



ADAMS COUNTY

COLORADO
BOARD OF COUNTY COMMISSIONERS

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STUDY SESSION AGENDA
TUESDAY
September 29, 2020

ALL TIMES LISTED ON THIS AGENDA ARE SUBJECT TO CHANGE

10:10 A.M.	ATTENDEE(S):	Adam Burg / Eliza Schultz / Elisabeth Rosen / Alan Morse
	ITEM:	State Lobbyist Update / Budget Forecast
11:05 A.M.	ATTENDEE(S):	Nancy Duncan
	ITEM:	Adams County Financial Outlook
11:45 A.M.	ATTENDEE(S):	Jill Jennings Golich / Ryan Nalty / Andrea Berg / Brandan Slattery / Christy Fitch
	ITEM:	Regulated Marijuana Delivery
12:25 P.M.	ATTENDEE(S):	Nancy Duncan / Kim Higgins, Eide Bailly
	ITEM:	Internal Audit Findings, Coroner's Office
1:35 P.M.	ATTENDEE(S):	Jill Jennings Golich / Ryan Nalty / Katie Keefe / Greg Dean / Christy Fitch
	ITEM:	Oil and Gas Update
2:15 P.M.	ATTENDEE(S):	Raymond Gonzales
	ITEM:	Administrative Item Review / Commissioners Communication

TO WATCH THE MEETING:

- Watch the virtual Zoom Study Session through our [You Tube Channel](#)

(AND SUCH OTHER MATTERS OF PUBLIC BUSINESS WHICH MAY ARISE)

AGENDA IS SUBJECT TO CHANGE



STUDY SESSION ITEM SUMMARY

DATE OF STUDY SESSION: 09/29/20
SUBJECT: State Lobbyist Update Re: Budget Forecast & 2021 Legislative Session
OFFICE/DEPARTMENT: County Manager's Office
CONTACT: Adam Burg
FINACIAL IMPACT: None
SUPPORT/RESOURCES REQUEST: None
DIRECTION NEEDED: Direction to move forward doing research for 2021 legislative items for the county.
RECOMMENDED ACTION: N/A

DISCUSSION POINTS:

- An overview of the most recent State Budget Forecast:
https://mcusercontent.com/cdfe1a91fbddf4e377564335/files/23204bc5-5799-4f9b-a747-b78e22d710d9/LCS_September_2020_Forecast_Presentation_for_the_JBC.pdf
- 2021 Potential Legislative Items



STUDY SESSION ITEM SUMMARY

DATE OF STUDY SESSION: September 29, 2020
SUBJECT: Adams County Financial Outlook
OFFICE/DEPARTMENT: Budget Department
CONTACT: Nancy Duncan, Budget and Finance Director
FINANCIAL IMPACT: Informational Only
SUPPORT/RESOURCES REQUEST: N/A
DIRECTION NEEDED: N/A
RECOMMENDED ACTION: No action needed at this time. Informational only.

DISCUSSION POINTS:

- This purpose of this presentation is to share information regarding past, current, and future financial outlooks for Adams County. This is the first of several presentations to share information with the Board of County Commissioners regarding the financial effects of the COVID-19 pandemic.
- In this presentation the following will be addressed:
 - General Fund Operating Revenues & Expenditures
 - Sales Tax Outlook
 - YTD CARES Funding
 - One Time BC & CIP Projects in 2020
 - Property Tax Considerations



STUDY SESSION ITEM SUMMARY

DATE OF STUDY SESSION: September 29, 2020
SUBJECT: Regulated Marijuana Delivery
OFFICE/DEPARTMENT: Community & Economic Development Department
CONTACT: Andrea Berg, Customer & Process Development Manager
FINACIAL IMPACT: NA
SUPPORT/RESOURCES REQUEST: NA
DIRECTION NEEDED: Permit Regulated Marijuana Delivery?
RECOMMENDED ACTION: Complete Marijuana Licensing Regulation amendments to allow for the permitting of Regulated Marijuana Delivery.

DISCUSSION POINTS:

- On May 29, 2019 HB19-1234 Regulated Marijuana Delivery was signed into law.
- Created Regulated Marijuana Delivery permits for licensed Retail Marijuana Stores.
- Staff will present information from the Rulemaking completed by the Marijuana Enforcement Division.
- Discuss allowing Regulated Marijuana Delivery permits for Adams County Marijuana Retail Store licensees.
- A \$1 surcharge assessed on every delivery for local law enforcement costs related to marijuana enforcement.

Regulated Marijuana Delivery

Community and Economic Development Department
September 29, 2020



Regulated Marijuana Delivery

- HB19-1234 Regulated Marijuana Delivery signed into law on May 29, 2019.
- The law creates marijuana delivery permits for *licensed* Retail Marijuana Stores and Medical Marijuana Centers.
- Medical Delivery Effective January 2, 2020,
- Retail Delivery Effective January 2, 2021

Regulated Marijuana Delivery

- A delivery can only be made within jurisdictions that allow delivery
 - Can be done by vote or by decision of the Board of County Commissioners
 - A local government may prohibit delivery of marijuana products from a business outside its boundaries by ordinance
 - The act provides for a one-dollar surcharge on each delivery. The surcharge is remitted to the County on a monthly basis to pay for local law enforcement costs related to marijuana enforcement

Rulemaking

- Training requirements prior to first delivery
 - Responsible Vendor Certification
 - Delivery curriculum
- Delivery vehicle requirements
 - Owned/Leased by Retail Marijuana Store or Owner Licensee of the Retail Marijuana Store
 - Security/Video Surveillance
 - GPS Tracking
 - Secure Storage of product
- Limited amount of product can be carried in a vehicle
- Permitted hours of delivery

Rulemaking

- Delivery Limitations
 - 1 delivery per residence/person/day
 - No deliveries to college campuses
 - Product must be weighed/packaged/prepared/labeled prior to leaving the Retail Store.
 - Product cannot be placed in delivery vehicle until an order is placed.
- Daily Delivery Limits (individually or any combination)
 - 1 ounce Retail Marijuana
 - 8 grams Retail Marijuana Concentrate
 - Retail Marijuana Products containing more than 10-80 mg servings of THC

Rulemaking

- Proof of Consumer Identification
 - Verification of age, minimum 21
 - Person accepting delivery is the same as person who placed the order
 - Delivery must be refused if person accepting delivery does not meet requirements above
- Inventory Tracking Manifest

Manifest Information		
Name	Consumer Identification #	Time of Delivery
Address of Private Residence	Acknowledgement of Receipt	If delivery could not be completed, reason why

Regulated Marijuana Delivery Surcharge

- A \$1 surcharge is assessed on each delivery.
- Remitted to the County on a monthly basis to pay for local law enforcement costs related to marijuana enforcement.

Taxation

- Retail sales are sourced to the location where the purchaser takes possession of the purchased property.
- In Colorado, there is an exemption for small retailers whose sales fall below certain thresholds.

Taxation

- General Sourcing Rules

1. If the purchaser takes possession of the purchased property at the seller's business location, the sale is sourced to that business location. (**Buying in store**)
2. If the property is delivered to the purchaser at a location other than the seller's business location, the sale is sourced to the location the purchaser receives the purchased property. (**Point of Delivery**)
3. If retail sales of a business are less than \$100,000 for the previous year, the sale is sourced at the place of business. (**Place of Business, if under \$100,000 Revenue**)

Delivery Permit Fees

- Marijuana Enforcement Division
 - Initial Permit – expire in 6mo or less \$2,000
 - Initial Permit – expires in 6mo or more \$4,000
 - Renewal \$2,000

- Adams County
 - Initial Permit – expire in 6mo or less \$2,000
 - Initial Permit – expire in 6mo or more \$4,000
 - Renewal \$4,000

Recommendation

- Allow our Marijuana Retail Store Licensees to add a Regulated Marijuana Delivery permit.
- Allow for Marijuana Retail Stores located outside of Adams County to deliver within unincorporated Adams County.

Questions?





STUDY SESSION ITEM SUMMARY

DATE OF STUDY SESSION: September 29, 2020
SUBJECT: Results of Eide Bailey Internal Audit of the Coroner's Office
OFFICE/DEPARTMENT: Budget & Finance Department
CONTACT: Nancy Duncan, Budget & Finance Department Director
FINACIAL IMPACT: Informational Only
SUPPORT/RESOURCES REQUEST: N/A
DIRECTION NEEDED: Informational Only
RECOMMENDED ACTION: Informational Only

DISCUSSION POINTS:

- Findings will be presented by Kim Higgins, principal at Eide Bailey



Coroner's Office
Internal Audit Report
March 13, 2020

Adams County, Colorado

Adams County, Colorado
Coroner's Office *Internal Audit Report*
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EXECUTIVE SUMMARY-

Eide Bailly LLP performed internal audit procedures surrounding financial transactions of the Coroner's Office (Office) that pass through the County's Finance Department, based upon risks assessed through conversations with the Coroner most recently on September 17, 2019. The County determined, based upon a realignment of the internal audit, due to the Coroner's Office's lack of resources and our updated assessment on March 9, 2020, to perform the financial transactions internal audit, only. Our evaluation included the Coroner's Office processes and controls over financial transactions, gleaned from our interview with the Coroner in 2019, and further corroborated with over-arching county policies and procedures and interviews with finance department staff in 2020. This internal audit of the Coroner's Office was performed on the current processes in place at the time of the internal audit, during the period from January 1, 2019 through December 31, 2019.

During the internal audit, we observed that the finance department staff were very helpful and knowledgeable about the County's over-arching policies, processes and procedures; obtained information we requested in an efficient and effective manner; and were very attentive to any suggestions and improvements that we believe should be pursued with the Coroner's Office, as well as the County wide level as needed and determined by the County Manager's office and the Board of County Commissioners (BOCC). We were limited in visiting the Coroner's office during our internal audit testing process due to the Coroner's lack of resources, we therefore did not include consideration of operational efficiencies or compliance with coroner specific laws and regulations, other than with internal revenue code sections and state statutes as it related to payroll related transactions, into our internal audit and only focused on financial transactions. We performed our internal audit, utilizing the County level internal control structure, since all financial transactions are ultimately paid through the finance department or payroll departments at the County level.

During our internal audit, we identified recommendations that would improve the Office's controls over purchasing, safeguarding of assets, information technology and security procedures, approval processes surrounding P-cards and invoice disbursements, payroll related expenditure categories (tuition or continuing professional education) and the statutory salary limits that may need to be revisited based upon the internal audit questions generated in this report. Further discussion of these findings is discussed in detail in the Results and Recommendation section in this report.

BACKGROUND

The Adams County Coroner's Office role within the County is to accurately determine the manner and the cause of death of individuals that die within the statutory jurisdiction of the office; through a fair, ethical, and competent investigation of death; performed by qualified and trained individuals, in accordance with the accepted medicolegal death investigation professional standards; ensuring the integrity of the investigation. The Coroner's office is also there to assist the bereaved in the loss of a loved one.

The internal audit process evaluated the original operational risk areas discussed with the Coroner in the fall of 2019. These operational risk areas were not included in the current internal audit scope due to the Coroner's communication of lack of resources and the statutory requirements of the office. We revised our internal audit to include only, financial transactions of the Coroner's office, processed by the other departments within the County that we did have access to, in performing the internal audit of financial transactions of the office.

The Coroner's Office has normal cycles of transactions, such as cash receipts, cash disbursements and payroll. The Office has minimal revenue streams; however, those are reflected in the Coroner's Office budget and monitored through the budget process. The Coroner's Office cash disbursement processes (cash disbursements for invoices/contracts/P-cards/payroll) which are accounted for in the budget process as well and utilize the overarching policies and procedures of the County in recording and reporting. Our internal audit of these financial transactions encompasses the objectives and scope of the internal audit as reported, below.

OBJECTIVES AND SCOPE

Eide Bailly LLP performed an internal audit of the processes, policies, procedures and controls surrounding financial transactions within the Adams County Coroner's Office. The internal audit was based upon the risk assessment determinations performed with the Office in September 2015 and 2019 and updated in March 2020 for financial transactions, only. The overall objective of the internal audit was to identify potential opportunities to strengthen internal controls and policies and procedures within the Office and the County.

The scope of our procedures included the following within the Coroner's Office:

- Inquiring and documenting policies and procedures within the Office and the County
- Obtaining an understanding of Title 30, Articles 2 and 10, Part 6 of the Colorado Revised Statutes as they relate to the Coroner's Office and financial transactions
- Obtaining an understanding of the operational effectiveness and efficiencies surrounding the financial transactions of the Office to provide assurance that:
 - Financial transactions initiated by the Office are appropriate/reasonable, in accordance with County/Office policies; approved and reported timely and in accordance with laws, regulations and contracts
 - Payroll transactions adhere to Human Resource policies and procedures; employees and contractors, including overtime hours are calculated and allocated according to policies and procedures of the County/Office and in accordance with laws, regulations and contracts.
 - Contracts and associated accounting transactions are approved and documented as such, in accordance with County/Office policies and procedures, laws and regulations.
 - Cash reconciliations are being performed and reported to the Treasurer's office timely and appropriately and all Coroner's Office cash is accounted for on the County's financial records
 - Office's budgeting and reporting is in compliance with contracts; purchasing and disbursement policies of the County and Office, laws and regulations
 - Revenues and expenses are appropriately allocated to approved asset/revenue and liability/expenditure categories and approved per policy.

Procedures performed during this internal audit included the following:

- Interviews with the Coroner to identify key risks within the operations of the Office as identified above
- Interview and requests of the finance department staff to identify key risks of the financial transactions of the Coroner
- Review of processes, policies and procedures with key staff related to the identification of key controls of the financial transactions of the Office
- Perform specific testing over financial transactions and adherence to the Office and County policies and procedures.
- Document intergovernmental agreements between the Adams County Coroner's Office and other agencies.
- Perform testing over payroll, cash disbursements and P-card transactions for reasonableness and appropriate internal controls, including safeguarding of assets.

INTERVIEWS CONDUCTED

A key component of our procedures involved interviewing key personnel of the Office and those that handle the financial transactions of the Office. Numerous interviews were conducted to obtain an understanding of the processes, key controls and key risks within each financial transaction cycle. These interviews were important for us to identify the key controls throughout the Office and to identify any opportunities for improvement. The personnel we interviewed were as follows:

- Monica Broncucia-Jordan – Elected Official, Chief Coroner (September 14, 2015, December 3, 2015 and September 17, 2019)
- Sherronda Appleberry – Chief Deputy Coroner (September 14, 2015)
- Lana Lombardi – Operations Administrator (September 14, 2015)
- Benjamin Dahlman – Finance Director (Week of March 9, 2020)
- Susan Borup, Deputy Finance Director (Week of March 9, 2020)
- Tim Nejedlo, Senior Budget Analyst (Week of March 9, 2020)
- Laurie Arellano, Payroll Manager (Week of March 9, 2020)
- Sarah Fix, Contract Specialist (Week of March 9, 2020)
- Kevin Campbell, Senior Accountant (Week of March 9, 2020)

RESULTS AND RECOMMENDATIONS:

PROCEDURES PERFORMED

We evaluated the adequacy of internal controls and processes related to financial transactions and general operational efficiencies and effectiveness in place, through the following procedures:

Compliance with State Statutes

The Coroner's Office must adhere to Title 30 of the Colorado Revised Statutes (CRS). Statutes specific to the Coroner can be found at CRS Title 30, Article 10, Part 6. Through inquiries and review of State Statutes, we obtained an understanding of the policies and procedures in place to ensure the County adhered to these statutes and requirements and the County documented its related policies. This understanding assisted in developing procedures used in our testing of compliance. We tested compliance specific to compensation according to CRS Title 30, Article 2 which are described as follows:

Title 30, Article 2 of the Colorado Revised Statutes fixes salary amounts for various elected officials, including the Coroner. In order to test compliance with this statute, we obtained the W-2 for the County Coroner. We noted that the wage rate agreed to the statutory rate indicated in Title 30, Article 2.

Results: No findings.

CRS 30-10-601.6 created the Colorado Coroners Standards and Training Board (C.C.S.T. board) to perform the duties of developing a curriculum for new coroners, as well as approve training providers for certification as specified in section 30-10-601.8 (2) and fulfilling the annual 20-hour in-service training requirements for continuing coroners as specified in section 30-10-601.8 (3). Section 30-10-601.8 states: 'Each coroner shall complete a minimum of twenty hours of in-service training provided by the Colorado coroners association or by another training provider approved by the C.C.S.T board during each year of the coroner's terms. At the request of a coroner, the C.C.S.T board may decide that a combination of education, experience, and training satisfies the requirement to complete twenty hours of in-service training annually.' There is also a statutory enforcement section (30-10-601.9) indicating that if the annual 20-hour rule is not satisfied, the C.C.S.T. board will notify the BOCC of non-compliance and require suspension of the Coroner's salary. With the testing of the P-card transactions from the Coroner's office, we noted various educational classes being paid with a P-card and questioned: the county policy of approval regarding tuition reimbursements (on P-cards); the purpose of the educational classes as job-related; as well as whether these classes were part of the required 20-hour annual in-service training required by statutes, mentioned above.

Results: We noted through our testing of P-card transactions, that the Coroner's office paid for various educational classes (continuing professional education). Through our research with Internal Revenue Service (IRS) guidelines, specifically IRS Publication 15-B, certain job-related education benefits provided to an employee may qualify for exclusion as a working condition benefit. To qualify, the education must meet the same requirements that would apply for determining whether the employee could deduct the expenses on their tax return, had the employee paid the expenses. Degree programs as a whole don't necessarily qualify as a working condition benefit. Each course in the program must be evaluated individually for qualification as a working condition benefit. The education must meet at least one of the following tests: 1) The education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer or 2) the education maintains or improves skills needed in the job. However, even if the education meets one or both of the above tests, it isn't qualifying education if it: 1) is needed to meet the minimum educational requirements of the employee's present trade or business, or 2) is part of a

program of study that will qualify the employee for a new trade or business. Based on the limited support provided, we were not able to determine that the amount paid through the County's P-card process was: 1) approved by the Finance Director as an appropriate County expense or 2) the educational classes were properly classified as a working fringe benefit or 3) approved by the C.C.S.T board as qualifying for the annual 20 hour in-service training requirement. Potentially, if not classified as a working condition fringe benefit, these costs would be included as taxable wages. As such, the Coroner's wages would not be in compliance with Title 30, Article 2 of the Colorado Revised Statutes.

Recommendation: While we understand the requirement for continuing education, we recommend the Coroner provide sufficient support for each educational class taken (including course name and description, quarter or semester hours of the course; successful completion documentation; etc.). The Coroner should also provide adequate documentation of approval from the C.C.S.T. board, if these classes are to meet the 20-hour in-service training requirements, prior to attendance. Without providing such support, the County could be noncompliant with State Statutes. We recommend the County update its tuition policy to address more specifically continuing education to reduce any confusion going forward and have the current internal auditors follow up on the statutory salary requirements of the coroner as it relates to 2019 compliance with State Statutes, as well as prior year statutory salary requirements and future years.

Another provision of CRS 30-10-601.8 requires the Coroner or designee to create a policy for training of deputy coroners and make the policy available for public inspection. In order to test compliance with this statute, we searched the Office's website for posting of its training policy.

Results: Through our search of the Office's website, we were unable to confirm the policy for training deputy coroners has been made available to the public.

Recommendation: While we understand there are other ways to provide such information, we recommend a link be included on the Office's website to ensure compliance with state statutes and transparency to the public of this policy. We also suggest the current internal auditors follow up on this compliance issue as considered necessary for deputy coroner training costs.

CRS 30-10-601 requires the Coroner as an elected official to give a bond to the people of the State of Colorado of not less than \$25,000 to be filed with the County Clerk and Recorder, or the County may issue crime insurance coverage in an amount not less than \$25,000 on behalf of the coroner to protect the people of the County from any malfeasance on the part of the Coroner. In order to test compliance with this statute, we obtained a copy of the public official bond filed with the County Clerk and Recorder in the amount of \$25,000.

Results: No Findings

Financial Transactions and Internal Control Policies and Procedures within the Office

Our internal audit procedures also included obtaining an understanding of various processes, policies, procedures and internal controls within the Office, to determine that internal controls were designed and implemented to provide the Office with the opportunity for success in meeting the obligations of State Statutes, discussed above and security of County assets, so important to the successful operations of the office.

Quality Control Aspects of the Office's Internal Controls

The Coroner's Office currently employs 20 staff members that include 10 death investigators, 2 pathologist technicians, 4 contract pathologists, an information technology employee, an operations administrator, chief deputy coroner and the coroner.

Disbursements are approved by the Coroner or her designee and are sent to the County's Finance Department to be paid. Budgets are prepared by the Coroner and her staff and approved by the Board of County Commissioners. Payroll is initiated at the Coroner's Office and sent to the County Finance Department for processing and payment. All employees of the Coroner's office have applied for and been issued P-cards for purchasing. The office maintains its own policy surrounding these cards however these policies incorporate most of the policies that the County has in place related to these P-cards. The policies require the Coroner to approve/sign off on all P-card transactions.

Testing Procedures, Results and Recommendations

As part of our testing we focused on financial transactions of the Office. We obtained from the Finance Department: the general ledger and budget amounts for the Office from January 1, 2019 through December 31, 2019 to perform our testing procedures. Below are our testing procedures, the related results and recommendations.

General Disbursements: To test the Office's disbursements, we selected 10 general disbursement transactions from the general ledger and obtained supporting information for each selection. We tested each transaction to ensure the invoice, date and amount agreed to the information from the general ledger, that each transaction was properly approved, and that the disbursement was reflected in the bank statement.

Results: As part of our testing, we noted inconsistencies in the approval process of disbursements. In 1 out of 10 items selected for testing, we noted no evidence of approval. In 4 out of 10 items selected for testing, we noted no evidence of approval on the face of the invoice but did note approval of the Voucher Journal Report approving all invoices in that batch. We also noted that the County does not have an official policy regarding approval documentation for cash disbursements.

Recommendation: We recommend that all invoices, prior to posting to the general ledger, be approved by the Coroner or a designee on the face of the invoice. We also recommend that an overall County-wide policy be written and implemented within each department and elected officials' offices requiring documentation of approval on the face of the invoice, as a best practice.

P-Card Purchases: We obtained and reviewed the County's P-Card policy (policy number 1045) which was revised on August 8, 2017. According to this policy, the maximum amount allowed to be expensed on any P-card is \$5,000. This limit can be increased by approval of an Elected Official and the Finance Director. We scanned the general ledger for any transactions over the maximum amount and noted none. To test individual P-card purchases, we selected 10 transactions from the general ledger and obtained supporting information for each selection. We tested each transaction to ensure that a detailed purchase receipt supporting the expense was maintained, there was a clear business purpose for the expense, the invoice, date and amount agreed to the information from the general ledger, that each transaction was properly approved, sales tax was not included in the transaction, and that the disbursement was reflected in the bank statement.

Results: Section 5.10 of the County’s policy states, “When discovered, P-card transactions that do not adequately state a business purpose, a request to provide such documentation will be made of the P-card holder”. In 4 out of 10 items selected for testing, we noted no business purpose was provided nor was one easily determinable.

Recommendation: We recommend that the designated approver of any P-card transaction insure all required documentation be provided to support the business purpose of that transaction. A best practice is documentation of P-card transactions to protect the County and the P-card user, as well to promote transparency of public dollars spent in an appropriate manner.

Results: Section 3.3 of the P-card policy states, “The elected official, department director, manager or supervisor is responsible for approving the monthly P-Card Expense Report of each P-Card Holder’s account. The Elected Official, Department Director, Manager or Supervisor should approve transactions in the P-Card System and review purchases and account coding online.” In 3 out of 10 transactions tested, we were not able to determine proper approval of these transactions.

Recommendation: Through discussions we learned that P-cards require timely payment and in order to do so may be paid without documented approval in the County’s accounting system and that these could have been approved post-payment. We recommend, to insure compliance with policy, that documentation be maintained to show approval and if approval cannot be obtained prior to payment, email documentation should be maintained to state as such.

Results: Section 4.4 of the P-card policy states “the P-card holder is responsible for providing the Colorado Sales Tax-exempt number to all vendors prior to purchase to avoid paying state and local taxes, where possible. Adams County is tax exempt from Colorado State or local sales taxes. The tax-exempt number is printed on all Procurement Cards.” On one transaction we tested, we noted the purchase included sales tax.

Recommendation: We recommend that the P-card holder insure the tax-exempt number is given to the vendor prior to purchase and that the approver of the transaction review all transactions to make sure sales taxes were not charged to the County.

Results: Section 6.2 identifies purchases where the use of the P-card is discouraged. Specifically, according to 6.2.1 mentions computer equipment and software shall be purchased by the Information Technology Innovation (ITi) Department. We identified one of the ten transactions tested was used to purchase a laptop computer and related equipment.

Recommendation: We recommend the Office submit such requests to the County’s ITi Department so they can adequately support this equipment and provide appropriate IT security for County assets. Also, security of the installation of software and protection of county assets and data is important for any equipment purchased outside of the policy and cannot be guaranteed if not purchased within the policy established.

Results: We obtained and reviewed the County’s Tuition Reimbursement Program. According to this policy, employees are eligible to receive reimbursement for courses that are job related or degree/certificate program related. In order to receive reimbursement an employee must 1) complete an application and include a course description and fee schedule, 2) pay up front to be reimbursed after completion, and 3) submit an official transcript within one month of completing the course. It was also

noted that the policy requires all applications for elected officials be approved by the Board of County Commissioners (BOCC). We noted 2 instances out of the 10 selected for testing that appeared to be used for tuition for online courses at different universities. We were unable to obtain adequate support for these classes as they did not include intended recipient, course descriptions, transcripts, etc. We also noted no approval by the BOCC. These specific transactions are also referred to in the Statutory Compliance section of this report, above.

Recommendation: We recommend reviewing the Tuition Reimbursement policy of the Coroner's Office and ensure proper documentation is submitted as part of the course registration. Also see the statutory section recommendations above regarding these educational classes as it relates to direct compliance with state statutes. It appears there may be confusion surrounding these P-card purchases as to whether they were to be considered part of a tuition reimbursement program of the county or whether these purchases were meant to satisfy the coroner's annual statutory training requirements. We believe it prudent for your current internal auditors to follow up on these questions to further clarify compliance with statutes as well compliance with County policy or both.

Contractor Pathologist Payments: To test the Office's payments to contract pathologists, we selected 5 contractors identified in the general ledger and obtained supporting information for each selection. We tested each transaction to insure proper approval, that there was a contractual agreement in place, and that Form 1099s agreed to expenses per contractor. In all the selections tested, we noted no agreements in place between the County and the individual, however though further discussions with County personnel, this situation is not out of the ordinary and does not violate any policy.

Results: None

Recommendations: While no exceptions were taken to payments of contract pathologists, we believe a best practice is to obtain vendor agreements, documented with a purchase order, which would protect the Coroner's Office and the County, as well as provide further budgeting documentation for these transactions.

Payroll Disbursements: We tested the Office's payroll disbursements by selecting 5 individuals from the Coroner's Office and payroll disbursements from the month of October 2019 to recalculate for accuracy. To recalculate we used the number of hours worked, vacation hours used, the employee's payrate and actual pay from the payroll system.

Results: None

Disbursements for Contracted Services: We tested the Office's disbursements to an outside contractor. We obtained a copy of the contract that was in place during 2019. We tested all transactions during 2019 to insure the expense was approved and that it was recorded in the general ledger appropriately. We also looked at the invoices for any abnormal charge that may be considered outside of the normal contract terms. We noted none.

Results: None

Cash Receipts: We tested cash receipts primarily related to an intergovernmental agreement. As revenues are collected monthly based on the contract terms, we selected all 12 transactions to test. To test, we obtained the intergovernmental agreement to review specific terms. We obtained the invoices that the County billed and compared to the amount received to the amount billed. We reviewed the supporting information received and compared it to the contract terms. We reviewed monthly bank statements to insure these amounts were appropriately reflected in the bank.

Results: None

Bank Reconciliations: We tested all monthly bank reconciliations for 2019 to determine reasonableness of overall Office transactions. We also viewed the bank statements associated with the Coroner's Office and reconciliations for any anomalies or nonstandard items. To test we obtained all bank reconciliations during 2019. We compared the bank account to the monthly reconciliation, without exception. We then agreed the beginning bank balance for one statement to the ending balance on the prior statement. Finally, we reviewed all the reconciling items for each reconciliation.

Results: None

Budget to Actual Analysis: We obtained the County's budget to actual variance report for the Coroner's Office for 2019. We examined this report for any variances based on certain thresholds. We discussed these variances with County budget personnel. All variances appeared reasonable and could be explained.

Results: None

Terminated Employees: As part of the internal audit, we obtained a listing of all terminated employees during 2019. We selected 6 employees that were terminated in order to determine if they were timely removed from the County's various systems in terms of accessibility. In order to test we discussed with certain personnel in the County's ITi department to determine if the employee's P-card was closed and whether County access to software and property was terminated.

Results: In 2 of the 6 terminated employees tested, we noted that the P-card was still active at time of testing.

Recommendation: While we acknowledge no expenses were charged to the card subsequent to the employee's termination, we recommend that certain checklists be developed and/or followed to insure accessibility to the County systems is properly and timely terminated.



STUDY SESSION ITEM SUMMARY

DATE OF STUDY SESSION: September 29, 2020
SUBJECT: Oil & Gas Update
OFFICE/DEPARTMENT: Community & Economic Development
CONTACT: Jill Jennings-Golich, Community & Economic Development Director; Katie Keefe, Environmental Program Manager; Greg Dean, Oil & Gas Liaison
FINACIAL IMPACT: None
SUPPORT/RESOURCES REQUEST: N/A
DIRECTION NEEDED: BoCC feedback and recommendations
RECOMMENDED ACTION: Continue working to strengthen draft COGCC/AQCC regulations pertaining to oil and gas operations with comments and proposals provided within Adams County's official filed comments and pleadings and during testimony to the Oil and Gas Commission

DISCUSSION POINTS:

- Summarize final testimony on Mega Rulemaking 1 (200-600)
- Summarize positions presented in AQCC Regulation 7 Rulemaking
- Discuss planned testimony on Mega Rulemaking 2 (800-1200)
- Update on revised state rulemaking schedule and deadlines
- High-level review on proposed air monitoring draft regulations (see slides)
 - Staff's recommendation for areas of focus



Oil & Gas Update – September 29, 2020

COGCC / AQCC Rulemaking Schedule

Rulemaking Series	Party Status Request Deadline	Prehearing Statement Deadline	Public Hearing	Adams County Progress
Wellbore Integrity ✓	January 2020 *Commission adopted new rules June 10, 2020*	January 2020	June 10, 2020	AdCo submitted 510 Statements on these rules; Hearings were held virtually
Mega Rulemaking 1 – Mission Change, Siting, Permitting & Alternative Location Analysis (200 – 600-Series) ✓	April 24, 2020 *Testimony and deliberations have concluded*	July 13, 2020	August 24, 2020 – September 24, 2020	Staff gave various testimony on August 24-September 10; September 16; September 24
Mega Rulemaking 2 – Environmental Impacts, Injection Wells & Wildlife Protection (800, 900 & 1200-Series)	May 29, 2020	August 19, 2020	October 6, 2020 – October 30, 2020	The Commission incorporated many of AdCo's comments into the official draft rules. Staff is preparing for testimony
AQCC Regulation 7 Rulemaking – Air Quality Monitoring and Emissions ✓	July 17, 2020 *Testimony and deliberations have concluded *	July 30, 2020	September 17-18, 2020	Division incorporated many of AdCo's comments into the official draft rules, Staff testified on September 18



Oil & Gas Update – September 29, 2020

State Rulemaking

COGCC – Mega Rulemaking 1 - Setbacks

- COGCC officially proposed a 2,000-foot setback from all residential building units and schools
- Setback has numerous exceptions that allow for approval on a site-specific basis
 - Informed consent from building owners and tenants
 - Any wellheads or equipment is at least 2,000-ft from the building
 - COGCC finds after a hearing the exception is substantially protective
 - ✓ Staff supported this proposal in closing statements and final testimony

Air Quality Control Commission – Regulation 7

- Advocated for expanded Local Government consultation and notice for air quality monitoring plans
- Advocated for clearly defined objectives and goals for air quality monitoring program
 - ✓ Supported by Division and incorporated into draft rules
- Advocated for expanded requirements for background ambient air monitoring
- Advocated for defined Response Levels for pollutants on a site-specific basis
- Advocated for a Response Action Plan requirement as part of the Air Monitoring Plan



Oil & Gas Update – September 29, 2020

State Rulemaking

COGCC – Mega Rulemaking 2 – Environmental Impacts & Wildlife

- Advocating for lower reporting thresholds and increased requirements in response to spills and releases
- Advocated for reduced allowances for venting and flaring of gas into the air
 - ✓ This was supported by the Commission and incorporated into the official draft rules
- Advocating for expanded Local Government consultation and notice with Colorado Parks and Wildlife and COGCC regarding wildlife protection and impact mitigation



Requested Direction from the Board

- Ensure the Board is satisfied with the Staff's recommendations to COGCC
- Identify any outstanding topics related to Mega Rulemaking 2 that the Board would like Staff to address