19-1-309.5, , 25-2-113.5, 26-1-114, 25.5-1-116, and 26-13-102.7, C.R.S., incorporated by reference, financial systems contain both public and confidential information; therefore access to financial data shall not be granted to anyone for general perusal of financial records. However, fiscal data, budgets, financial statements, and reports that do not identify social/human services recipients by name, number, or other identifying information are open records.

2. Confidentiality of Clients

Pursuant to Sections 19-1-301 to 19-1-309.5, 25-2-113.5, 25.5-1-116 and 26-1-114, 26-13-102.7, C.R.S, incorporated by reference, whenever names, addresses or other identifying information of applicants for, recipients of, or former and potential recipients of medical assistance, that is furnished to or held by another agency or department, such agency or department shall be required to prevent the publication of lists thereof and their uses for purposes not directly connected with the administration of such medical assistance.

3. Confidentiality of Information

County departments of social/human services are considered business associates of the Department under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Even though a written memorandum of understanding is not required, HIPAA and the Department require county departments of social/human services to take appropriate actions to safeguard protected health information received for the purpose of determining eligibility for Medicaid or other medical assistance programs pursuant to the requirements of the HIPAA Privacy Rules, 45 C.F.R. Parts 160 and 164, incorporated by reference. The county department of social/human services should follow Agency Letter HCPF 03-008, incorporated by reference, and/or any successor letter regarding procedures that should be followed to comply with privacy rules.

1.010.8.G. Misappropriations

1. Employee Misappropriation

No county department of social/human services employee shall use county department of social/human services' time, property, equipment, or supplies for private or any other use not in the pursuit of county department of social/human services' business.

a. Reporting of Employee Theft or Embezzlement

Any suspected theft or embezzlement of federal, State, or local funds shall be immediately reported to at least one level of management above the party(s) suspected or to the county social/human services board. In addition, suspected thefts or embezzlements shall be reported to the Audits Section of the Colorado Department of Health Care Policy and Financing at 1570 Grant Street, Denver, CO 80203-1818 or submitted electronically to HCPFAudit@hcpf.state.co.us. A theft or embezzlement of State and/or federal funds or assets totaling \$5,000.00 or more shall be reported in writing to the county social/human services board and to the Audits Section of the Colorado Department of Health Care Policy and Financing at 1570 Grant Street, Denver, CO 80203-1818 or submitted electronically to HCPFAudit@hcpf.state.co.us

b. Fraud Training

No less than eight hours of fraud prevention training shall be given to all eligibility technicians, caseworkers, resource investigators, homemakers, supervisors, and such other persons within the county department of social/human services as the director deems necessary, annually. A law enforcement agency or its appropriate professional association shall conduct such training.

1.010.8.H. Office of Management and Budget (OMB) Circulars

1. Compliance with Office of Management and Budget (OMB) Circulars

The Office of Management and Budget has issued several documents pertaining to grants management. Counties shall comply with the applicable circulars and shall hold their subrecipients and vendors accountable for compliance with the applicable circulars as listed below:

a. OMB Circular A-87, "Cost Principles For State, Local, and Indian Tribal Governments"

OMB Circular A-87 was published at 60 FR 26484 on 05/04/1995, and further amended at 62 FR 45934 on 08/29/1997, incorporated by reference.

b. OMB Circular A-102, "Grants And Cooperative Agreements with State and Local Governments, and the Attached Common Rule"

OMB Circular A-102 was published at 59 FR 52224 and dated on 10/07/1994. OMB Circular A-102 was further amended at 62 FR 45934 and dated 08/29/1997, incorporated by reference.

c. OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations"

OMB Circular A-133 was issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156, incorporated by reference

2. Applicable Cost Principles Flow Through on Federal Funds

The county shall comply with OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments", incorporated by reference. If the county passes through federal funds to a non-profit organization, that non-profit organization shall comply with OMB Circular A-122, "Cost Principles for Non-Profit Organizations", incorporated by reference. If the county passes through federal funds to an educational institution, that educational institution shall comply with OMB Circular A-21, "Cost Principles for Educational Institutions", incorporated by reference.

3. Compliance with Individual Federal Awards

Individual federal awards may identify circumstances or dictate policy that is unique to the federal participation. In these instances the federal award policy shall be followed in the administration and financing of that particular federal award.

1.020 COUNTY ADMINISTRATIVE RULES

1.020.1 State Department Oversight and Compliance with State Department Requirements

Colorado Department of Health Care Policy and Financing has a statutory responsibility to provide county department oversight. If a county does not comply with the rules of the State Department which require the establishment of a medical program in each county and the payment of the county's share of the cost of that program, and which govern the administration of the program, the State Department may do one or more of the following:

1. A tiered approach to correct any issue identified.
 - a. The first and lowest level of action being an informal and consultative approach.
 - b. The second level of action includes routine monitoring, quality assurance reviews and audits conducted by the Department.
 - c. The third and last level when issues are severe in nature and/or lower level interventions have not been effective in correcting the problem or issue and shall include:
 - i) Program Intervention
 - ii) Corrective Actions Processes
 - iii) Sanctions as defined in 1.020.2.
2. Utilize the remedies described in 25.5-1-114(1)(a-e), C.R.S. (2006), as amended.
3. Recover all or part of the county share of the cost of the medical assistance programs by reducing any other grant-in-aid to the county for public assistance by a corresponding amount.
4. Take any other appropriate action to enforce compliance with the rules governing the Medical Assistance Program.

1.020.2 Sanctions

If a county department does not meet the requirements of 10 CCR 2505-10, Sections 8.000, 8.100, 8.400, 8.500, 8.940 through 8.943, and 8.1000; 10 CCR 2505-5, Section 1.010; or 10 CCR 2505-3, Sections 100, 300, 400, and 600; or fails to comply with an approved Corrective Action Plan, the State Department may impose sanctions as provided in these rules.

1. Disallowance of State funds for reimbursement of the salary of the County Director of Human/Social Services.
2. The Department to undertake the administration of the medical assistance for which the county department has not met the requirements of a Corrective Action Plan; and,

3. Any other action which may be necessary or desirable for carrying out the provisions of 10 CCR 2505-10, Sections 8.000, 8.100, 8.400, 8.500, 8.940 through 8.943, and 8.1000; 10 CCR 2505-5, Section 1.010; or 10 CCR 2505-3, Sections 100, 300, 400, and 600.

1.200 ALL-PAYERS CLAIMS DATABASE

1.200.1 Definitions

"administrator" means the administrator of the APCD appointed by the director of the department.

"APCD" means the Colorado All-Payer Claims Database.

"department" means the Colorado Department of Health Care Policy and Financing.

"director" means the Executive Director of the department.

"eligibility data file" means a file that includes data about a person who receives health care coverage from a payer, according to the requirements contained in the submission guide.

"HIPAA" means the Health Insurance Portability and Accountability Act, .S.C. § 1320d – 1320d-8, and its implementing regulations, 45 C.F.R. Parts 160, 162 and 164, as may be amended.

"historic data" means eligibility data file(s), medical claims data file(s), pharmacy file(s) and provider file(s) for the period commencing January 1, 2009 through December 31, 2011. "Medical claims data file" means a file that includes data about medical claims and other encounter information, according to the requirements contained in the submission guide.

"medical claims data file" means a file that includes data about medical claims and other encounter information, according to the requirements contained in the submission guide.

"payer" means a private health care payer and a public health care payer.

"pharmacy file" means a file that includes data about prescription medications and claims filed by pharmacies, according to the requirements contained in the submission guide.

"private health care payer" means an insurance carrier as defined in C.R.S. § 10-16-102(8) covering an aggregate of 1,000 enrolled lives in health coverage plans as defined in CRS 10-16-102(22.5). For purposes, of this regulation, "private health care payer" includes carriers offering health benefits plans under C.R.S. 10-16-102(21)(a) and dental, vision, limited benefit health insurance, and short-term limited-duration health insurance. It does not include carriers offering only accident liability; credit; benefits for long term care, home health care, community-based care, or any combination thereof under Article 19 of Title 10; disability income insurance; liability insurance including general liability insurance and automobile liability insurance; coverage issued as a supplement to liability insurance; worker's compensation or similar insurance; or automobile medical payment insurance, specified disease, or hospital confinement indemnity insurance.

"provider file" means a file that includes additional information about the individuals and entities that submitted claims that are included in the medical claims file; and is submitted according to the requirements contained in the submission guide.

"public health care payer" means the Colorado Medicaid program established under articles 4, 5 and 6 of title 25.5, C.R.S., the children's basic health plan established under article 8 of title 25.5, C.R.S. and CoverColorado established under part 5 article 8 of title 10, C.R.S.

"submission guide" means the document entitled "Colorado All-Payer Claims Database Data Submission Guide" developed by the administrator that sets forth the required schedules, data file format, record specifications, data elements, definitions, code tables and edit specifications for payer submission of eligibility data files, medical and pharmacy claims data files and provider data files to the APCD dated March 2014 version 6, which document is hereby incorporated by reference.

1.200.2 Reporting Requirements

1.200.2.A Payers shall submit complete and accurate eligibility data files, medical and pharmacy claims data files and provider files to the APCD pursuant to the submission guide. The administrator may amend the submission guide and shall provide notice of the revisions to payers. Any revision to the submission guide will be effective only when incorporated into this rule and issued in compliance with the requirements of C.R.S. § 24-4-103(12.5). Reports submitted 120 days following the effective date of the revision of this rule and the submission guide shall follow the revised submission guide.

1.200.3 Schedule for Mandatory Data Reporting

1.200.3.A. Payers shall submit a test file of its eligibility data, medical and pharmacy claims data and provider files for a consecutive twelve month period to the administrator by no later than March 31, 2012.

1.200.3.B. Payers shall submit complete and accurate historic data to the administrator that conforms to submission guide requirements by no later than June 30, 2012.

1.200.3.C. Payers will transmit complete and accurate eligibility data, medical and pharmacy claims data and provider files covering the period from January 1, 2012 and ending June 30, 2012 to the administrator by no later than August 15, 2012.

1.200.3.D. On a monthly basis thereafter, payers will transmit complete and accurate monthly eligibility data, medical and pharmacy claims data, and provider files to the administrator. These data files for the period ending July 31, 2012, shall be submitted no later than September 15, 2012. For each month thereafter, files shall be submitted no later than ten (10) business days of the second month following the end of the reporting month. Any time extension shall be provided to payers in writing by administrator at least 30 days prior to established deadlines.

1.200.4 APCD Reports

1.200.4.A. The administrator shall, at a minimum, issue reports from the APCD data at an aggregate level to describe patterns of incidence and variation of targeted medical conditions, state and regional cost patterns and utilization of services.

1.200.4.B. The APCD reports shall be available to the public on consumer facing websites and shall provide aggregate and summary reports to achieve the purposes of the APCD. Any such reports shall protect patient identity in accordance with HIPAA's standard for the de-identification of protected health information.

1.200.5 Requests for Data and Reports

1.200.5.A. A state agency or private entity engaged in efforts to improve health care or public health outcomes for Colorado residents may request a specialized report from the APCD by submitting to the administrator a written request detailing the purpose of the project, the methodology, the qualifications of the research entity, and by executing a data use agreement, to comply with the requirements of HIPAA.

1.200.5.B. A data release review committee shall review the request and advise the administrator on whether release of the data is consistent with the statutory purpose of the APCD, will contribute to efforts to improve health care for Colorado residents and complies with the requirements of HIPAA. The administrator shall include a representative of a physician organization, hospital organization, non-physician provider organization and a payer organization on the data release review committee.

1.200.5.C. The administrator may charge a reasonable fee to provide the requested data.

1.200.6 Penalties

1.200.6.A. If any payer fails to submit required data to the APCD in a timely basis, or fails to correct submissions rejected because of errors, the administrator shall provide written notice to the payer. The administrator may grant an extension of time for just cause. If the payer fails to provide the required information within thirty days following receipt of said written notice, the administrator shall provide the payer with notice of the failure to report and will notify the director of the payer's failure to report. The director shall assess a penalty of up to \$1,000 per week for each week that a payer fails to provide the required data to the APCD up to a maximum penalty of \$50,000. In determining whether to impose a penalty, the director may consider mitigating factors such as the size and sophistication of a payer, the reasons for the failure to report and the detrimental impact upon the public purpose served by the APCD.

1.200.7 Interagency Agreement

1.200.7.A. The director may enter into an Interagency Agreement on behalf of the APCD and the administrator with the Division of Insurance in the Colorado Department of Regulatory Agencies to assist in the enforcement of these regulations and under the Divisions' authority in Title 10 of the Colorado Revised Statutes.

1.200.8 Privacy and Confidentiality

1.200.8.A. Pursuant to C.R.S. § 24-72-204(3)(a)(I) medical and other health care data on individual persons is not an open record and the department shall deny any open records request for such information.

1.200.8.B. Certain aggregate and de-identified data reports from the APCD shall be available to the public pursuant to C.R.S. § 25.5-1-204(7) when disclosed in a form and manner that ensures the privacy and security of personal health information in compliance with HIPAA.

1.200.8.C. The administrator shall institute appropriate administrative, physical and technical safeguards to ensure that the APCD, its operations, data collection and storage, and reporting disclosures are in compliance with the requirements of HIPAA. All eligibility claims data and medical claims data shall be transmitted to the APCD and stored by the APCD in a secure manner compliant with HIPAA.

1.200.9 Incorporation by Reference

1.200.9A The rules incorporate by reference (as indicated within) material originally published elsewhere. Such incorporation, however, excludes later amendments to or editions of the referenced material. Pursuant to C.R.S. § 24-4-103(12.5), the Department of Health Care Policy and Financing maintains copies of the incorporated texts in their entirety which shall be available for public inspection during regular business hours at:

Colorado Department of Health Care Policy and Financing

Medical Services Board Coordinator

1570 Grant Street

Denver, CO 80203

Copies of material shall be provided by the department, at cost, upon request.

Editor's Notes**History**

Entire rule eff. 01/30/2011.

Rule 1.200 eff. 10/15/2011.

Rule 1.200.1 eff. 05/15/2013.

Rule 1.200.2.B repealed eff. 06/30/2013.

Rule 1.200.1 eff. 06/30/2014.