

November 15, 2016

Kevin Klein, Director
Division of Homeland Security & Emergency Management
Department of Public Safety
9195 East Mineral Avenue
Suite 200
Centennial, CO 80112

Dear Mr. Klein,

This letter is submitted on behalf the Town of Lyons, Board of Trustees to inform you that an internal review of the circumstances leading to the investigation by the Department of Housing and Urban Development Office of Inspector General has been completed. The Board appreciates the opportunity to share the findings and corresponding action steps with your department. The intent of the corrective actions is to limit the Town's risk associated with the processing and management of the grant dollars allocated to Lyons for flood recovery projects.

The Board identified the following internal action items associated with procurements and grant fund management procedures:

- Adopt administrative procedures and regulations for quality control of the procurement process, as authorized by Section 4-3-30(b)(4) of the Lyons Municipal Code. Such procedures may include, but are not limited to:
 - Ensuring adequate posting time of RFPs, in compliance with grant funding source requirements;
 - Identifying whether a given contract requires Board of Trustee approval;
 - Ensuring that contracts contain "not-to-exceed" amounts, or other appropriate limits on expenditure;
 - Adequate documentation regarding changes in contracts, associated costs, and corrections made to documentation provided to funding agencies.
- Institute a requirement for annual internal training to be conducted for all employees involved in the procurement of contracted services.
- Develop a procedure for conducting a periodic internal audit for compliance with Town policies and procedures with a formal presentation of results to the Board of Trustees.

DOUBLE GATEWAY
TO THE ROCKIES

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- Establish a process for ensuring all audit reports and corresponding responses are presented to the Board of Trustees and formally accepted by resolution.
- Establish a process for creating a publicly available legislative history for high-risk grant-funded disaster projects.

Additionally, the Board identified several areas where the Town requires support and resources from the State in order to be successful meeting requirements for procuring and managing disaster related funds.

Additionally, we believe these requests are consistent with the direction outlined in the report issued in April 2016, by the Office of Inspector General.

- Request the State collaborate with the Town to provide additional resources to assist with oversight of disaster grant procurement, reimbursement and documentation procedures.
- Request assistance from the State to perform a collaborative review of disaster-related procurement files.
- Request the State more closely monitor the Town's financial status by creating a cash flow analysis status report and reviewing it monthly with Town management in order to increase the level of predictability associated with reimbursements.

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The Town of Lyons is committed to completing several remaining critical flood recovery projects in a timely manner, however our success depends on a productive relationship with the State and other partner agencies such as the Boulder County Collaborative. In identifying these action steps, the Board believes the desires of the State related to the investigation have been satisfied. We respectfully request the State's cooperation with providing the technical and financial support necessary to ensure our mutual success in completing the recovery process.

Sincerely,



Connie Sullivan, Mayor
Town of Lyons

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