City & County of Denver

Federal Financial Assistance Single Audit Report
December 31, 2022

City and County of Denver

Contents

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Audit Committee
City and County of Denver, Colorado
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and County of Denver (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 14, 2023.

Our report includes a reference to other auditors who audited the financial statements of Caring for Denver Foundation, Denver Convention Center Hotel Authority, Denver Urban Renewal Authority, National Western Center Authority, Cherry Creek North Business Improvement City (BID) No.1, Colfax BID, Denver Preschool Program, Inc., Downtown Denver BID, RiNo BID, or the Prosperity Denver Fund, all of which are included as discretely presented component units, which represent 93.30 percent of total assets and deferred outflows of resources, 89.50 percent of total revenues, and 47.73 percent of net position (deficit) of the aggregate discretely presented component units as of and for the year ended December 31, 2022. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for the Caring for Denver Foundation, Denver Convention Center Hotel Authority, Denver Urban Renewal Authority, National Western Center Authority, Cherry Creek North BID No.1, Colfax BID, Denver Preschool Program, Inc., Downtown Denver BID, RiNo BID, or the Prosperity Denver Fund, is based solely on the reports of the other auditors.

Additionally, our report includes a reference to other auditors who audited the financial statements of the Denver 14th Street General Improvement City (GID), Gateway Village GID, or RiNo GID which are included as blended component units, Denver Employee Retirement Plan, a fiduciary component unit and the Deferred Compensation Plan Trust Fund, a fiduciary fund of the City, which represent 47.52 percent of total assets, 0.74 percent of total revenues and 52.15 percent of net position/fund balance of the aggregate remaining fund information as of and for the year ended December 31, 2022. Those financial statements were audited by other auditors, whose reports have been furnished to us and our opinion on the aggregate remaining fund information, insofar as it relates to the amounts included for the Denver 14th Street GID, Gateway Village GID, RiNo GID, Denver Employee Retirement Plan and the Deferred Compensation Plan Trust Fund, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Wastewater Management Enterprise Fund or the Denver Airport System Enterprise Fund, which are major enterprise funds of the City, and represent 99.39 percent, 97.15 percent and 98.13 percent, respectively, of the total assets and deferred outflows of resources, total revenues and net position of the business-type activities as of and for the year ended December 31, 2022. Those financial statements were audited by other auditors, whose reports have

been furnished to us, and our opinions on those major funds and the business-type activities, insofar as it relates to the amounts included for the Wastewater Management Enterprise Fund and the Denver Airport System Enterprise Fund, are based solely on the reports of the other auditors.

This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that were reported on separately by those other auditors.

The financial statements of the Caring for Denver Foundation, Denver Convention Center Hotel Authority, National Western Center Authority, Cherry Creek North Business Improvement City (BID) No.1, Colfax BID, Denver Preschool Program, Inc., Downtown Denver BID, RiNo BID, or the Prosperity Denver Fund component units included in the financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*. Additionally, the financial statements of the Denver 14th Street GID, Gateway Village GID, or RiNo GID which are included as blended component units were not audited in accordance with *Government Auditing Standards*. Accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Caring for Denver Foundation, Denver Convention Center Hotel Authority, National Western Center Authority, Cherry Creek North BID No.1, Colfax BID, Denver Preschool Program, Inc., Downtown Denver BID, RiNo BID, Prosperity Denver Fund, Denver 14th Street GID, Gateway Village GID, or RiNo GID.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material* weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-002 through 2022-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

July 14, 2023

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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Audit Committee
City and County of Denver, Colorado
Denver, Colorado

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City and County of Denver's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Summary of Opinions

Major Federal Program	*Type of Opinion*
10.551/10.561 – Supplemental Nutrition Assistance Program (SNAP) Cluster	Unmodified
14.231 – Emergency Solutions Grant Program	Qualified
14.239 – Home Investment Partnerships Program	Unmodified
14.241 – Housing Opportunities for Persons with AIDS Program	Unmodified
17.258/17.259/17.278 – Workforce Innovation and Opportunity Act (WIOA) Cluster	Unmodified
20.106 – Airport Improvement Program	Unmodified
20.205 – Highway Planning and Construction Cluster	Unmodified
21.023 – Emergency Rental Assistance Program	Unmodified
21.027 – Coronavirus State and Local Fiscal Recovery Funds	Qualified
93.391 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	Qualified
93.558 – Temporary Assistance to Needy Families	Unmodified
93.563 – Child Support Enforcement	Unmodified
93.658 – Foster Care Title IV-E	Unmodified
93.659 – Adoption Assistance Program	Unmodified
93.667 – Social Services Block Grant	Unmodified
93.778 – Medicaid Cluster	Unmodified

Qualified Opinion on the Emergency Solutions Grant Program, Coronavirus State and Local Fiscal Recovery Funds and Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Emergency Solutions Grant Program, Coronavirus State and Local Fiscal Recovery Funds and Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises for the year ended December 31, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Denver Urban Renewal Authority (DURA), which expended federal awards not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2022. Our compliance audit, described in the "Qualified Opinion on the Emergency Solutions Grant Program, Coronavirus State and Local Fiscal Recovery Funds and Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises Programs" and "Unmodified Opinions on Each of the Other Major Federal Programs" paragraphs do not include the operations of DURA because DURA did not meet the threshold for a compliance audit in accordance with the Uniform Guidance.

Matters Giving Rise to Qualified Opinions on the Emergency Solutions Grant Program, Coronavirus State and Local Fiscal Recovery Funds, and Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises Programs

As described in findings 2022-005, 2022-006 and 2022-012 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-005	14.231	Emergency Solutions Grant Program	Special Tests and Provisions- Obligation, Expenditure and Payment Requirements
2022-006	14.231	Emergency Solutions Grant Program	Special Tests and Provisions- Obligation,

			Expenditure and Payment Requirements
2022-012	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment
2022-012	93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	Procurement and Suspension and Debarment

Compliance with such requirements is necessary, in our opinion, for the City to comply with the compliance requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-007, 2022-011, 2022-015, 2022-016, 2022-017, and 2022-018. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-005, 2022-006, 2022-009, and 2022-012 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-007, 2022-008, 2022-010, 2022-011, 2022-013, 2022-014, 2022-015, 2022-016, 2022-017, and 2022-018 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 14, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

September 21, 2023

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Agriculture (USDA)					
Supplemental Nutrition Assistance Program (SNAP) Cluster					
Supplemental Nutrition Assistance Program (SNAP)	Colorado Department of Human Services	None Provided	10.551	$ 282,934	$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Colorado Department of Human Services	None Provided	10.561	11,842,288	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Colorado Department of Human Services	None Provided	10.561	161,490	-
10.561 Subtotal				**12,003,778**	**-**
Supplemental Nutrition Assistance Program (SNAP) Cluster Subtotal				**12,286,712**	**-**
Child Nutrition Cluster					
COVID-19 - National School Lunch Program	Colorado Department of Education	0811AMPO	10.555	176,196	-
Child Nutrition Cluster Subtotal				**176,196**	**-**
Other United States Department of Agriculture (USDA) Programs					
Child and Adult Care Food Program (CACFP)	Colorado Department of Public Health and Environment	13-50639 16-78686	10.558	247,343	-
Cooperative Forestry Assistance	Colorado State Forest Service	None Provided 5363907 5392966	10.664	339,235	-
Total United States Department of Agriculture (USDA)				**13,049,487**	**-**
United States Department of Commerce (DOC)					
Economic Development Cluster					
Economic Adjustment Assistance			11.307	553,992	-
Economic Development Cluster Subtotal				**553,992**	**-**
Total United States Department of Commerce (DOC)				**553,992**	**-**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Housing and Urban Development (HUD)					
Community Development Block Grants/Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants			14.218	8,228,234	1,911,093
COVID-19 - Community Development Block Grants/Entitlement Grants			14.218	1,716,226	950,756
14.218 Subtotal				**9,944,460**	**2,861,849**
Community Development Block Grants/Entitlement Grants Cluster Subtotal				**9,944,460**	**2,861,849**
Other United States Department of Housing and Urban Development (HUD) Programs					
Emergency Solutions Grant Program			14.231	621,542	602,833
COVID-19 - Emergency Solutions Grant Program			14.231	7,234,756	7,107,303
14.231 Subtotal				**7,856,298**	**7,710,136**
Home Investment Partnerships Program			14.239	4,097,404	4,040,028
Housing Opportunities for Persons with AIDS			14.241	3,816,238	3,788,534
COVID-19 - Housing Opportunities for Persons with AIDS			14.241	147,590	147,590
14.241 Subtotal				**3,963,828**	**3,936,124**
Continuum of Care Program			14.267	1,961,473	1,956,378
Total United States Department of Housing and Urban Development (HUD)				**27,823,463**	**20,504,515**
United States Department of the Interior (DOI)					
Fish and Wildlife Cluster					
Sport Fish Restoration	Colorado Department of Natural Resources	F20AF11855	15.605	500	-
Fish and Wildlife Cluster Subtotal				**500**	**-**
Total United States Department of the Interior (DOI)				**500**	**-**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Justice (DOJ)					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	Colorado Department of Safety	2020-VD-21-2-63 2020-VD-20-2-23 2020-VD-21-2-72	16.034	155,747	49,235
Prosecuting Cold Cases Using DNA			16.036	45,993	-
Services for Trafficking Victims			16.320	193,666	60,317
National Institute of Justice Research, Evaluation, and Development Project Grants			16.560	58,152	-
Crime Victim Assistance	Colorado Department of Public Safety Division of Criminal Justice	2020-VA-21-481-02 2018-VA-19-085-02 2020-VA-21-450-02	16.575	591,833	-
Crime Victim Compensation	Colorado Department of Public Safety Division of Criminal Justice	2019-VI-GX-0048	16.576	170,000	-
Crime Victim Assistance/Discretionary Grants			16.582	99,261	-
Violence Against Women Formula Grants	Colorado Department of Public Safety Division of Criminal Justice	2020-VW-21-463-02 2020-VW-21-533-02	16.588	128,816	-
Project Safe Neighborhoods			16.609	43,915	-
Public Safety Partnership and Community Policing Grants			16.710	26,091	-
Edward Byrne Memorial Justice Assistance Grant Program			16.738	370,505	-
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Department of Public Safety Division of Criminal Justice	2018-DJ-19-07-21-1 2020-DJ-21-07-21-2 2019-DJ-19-04-23-1 2020-DJ-21-04-15-2 2019-DJ-21-03-22-2	16.738	308,460	103,708
16.738 Subtotal				**678,965**	**103,708**
DNA Backlog Reduction Program			16.741	544,713	-
Paul Coverdell Forensic Sciences Improvement Grant Program	Colorado Department of Public Safety Division of Criminal Justice	2018-DN-18-5 None Provided 2020-DN-21-3	16.742	60,646	-
Byrne Criminal Justice Innovation Program			16.817	256,892	67,448
Smart Prosecution Initiative			16.825	58,326	11,407
Equitable Sharing Program			16.922	722,896	-
Total United States Department of Justice (DOJ)				**3,835,913**	**292,114**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Labor (DOL)					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	Colorado Department of Labor and Employment	NFA# DE17-11 5224 NFA# DE-20-001_WP NFA# DE-21-001A NFA# DE-21-016	17.207	852,416	-
Jobs for Veterans State Grants	Colorado Department of Labor and Employment	NFA# DE-22-003 NFA# DE-21-021	17.801	7,644	-
Employment Service Cluster Subtotal				**860,060**	**-**
Workforce Innovation and Opportunity Act (WIOA) Cluster					
WIOA Adult Program	Colorado Department of Labor and Employment	NFA# DE-20-001 NFA# DE-21-012 AA-34758-20-55-A-8 NFA# DE-22-011	17.258	1,770,662	1,259,099
WIOA Youth Activities	Colorado Department of Labor and Employment	NFA #DE18-101(YTH) NFA# DE-20-001 NFA# DE-21-001 (YTH) NFA# DE-22-003	17.259	1,413,232	978,103
WIOA Dislocated Worker Formula Grants	Colorado Department of Labor and Employment	NFA# DE-20-001 NFA# DE-21-012 NFA# DE-21-017 NFA# DE-22-002 NFA# DE-22-003	17.278	675,323	386,547
Workforce Innovation and Opportunity Act (WIOA) Cluster Subtotal				**3,859,217**	**2,623,750**
Other United States Department of Labor (DOL) Programs					
Unemployment Insurance	Colorado Department of Labor and Employment	NFA# DE-19-123(RESEA) NFA# DE-20-011(RESEA) NFA# DE-21-022	17.225	101,500	101,500
Trade Adjustment Assistance	Colorado Department of Labor and Employment	TA-34434-20-55-A-8 NFA# DE-20-004	17.245	106,993	76,765
H-1B Job Training Grants			17.268	2,290,901	1,882,702
Reentry Employment Opportunities	Colorado Department of Labor and Employment	NFA#ET-20-006	17.270	201,650	152,830
COVID-19 - WIOA National Dislocated Worker Grants / Workforce Investment Act (WIA) National Emergency Grants	Colorado Department of Labor and Employment	NFA#ET19-124 NFA#ET-19-125	17.277	276,509	247,576
Apprenticeship USA Grants	Colorado Department of Labor and Employment / Arapahoe County	FOA-ETA-21-07	17.285	124,128	124,128
Total United States Department of Labor (DOL)				**7,820,960**	**5,209,250**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Transportation (DOT)					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Colorado Department of Transportation	411028370 08SW01653M550 PO# 471000085 STU M320 101 (21120) AQC-M320-108 (21740) SHE M320-115 (22217) AQC M320-122 (SAP# 22332) AQC M320-119 (SAP# 22329) AQC M320-121 (SAP#22331) AQC M320-123 (SAP# 22333) SHE M320-125 (22935) SHE M320-118 (22281) SHE M320- 117 (22219) AQC-M320-124 (22634) 20-HTD-ZL-03059/491001998 20-HA1-XC-00043 STU 088A-037 (23422) PO# 471001672 STU-M320-128 (23918) AQC C010-130 (24209) STU-M320-127 (23373) STU-M320-131 (24288) SHO M320-135 (24322) SHO M320-139 (24510) SAR-P6CO-035 (24596) PO1407 PO# 471001672	20.205	6,545,602	-
Highway Planning and Construction Cluster Subtotal				**6,545,602**	**-**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
Federal Transit Cluster					
Federal Transit Capital Investment Grants	Regional Transportation District	CO-04-0115	20.500	12,591	-
Federal Transit Formula Grants	Regional Transportation District	CO-2013-000	20.507	22,276	-
Federal Transit Cluster Subtotal				**34,867**	**-**
Highway Safety Cluster					
State and Community Highway Safety	Colorado Department of Transportation	PO-411024978 22-HST-ZL-00373 22-HTS-ZL-00377 PO# 411033150	20.600	255,614	-
Highway Safety Cluster Subtotal				**255,614**	**-**
Other United States Department of Transportation (DOT) Programs					
Airport Improvement Program			20.106	56,970,696	-
COVID-19 - Airport Improvement Program			20.106	16,778,069	-
20.106 Subtotal				**73,748,765**	**-**
Highway Research and Development Program			20.200	1,051,702	-
Total United States Department of Transportation (DOT)				**81,636,549**	**-**
United States Department of the Treasury (TREAS)					
Social Impact Partnerships to Pay for Results Act (SIPPRA)			21.017	52,775	-
COVID-19 - Coronavirus Relief Fund			21.019	1,122,551	(77,904)
COVID-19 - Coronavirus Relief Fund	Colorado Department of Human Services	None Provided	21.019	(3,763)	-
21.019 Subtotal				**1,118,788**	**(77,904)**
COVID-19 - Emergency Rental Assistance Program			21.023	19,685,437	19,493,631
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			21.027	48,835,029	12,342,622
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Colorado Judicial Branch	21-VCARPA292-02 SLFRP0126	21.027	489,743	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Colorado Department of Public Health and Environment	SLFRP0126 None Provided	21.027	965,017	220,719
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Colorado Department of Labor & Employment	NFA# DE-21-005 NFA# DE-21-004	21.027	2,063,860	1,547,447
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Colorado Department of Human Services	NFA# DE-21-004A None Provided	21.027	612,825	-
21.027 Subtotal				**52,966,473**	**14,110,789**
Total United States Department of the Treasury (TREAS)				**73,823,473**	**33,526,516**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
National Endowment for the Humanities (NEH)					
COVID-19 - Promotion of the Arts Grants to Organizations and Individuals			45.024	500,000	500,000
Promotion of the Humanities Division of Preservation and Access			45.149	71,079	-
Museum Grants for African American History and Culture			45.309	37,320	-
Laura Bush 21st Century Librarian Program			45.313	96,227	-
Total National Endowment for the Humanities (NEH)				**704,626**	**500,000**
United States Environmental Protection Agency (EPA)					
Performance Partnership Grants	Colorado Department of Public Health and Environment	95815090 None Provided	66.605	8,026	-
Solid Waste Management Assistance Grants	Center for Eco Technology	None Provided	66.808	3,800	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements			66.818	211	-
Total United States Environmental Protection Agency (EPA)				**12,036**	**-**
United States Department of Energy (DOE)					
Energy Efficiency and Conservation Block Grant Program (EECBG)			81.128	226,826	-
Total United States Department of Energy (DOE)				**226,826**	**-**
United States Department of Education (ED)					
Education for Homeless Children and Youth	Denver Public Schools	None Provided	84.196	77	-
COVID-19 - Education Stabilization Fund	Denver Public Schools	None Provided	84.425	54,180	54,180
Total United States Department of Education (ED)				**54,257**	**54,180**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Health and Human Services (HHS)					
Child Care and Development Fund (CCDF) Cluster					
Child Care and Development Block Grant (CCDBG)	Colorado Department of Human Services	None Provided	93.575	13,916,698	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Colorado Department of Human Services	None Provided	93.596	9,307,949	-
Child Care and Development Fund (CCDF) Cluster Subtotal				**23,224,647**	**-**
Head Start Cluster					
Head Start			93.600	12,171,200	9,276,630
COVID-19 - Head Start			93.600	809,940	782,637
Head Start Cluster Subtotal				**12,981,140**	**10,059,267**
Medicaid Cluster					
Medical Assistance Program	Colorado Department of Health Care Policy and Financing	None Provided	93.778	13,539,126	-
Medicaid Cluster Subtotal				**13,539,126**	**-**
Other United States Department of Health and Human Services (HHS) Programs					
Public Health Emergency Preparedness	Colorado Department of Public Health and Environment	None Provided NU90TP922028 2020*368	93.069	718,191	-
Healthy Marriage Promotion and Responsible Fatherhood Grants	Colorado Department of Human Services	None Provided 21 IHIA 168642 22 IHIA 171525 23 QAAA 177426	93.086	94,876	-
Guardianship Assistance	Colorado Department of Human Services	None Provided 2021*0189	93.090	251,889	-
Injury Prevention and Control Research and State and Community Based Programs	Colorado Department of Public Health and Environment	5NU17CE002593-04 PO, FHLA 202200003542 2021*0189 2020*3729	93.136	201,553	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance		None Provided	93.243	1,073,126	630,798
COVID-19 - Immunization Cooperative Agreements	Colorado Department of Public Health and Environment	PO FHJA 202100010274 FHJA 202100010501 PO FHCA 202200002980	93.268	743,210	456,134
Emerging Infections Programs	Colorado Department of Public Health and Environment	None Provided 2022*2300 2022*2616	93.317	46,692	-

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Colorado Department of Public Health and Environment	FHJA 202000013525 2022*3511 None Provided	93.323	2,734,096	78,868
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Colorado Department of Public Health and Environment	202200009737 None Provided	93.354	38,312	-
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises			93.391	2,253,648	1,084,199
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	National Association of County and City Health Officials (NACCHO)	2022-062801	93.421	11,739	-
MaryLee Allen Promoting Safe and Stable Families Program	Colorado Department of Human Services	22 IHIA 170684 None Provided	93.556	338,161	218,678
Temporary Assistance for Needy Families (TANF)	Colorado Department of Human Services	None Provided	93.558	20,708,588	2,647,067
Child Support Enforcement	Colorado Department of Human Services	None Provided	93.563	9,892,814	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Colorado Department of Human Services	22 IHGA 170674 23 IHGA 177950	93.566	949,501	-
Low-Income Home Energy Assistance (LIHEAP)	Colorado Department of Human Services	None Provided	93.568	55,045	-
Community Services Block Grant (CSBG)	Colorado Department of Local Affairs	CMS# 110403 CMS# 166569	93.569	795,760	496,384
COVID-19 - Community Services Block Grant (CSBG)	Colorado Department of Local Affairs	L21CSBG13 CMS# 161407	93.569	452,023	291,201
93.569 Subtotal				**1,247,783**	**787,586**
Stephanie Tubbs Jones Child Welfare Services Program	Colorado Department of Human Services	None Provided	93.645	531,202	-
Child Welfare Research Training or Demonstration	Colorado Department of Early Childhood	22 IHIA 174588	93.648	2,991	-
Foster Care Title IV-E	Colorado Department of Human Services	None Provided	93.658	11,098,523	-
Adoption Assistance	Colorado Department of Human Services	None Provided	93.659	3,784,052	-
Social Services Block Grant	Colorado Department of Human Services	None Provided	93.667	3,675,276	-
Child Abuse and Neglect Discretionary Activities	Colorado Department of Human Services	HHSP233201500035I/75P00119 F37041	93.670	38,402	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Colorado Department of Human Services	None Provided	93.674	149,407	-
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	Colorado Department of Human Services	None Provided	93.674	273,129	-
93.674 Subtotal				**422,536**	**-**
COVID-19 - Elder Abuse Prevention Interventions Program	Colorado Department of Human Services	None Provided	93.747	46,566	-
HIV Emergency Relief Project Grants			93.914	7,137,253	6,254,582
HIV Prevention Activities Health Department Based	Colorado Department of Public Health and Environment	None Provided	93.940	39,175	-
Maternal and Child Health Services Block Grant to the States	Colorado Department of Public Health and Environment	B0440120	93.994	680,843	564,076
Total United States Department of Health and Human Services (HHS)				**118,560,958**	**22,781,254**

The accompanying notes are an integral part of this schedule.

City and County of Denver
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
Executive Office of the President					
High Intensity Drug Trafficking Areas Program			95.001	604,180	-
Total Executive Office of the President				**604,180**	**-**
United States Department of Homeland Security (DHS)					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Colorado Department of Safety	None Provided	97.036	10,166	-
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Colorado Division of Homeland Security and Emergency Management	None Provided PA-VIII-CO-4498	97.036	1,743,680	-
97.036 Subtotal				**1,753,846**	**-**
Emergency Management Performance Grants	Colorado Division of Homeland Security and Emergency Management	21EM-22-15 22EM-23-15	97.042	98,842	-
Assistance to Firefighters Grant			97.044	1,074,375	-
Building Resilient Infrastructure and Communities (BRIC)	Colorado Division of Homeland Security and Emergency Management	19PDM21CCD	97.047	31,324	-
Homeland Security Grant Program	Colorado Division of Homeland Security and Emergency Management	18UASI19DEN 19UASI20DEN 21UASI22DEN	97.067	2,230,135	-
Securing the Cities Program			97.106	2,235,802	-
Total United States Department of Homeland Security (DHS)				**7,424,324**	**-**
Total Federal Expenditures				**$ 336,131,543**	**$ 82,867,829**

The accompanying notes are an integral part of this schedule.

City and County of Denver

Notes to the Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2022

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the primary government of the City and County of Denver (the City). The City's reporting entity is defined in Note 1 in the City's basic financial statements for the year ended December 31, 2022.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City. The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the State of Colorado or other non-federal entities.

The City's basic financial statements include the operations of the Denver Urban Renewal Authority (DURA), a discretely presented component unit, which expended less than $750,000, in federal awards which is not included in the City's Schedule of Expenditures of Federal Awards for the year ended December 31, 2022.

(2) Basis of Accounting

The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements. Governmental funds and proprietary funds account for the City's federal grant activity. Amounts reported in the Schedule for governmental funds are recognized on the modified accrual basis when they become a demand on current available federal resources and other program requirements are met. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period or when matured. The City considers all revenue as available, if collected within 60 days after year end. Amounts reported in the Schedule for proprietary funds are recognized on the accrual basis at the time liabilities are incurred and all other program requirements are met.

Certain federal award programs are administered through the Colorado Department of Human Services (CDHS); CDHS reports information for these programs on the cash basis. As a result, these programs, as listed below, are reported in the City's Schedule of Expenditures of Federal Awards on the cash basis:

Supplemental Nutrition Assistance Program (SNAP) Cluster	10.551, 10.561
COVID-19 - Coronavirus Relief Fund (Passed through Colorado Department of Human Services only)	21.019
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (Passed through Colorado Department of Human Services only)	21.027
Guardianship Assistance	93.090
MaryLee Allen Promoting Safe and Stable Families Program	93.556
Temporary Assistance for Needy Families (TANF)	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Child Care and Development Fund (CCDF) Cluster	93.575, 93.596
Stephanie Tubbs Jones Child Welfare Services Program	93.645
Foster Care Title IV-E	93.658
Adoption Assistance Program	93.659
Social Services Block Grant	93.667
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674
COVID-19 - Elder Abuse Prevention Interventions Program	93.747
Medicaid Cluster	93.778

Such expenditures are recognized following, as applicable, either the cost principles contained in the OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies.

(3) Human Service Programs

The City's Department of Human Services operates several federally funded human services programs where benefits are provided to qualified citizens. The benefit distribution method consists of participants receiving benefits using a state-maintained electronic banking card (EBT) instead of the City's cash disbursements. The Colorado Department of Human Services provided total EBT authorizations to qualified citizens in the City, in the amount of $105,534,983, of which $56,820,099 is the federal share. The revenue and expenditures associated with these federal programs are not recognized in the City's basic financial statements.

(4) State Information Technology System

In 2004, the State of Colorado (the State) implemented the new Colorado Benefits Management System (CBMS), which consolidated legacy systems into one system and also incorporated a rules engine for determining eligibility and calculating and issuing benefits payments. As a result, the counties and the State split eligibility determination functions for certain federal Human Services' programs under CBMS. Counties are responsible for data collection from applicants and data entry of applicable information into CBMS. Concurrently, the State maintains the computer system supporting the eligibility determination process and pays benefits to the participants. The actual eligibility and payment determinations become the State's responsibility utilizing CBMS.

(5) Revolving Loan Funds – Not Subject to Compliance

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the programs listed below. However, these programs either are not part of a federal loan or loan guarantee program or have no continuing compliance requirements other than continued loan payments, therefore, the outstanding loan balances have not been included in the accompanying Schedule of Expenditures of Federal Awards and major program determination:

Neighborhood Development Loans:	
14.218 - Community Development Block Grants/Entitlement Grants	11,947,382
Total Neighborhood Development Loans	11,947,382
Economic Development Loans:	
14.Unknown	2,792,618
14.218 - Community Development Block Grants/Entitlement Grants	6,846,720
Total Economic Development Loans	9,639,338
Section 108 Loans:	
14.248 - Community Development Block Grants_ Section 108 Loan Guarantees	845,181
Total Section 108 Loans	845,181
Housing Development Loans:	
14.Unknown	105,317,029
14.218 - Community Development Block Grants	8,008,282
14.239 - Home Investment Partnerships Program	56,835,197
14.241 - Housing Opportunities for Persons with AIDS	1,099,981
14.256 - Neighborhood Stabilization Program (Recover Act Funded)	11,510,687
Total Housing Development Loans	182,771,176
Total Office of Economic Development Loans:	205,203,077
21.027 Coronavirus State and Local Fiscal Recovery Funds	250,000
Total Notes Receivable	205,453,077
Less Allowances	
Delinquent Loans	(10,695,741)
Forgivable Loans	(118,286,227)
Note Receivable, Net	76,471,108

(6) Revolving Loan Funds – Subject to Further Compliance

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the Community Development Block Grant Section 108 Loan Guarantees program (Assistance Listing Number 14.248) which are subject to continuing compliance requirements until project completion and acceptance. There were no outstanding balances subject to continuing compliance at December 31, 2022. There were no new loans during 2022; therefore, nothing has been included in the accompanying Schedule of Expenditures of Federal Awards. The City also has certain revolving loan funds, which were originally financed from the Department of Commerce, under Assistance Listing Number 11.307, Economic Development Administration, which are subject to continuing compliance requirements and included in the Schedule of Expenditures of Federal Awards. The outstanding loan balance at December 31, 2022 was $235,155 and the cash and investment balance in the loan revolving fund was $318,837. There were no expenditures in 2022 for administrative costs. There were no loan write-offs in 2022. There are no City match requirements.

(7) Indirect Costs

The following Assistance Listing Numbers (14.231, 16.320, 16.582, 16.738, 17.207, 17.258, 17.259, 17.268, 17.270, 17.277, 17.278, 21.027, 66.605, 66.818, 93.069, 93.136, 93.243, 93.317, 93.323, 93.241, 93.914, 93.994) elected to use a rate agreed on through the grant agreement or interagency agreement.

(8) Revolving Loan – Program Income

The City has a revolving loan program for low income housing renovation. Under this federal program, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount committed to activities through Program Income is $9,094,415. The amount of principal and interest received in loan repayments for the year was $8,032,782.

(9) Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles contained in the OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(10) Recognition of Prior Year Expenses

The City incurred eligible expenditures in 2020 and 2021 which were approved by the Federal Emergency Management Agency (FEMA). The City recorded the eligible expenditures of $618,514 and $320,497, respectively, in Assistance Listing Number 97.036 in the 2022 Schedule of Expenditures of Federal Awards.

The City incurred eligible expenditures in 2018 and 2020 which were approved by the Federal Aviation Administration. The City recorded the eligible expenditures of $3,490,880 and $689,405, respectively, in Assistance Listing Number 20.106 in the 2022 Schedule of Expenditures of Federal Awards.

(11) Contingent Liabilities

Although the Schedule of Expenditures of Federal Awards is prepared to the best of the City's knowledge and belief, amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including the amount already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor, if any, cannot be determined at this time.

City and County of Denver

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(ies) identified?	X	Yes		None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major Federal programs:				
• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(ies) identified?	X	Yes		None reported

Type of auditor's report issued on compliance for major Federal programs:

An unmodified opinion was issued on the City and County of Denver's compliance with its major Federal programs for the year ended December 31, 2022, except for the following programs, which were qualified:

14.231 – Emergency Solutions Grants Program
21.027 – Coronavirus State and Local Fiscal Recovery Funds
93.391 – Activities to Support State, Tribal, Local and Territorial STLT) Health Department Response to Public Health or Healthcare Crises.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	Yes		No

City and County of Denver

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Identification of major Federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
14.231	Emergency Solutions Grant Program
14.239	Home Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS Program
17.258/17.259/17.278	Workforce Innovation and Opportunity Act (WIOA) Cluster
20.106	Airport Improvement Program
20.205	Highway Planning and Construction Cluster
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
93.558	Temporary Assistance to Needy Families
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.659	Adoption Assistance Program
93.667	Social Services Block Grant
93.778	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: $3,000,000

Auditee qualified as low-risk auditee? _____ Yes ___X___ No

Section II - Financial Statement Findings

2022-001 - CHANGE MANAGEMENT AND ADMINISTRATIVE ACCESS (Repeat Finding)

Criteria: The National Institute of Standards and Technology (NIST), at the US Department of Commerce, Cybersecurity Framework commonly, and hereinafter, referenced to as NIST states the following in PR.AC-4, "Access permissions and authorizations are managed and authorizations are managed, incorporating the principles of least privilege and separation of duties." NIST also states in PR. AC-1, "Identities and credentials are issued, managed, verified, revoked, and audited for authorized devices, users and processes."

Condition: Change Management - We noted based on our walk throughs and review of support for Workday and GenTax some users with developer access to the application can promote their own changes into production.

Administrative Access - We also noted for the following applications CityBase, EZLinks, ActiveNet, Zuora, Questica, Sympro, and Nintex, users with administrative access to the application had either business or financial responsibilities as well. Therefore, there is a segregation of duties conflict. Additionally, we noted there were many active administrative accounts on application and database servers that are expired or no longer in use.

Cause: For Workday and GenTax there is no segregation of duties between developers and implementers and no monitoring control in place that would have caught an unauthorized change. There are not policies and procedures in place for the review of all in scope applications/application servers/databases to verify the administrator access is appropriate. It does not appear there is a review for SOD conflicts including administrators and developers for Workday.

Effect or Potential Effect: Unauthorized changes could be put into production. Individuals have access that is not appropriate. Individuals have access that would allow them to apply unauthorized changes.

Recommendation: Segregate the access of those who can develop and those who can promote or implement a control to monitor the activity of users who have access to both develop and promote. We also recommend implementing policies and procedures to review administrator access for all in scope applications/application servers/systems the Administrator accesses. We recommend performing a SOD conflicts review including administrators and developers. This review should occur at least annually, and the support should be maintained.

Views of Responsible Officials: The City agrees with the finding, and will conduct annual access reviews utilizing the TS Access Review Standard. For additional information, see the City's separate report for planned corrective actions.

2022-002 – PROVISIONING/DEPROVISIONING ACCESS AND USER ACCESS REVIEW (Repeat Finding)

Criteria: NIST PR.AC-1 states, "Identities and credentials are issued, managed, verified, revoked, and audited for authorized devices, users and processes." NIST PR.AC-4 states,

"Access permissions and authorizations are managed and authorizations are managed, incorporating the principles of least privilege and separation of duties ('SOD')".

Condition: Provisioning – We note for EZLinks, CityBase, and Nintex there was no formal documentation for user access provisioning.

Deprovisioning – We noted for access deprovisioning the following systems: EZLinks- there is no formal process in place. We also noted a terminated employee we selected was not disabled within a timely manner.

User Access Review – We note per inquiry during our walk throughs, it was confirmed by management there is no formal process/documentation for reviewing user's access for the Zuora, Questica, CityBase, EZLinks, ActiveNet, GenTax, Gravity, Kronos, Nintex and Workday. It was also noted there is no formal process/documentation for the review of SOD.

Cause: For EZLinks there is no policy in place for provisioning.

There is no formal deprovisioning process for the systems listed above and as a result, deprovisioning may not occur and/or not occur timely. There is also not a review process to verify user access is complete and accurate.

We were informed management relies on access provisioning and deprovisioning controls. For some processes the review occurred, however, evidence was not maintained.

Effect or Potential Effect: Individuals that should not have access have access and/or don't have the correct access. Users could also have unauthorized access and/or user access could be inaccurate.

Recommendation: We recommend implementing controls for provisioning/deprovisioning users for all in scope systems. We also recommend performing user access/SOD reviews for all in scope systems at least annually and maintaining evidence of the review and evidence for the validation of completeness and accuracy of the user listing being reviewed.

Views of Responsible Officials: The City agrees with the finding, and will create account provisioning/deprovisioning standards in alignment with the TS Role Based Access Controls Initiatives. For more information, see the City's separate report for planned corrective actions.

2022-003 – PASSWORD SETTINGS

Criteria: NIST states the following in SP800-63b, "a claimant SHALL be authenticated with at least a given level of strength to be recognized as a subscriber. The result of an authentication process is an identifier that SHALL be used each time that subscriber authenticates to that RP.

Condition: Application Passwords - We noted based on our walk throughs and review of support for EZLinks, Sympro, and EFT Tools that password configuration settings such as minimum length, complexity, password expiration, prior password restriction, and account lockout policy were not in place.

Database Passwords - We noted based on our walk throughs and review of support for EZLinks, two accounts utilize SQL Server authentication logins, but don't have password parameters enforced.

Cause: For EZLinks, BDO noted there were no password parameters configured within EZ Links. For Sympro, BDO noted the password parameters are not appropriately configured: password length, password expiration, prior password restriction, and account lockout policy. For EFT Tools, BDO noted that some of the password settings are not sufficiently robust: password reuse history and account lockout threshold are not enforced.

Effect or Potential Effect: Unauthorized account access could result in unauthorized transactions being made.

Recommendation: Password settings that enforce at least 8-character minimum length, complexity/ passphrases, and 10 attempts before lockout should be employed.

Views of Responsible Officials: The City agrees with the finding and the Technology Services Information Security Team will work with application administrators to improve password security for the identified applications.

2022-04 - CONTROL DOCUMENTATION AND RECORDS PROPERLY MANAGED AND MAINTAINED (Repeat finding)

Criteria: The Green Book states the following:

10.03 Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system.

Examples of Common Control Activities

Accurate and timely recording of transactions - Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Appropriate documentation of transactions and internal control - Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. *Documentation and records are properly managed and maintained.*

Condition: During our walk through of the processes and/or through review of support it was noted in some instances reconciliations were not reviewed timely, not performed timely, no evidence that the data used in the control was validated for completeness and accuracy, and/or there is no evidence of review. For example:

- Bank reconciliations for the Enterprise Cashiering account were not reviewed timely.

- User access review for bank accounts was not performed timely. Supervisors performing the review were not provided with details of the user roles and access privileges. Additionally, no review was performed over approval limits of users with access to approve disbursements and transfers in the online banking platforms.

- In the grant revenue process, there was no evidence of the Grant Rollforward Report being reviewed.

- For the property tax process we noted there was no evidence of the Daily Balancing reconciliation (IASWorld to bank) being reviewed by someone independent of the preparer.

Cause: It appears for some reconciliations they were not performed timely due to turnover and/or lack of staffing. It also appears in some instances the evidence to support the reconciliation was not maintained and/or evidence of the review was not documented or maintained.

We also note per conversation with the finance team, sometimes the review occurred via email and the email was not saved due to email retention policy and therefore, the emails were not able to be retrieved to evidence the review had occurred. There were other instances where we were informed the evidence of review occurred verbally and therefore there was no evidence the review occurred and no evidence of what the reviewer had reviewed.

Effect or Potential Effect: Account balances could be inaccurate. Without evidence of the review and what the reviewer reviewed we were not able to determine the design or operating effectiveness of the control.

Recommendation: We recommend the City determine the required frequency for controls and consider establishing precision levels. There also needs to be evidence of the reviewer's validation of the information they reviewed for completeness and accuracy. Evidence of the review should be maintained as well as documentation evidencing segregation of duties (SOD) between the preparer and the reviewer. We also recommend the City review/update Management Review Controls so that it is clear how the review will be evidenced, what the reviewer is reviewing, and how variances/errors are addressed.

Views of Responsible Officials: The City agrees with the finding, and has begun making process improvements in these areas. For additional information, see the City's separate report for planned corrective actions.

Section III – Federal Award Findings and Questioned Costs

2022-005 – SPECIAL TESTS AND PROVISIONS- OBLIGATION, EXPENDITURE AND PAYMENT REQUIREMENTS

ALN 14.231 – Emergency Solutions Grant Program
Department of Housing and Urban Development
Award Number: E-21-MC-08-0005
Award Year: 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

24 CFR section 576.203(a)(2) states – Within 180 days after the date that HUD signs the grant agreement (or a grant amendment for reallocation of funds) with the metropolitan city, urban county, or territory, the recipient must obligate all the grant amount, except the amount for its administrative costs. This requirement is met by an agreement with, or a letter of award requiring payment to, a subrecipient; a procurement contract; or a written designation of a department within the government of the recipient to directly carry out an eligible activity.

Condition: The City's Department of Housing Stability (HOST) did not have controls in place to ensure funds were obligated within the required obligation period. In addition, the City did not timely obligate funds within 180 days of the signing of the 2021 fiscal year grant agreement by HUD.

Cause: HOST did not have internal controls in place to ensure funds were obligated within the required time period.

Effect or Potential Effect: HOST is out of compliance with 24 CFR 576.203(a)(2) regarding obligation of funds.

Questioned Costs: None

Context: BDO tested the entire population of six subrecipient contracts related to award E-21-MC-08-0005 totaling to $448,444. BDO found that two of the six contracts were obligated outside of the required time period. The amount of funds obligated after the 180 days was $144,122.

Identification as a Repeat Finding: This is a repeat finding from the prior year. This was reported as finding 2021-010 in the 2021 report.

Recommendation: HOST should create a tracking tool to ensure program year funds are tracked and obligated within required time periods. This should be supplemented with written policies and procedures pertaining to timely obligation of Emergency Solutions Grant (ESG) funds.

Views of Responsible Officials: The City agrees with the finding. This has been remediated going forward. For additional information, see the City's separate report for planned corrective actions.

2022-006 – SPECIAL TESTS AND PROVISIONS- OBLIGATION, EXPENDITURE AND PAYMENT REQUIREMENTS

ALN 14.231 – Emergency Solutions Grant Program
Department of Housing and Urban Development
Award Number: E-21-MC-08-0005, E-20-MC-08-0005, E-20-MW-08-0005
Award Year: 2020, 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

24 CFR 576.203(c) states – The recipient must pay each subrecipient for allowable costs within 30 days after receiving the subrecipient's complete payment request.

Condition: HOST did not have adequate controls in place to ensure subrecipients were timely paid after receiving complete payment requests. HOST did not make payments to its subrecipients within 30 days after receiving complete payment requests.

Cause: HOST did not have adequate internal controls in place to ensure payments were made timely to subrecipients. Five of the exceptions were due to budget modifications, which resulted in payment delays. Three of the payments were sent to the Controller's Office prior to the 30-day requirement. However, the payments were still made past the deadline.

Effect or Potential Effect: HOST is out of compliance with 24 CFR 576.203(c) regarding payments to subrecipients.

Questioned Costs: None

Context: BDO selected a sample of 60 payments to subrecipients totaling to $2,091,379 from a population of 433 payments totaling to $7,710,136. There were eight payments totaling to $459,439 in which the invoice was not paid within 30 days of when a complete payment request was submitted to the City. This is a condition identified per review of the City's compliance with specified requirements not using a statistically valid sample.

Identification as a Repeat Finding: N/A

Recommendation: HOST should implement controls to ensure subrecipients who submit complete invoices for payment are paid within 30 days. Steps should be taken to reduce the frequency and time associated with budget modifications to ensure payments are made timely. Finally, communication should take place between HOST and the Controller's Office to expedite payments to subrecipients and prevent unnecessary delays.

Views of Responsible Officials: The City agrees with the finding and internal policies have been updated to require finance budget review prior to contract execution to avoid budget modifications during the payment process. For additional information, see the City's separate report for planned corrective actions.

2022-007 – SUBRECIPIENT MONITORING

ALN 93.391 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Department of Health and Human Services
Award Number: ENVHL-202159027
Award Year: 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The Uniform Guidance in 2 CFR Section 200.332 states- All pass-through entities must ensure that every subaward is clearly identified to the subrecipient and includes the following information at the time of the subaward as follows: (1) Federal award identification, (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and terms and conditions of the Federal award; (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports, (4) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and (5) Appropriate terms and conditions concerning the closeout of the subaward.

Condition: We noted that, for all five subrecipients tested, subaward agreements did not include the award information required under 2 CFR 200.332.

Cause: Subaward agreements were not properly written and appropriately reviewed to ensure all required award information was included.

Effect or Potential Effect: Denver Department of Public Health and Environment (DDPHE) was not in compliance with subrecipient requirements outlined in 2 CFR Section 200.332. Furthermore, not communicating proper compliance requirements and other information may increase the likelihood of noncompliance on the part of the subrecipient and non-fulfillment of program goals and objectives. In addition, this also increases the risk the subrecipient may not understand they are receiving Federal funds, which could result in subrecipients failing to comply with the Uniform Guidance or pass-through entity requirements for the award.

Questioned Costs: None

Context: BDO selected five subawards totaling to $875,589 to test from a population of 11 subawards totaling to $1,084,199. BDO noted that all five subawards tested did not include the required Federal award identification or applicability of audit requirements. This is a condition identified per review of the City's compliance with specified requirements using a sample that was not statistically valid.

Identification as a Repeat Finding: N/A

Recommendation: DDPHE should revise subaward agreements to include specific Federal award identification information and language clearly stating applicable audit requirements subrecipients must comply with to ensure all agreements are in compliance with the requirements in 2 CFR Section 200.332.

Views of Responsible Officials: The City agrees with the finding and DDPHE will consult with the City's Federal Grants Manager and other parties to review the current standard contract provisions and will modify those provisions accordingly. For additional information, see the City's separate report for planned corrective actions.

2022-008 – PROCUREMENT AND SUSPENSION AND DEBARMENT (FOR SUBRECIPIENTS)

ALN 14.231 – Emergency Solutions Grant Program
Department of Housing and Urban Development
Award Number: E-21-MC-08-0005, E-20-MC-08-0005, E-20-MW-08-0005
Award Year: 2020, 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: The City department of HOST did not have effectively operating controls in place to ensure policies and procedures were followed with respect to suspension and debarment. During our testing of procurement and suspension and debarment, we noted two of the three procurements sampled did not have evidence to support operation of the control verifying whether a subrecipient/vendor was listed as a suspended or debarred entity on SAM.gov. HOST did have a compensating control in place pertaining to review of contracts to ensure suspension and debarment certifications were present.

Cause: The department's review control was not operating effectively to ensure suspension and debarment searches were being performed. No documentation was retained to support such review took place.

Effect or Potential Effect: The Department could have potentially entered into contracts with subrecipients or vendors who were included on the suspension and debarment listing at SAM.gov. In completion of our compliance testing, BDO noted that none of the subrecipients or vendors tested were on the excluded parties list.

Questioned Costs: None

Context: We tested a sample of three transactions totaling to $922,490 from a population of 13 transactions totaling to $7,710,136. The results of testing found two instances in which HOST did not document their search of SAM.gov to ensure the subrecipient or vendor was not suspended or debarred prior to awarding the contract. This is a condition identified per review

of the City's compliance with specified requirements using a sample that was not statistically valid.

Identification as a Repeat Finding: This is a repeat finding from the prior year. This was reported as finding 2021-011 in the 2021 report.

Recommendation: HOST should follow their documented internal control procedures to ensure the SAM.gov search is performed and documentation is retained to support compliance with internal policies and procedures related to suspension and debarment. A checklist or other tool should be developed to ensure this has been performed prior to contracting.

Views of Responsible Officials: The City agrees with the finding. This has been remediated going forward. For additional information, see the City's separate report for planned corrective actions.

2022-009 - MATCHING

ALN 14.231 – Emergency Solutions Grant Program
Department of Housing and Urban Development
Award Number: E-20-MC-08-0005
Award Year: 2020

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: HOST's form used to track matching provided by subrecipients did not have evidence to indicate (1) numbers per the match reports were reconciled to supporting documentation provided by the subrecipient and (2) sign off to evidence review. The form also did not have a record of the fiscal year ESG grant for which the matching contribution was being made.

Cause: Controls were not sufficiently designed to ensure information provided by the subrecipients was correct, and that matching requirements were met.

Effect or Potential Effect: Inadequate controls over review of the match reports could result in matching requirements not being fulfilled by subrecipients in accordance with 24 CFR 576.201.

Questioned Costs: None

Context: A sample of four match reports was selected from a population of six. For each match report selected, there was no evidence of review of the match form for accuracy. This is a condition identified per review of the City's compliance with specified requirements using a sample that was not statistically valid.

Identification as a Repeat Finding: This is a repeat finding from prior year. This was reported as finding 2021-009 in the 2021 report.

Recommendation: The current matching form should be improved to identify the Federal ESG fiscal year award. The form should also include evidence it was reviewed and approved by a designated individual within HOST.

Views of Responsible Officials: The City disagrees with the finding. The City has created an ESG match guide and reporting template and has provided training for subrecipients utilizing ESG funds. For additional information, see the City's separate report for planned corrective actions.

2022-010 – ACTIVITIES ALLOWED AND UNALLOWED, ALLOWABLE COSTS

ALN 93.778 – Medicaid Cluster
ALN 93.659 – Adoption Assistance Program
ALN 93.563 – Child Support Enforcement
ALN 93.558 – Temporary Assistance for Needy Families
ALN 93.658 – Foster Care Title IV-E
ALN 93.667 – Social Services Block Grant
ALN 10.551/10.561 – SNAP Cluster

Department of Health and Human Services
Department of Agriculture
Award Number: N/A
Award Year: 2022

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

Condition: One out of 25 timecards sampled did not have evidence of review by a supervisor.

Cause: Established internal controls over approval of allowable costs and activities for payroll costs were not followed to ensure that the employee timecard was approved by the employee's supervisor.

Effect or Potential Effect: Payroll expenditures charged to the program may be for time not actually devoted to the program. Expenditures charged to the program may be overstated.

Questioned Costs: None

Context: A sample of 25 timecards totaling to $63,813 was selected from a population of 230 timecards totaling to $535,727. BDO noted one instance where there was no evidence of supervisor approval on the employee timecard. This is a condition identified per review of the City's compliance with specified requirements using a sample that was not statistically valid.

Identification as a Repeat Finding: N/A

Recommendation: DHS should ensure that all timecards be subjected to review prior to payroll being processed. If supervisors are out of the office, designees should be assigned to review in their place.

Views of Responsible Officials: The City agrees with the finding. DHS will provide updated guidance to department employees who split their time between programs and those employees' supervisors. For additional information, see the City's separate report for planned corrective actions.

2022-011 – REPORTING

ALN 21.023 – Emergency Rental Assistance Program
Department of the Treasury
Award Number: ERAE0436; ERAE0437
Award Year: 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

ERA Reporting Guidance v 3.4 identifies monthly reports and quarterly reports required to be submitted for the Emergency Rental Assistance Program (ERAP). Key line items for these reports are outlined within the Compliance Supplement and include for monthly reports- (1) total number of participating households that received ERAP assistance of any kind; (2) total amount of ERAP funds expended by the ERAP grantee to or for participating households and for quarterly reports- (1) the cumulative amount obligated by the grantee and (2) the cumulative amount expended by the grantee. ERA Reporting Guidance v 3.4 defines an obligation as "…a commitment to pay a third party with ERA award proceeds based on a contract, subaward, direct payment, or other arrangement."

U.S Department of the Treasury Emergency Rental Assistance Under the Consolidated Appropriations Act, 2021 Reallocation Guidance (Reallocation Guidance), issued October 4, 2021, and updated September 6, 2022, states "Grantees are encouraged to partner with local nonprofit organizations and governmental agencies to expedite the obligation process and delivery of assistance to eligible households. However, grantees may not use subrecipient agreements with these entities to avoid meeting the statutory obligation deadline, and funds will not be considered obligated based solely on the fact they are subject to an agreement that provides for another entity to administer assistance on the grantee's behalf." The Reallocation Guidance further states Treasury will conduct a final assessment of each grantee's Expenditure Ratio based on data reported through March 31, 2022. At that time, any unobligated ERA1 funds may be determined to be excess funds.

Condition: During our testing of reporting, we noted for three of the eight reports, discrepancies between amounts included in the reports and relevant supporting documentation.

Cause: The Department's supervisory and review control was not operating effectively to ensure that all key line items reported in the monthly and quarterly reports were properly supported.

Effect or Potential Effect: Incorrect information, especially pertaining to the reporting of obligations, was reported to Treasury, which could have affected decisions pertaining to unobligated funds existing as of March 31, 2022.

Questioned Costs: None

Context: We tested a sample of eight reports from a population of 20. We identified exceptions in three of the reports tested. The exceptions by report are as follows:

- **ERA2 Quarter 3 Report**- Current quarter obligations in the amount of $4,492,359, which were key in determining cumulative obligations to date, were traced to supporting documentation. However, such amounts were different by $58,019.

- **ERA1 Quarter 1 Report**- (1) The cumulative amount of award obligated as of the end of the reporting period was stated at the full amount of the grant award ($21,884,992). This appeared to be overstated based on the Reallocation Guidance from Treasury. The exact amount of what cumulative obligations should have been was not determinable. HOST corrected the practice on future quarterly reports.

- **March 2022 ERA1 Monthly Report**- Data did not trace back to supporting schedules. Total rental payments to individuals were reported as $1,565,364 with 275 households. Supporting schedules showed $1,562,973 with 274 households.

This is a condition identified per review of the City's compliance with specified requirements using a sample that was not statistically valid.

Identification as a Repeat Finding: N/A

Recommendation: Documentation should be kept for all numbers on reports submitted and review of reports submitted should contain evidence that someone reviewed and traced key report line items to supporting documentation. Such evidence should be filed with each report (i.e., signed checklist of what was done prior to reports being submitted or e-mail approval).

Views of Responsible Officials: The City agrees with the finding. HOST will establish a reporting checklist and an e-mail approval with evidence of the review of documentation supporting the numbers being submitted in reports. For additional information, see the City's separate report for planned corrective actions.

2022-012 – PROCUREMENT AND SUSPENSION AND DEBARMENT

ALN 21.027 – Coronavirus State and Local Fiscal Recovery Funds
ALN 93.391 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Department of the Treasury (21.027)

Department of Health and Human Services (93.391)
Award Number: N/A (21.027) / ENVHL-202159027 (93.391)
Award Year: 2021 (93.391) / 2020 (21.027)

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a passthrough entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with a person at a lower tier, the non-Federal entity must verify that the person, as defined in 2 CFR section 180.985 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition: The City departments of DDPHE, and several departments (Library, Technology Services, DOTI, Human Rights and Community Partnerships, Arts and Venues, DDPHE, and HOST) administering the CSLFRF program did not have effectively operating controls in place to ensure policies and procedures were followed with respect to suspension and debarment, which included no evidence of a search of the vendor/subrecipient on SAM.gov and insufficient review of contracts to ensure inclusion of suspension and debarment language. Policies and procedures were found to not be followed with respect to suspension and debarment.

For ALN 93.391, all five of the procurements sampled did not have evidence to support operation of the controls described above and did not follow policies and procedures with respect to suspension and debarment (no evidence of a search of the vendor/subrecipient on SAM.gov **and** no inclusion of suspension and debarment language in contracts with vendors/subrecipients).

For ALN 21.027, eight of the procurements sampled did not have evidence to support operation of the control of review of contracts to ensure inclusion of suspension and debarment language. Out of these eight procurements, four did not follow policies and procedures with respect to suspension and debarment (no evidence of a search of the vendor/subrecipient on SAM.gov **and** no inclusion of suspension and debarment language in contracts with vendors/subrecipients).

Cause: The departments' controls were not adequately designed to ensure policies and procedures were followed with respect to suspension and debarment.

Effect or Potential Effect: The risk of departments/agencies potentially contracting with subrecipients or vendors who are included on the suspension and debarment listing on SAM.gov is increased. During performance of our compliance testing, BDO noted none of the subrecipients or vendors for which the City's policies and procedures were not complied with were listed as suspended or debarred parties per review of SAM.gov.

Questioned Costs: None

Context: For ALN 93.391, we tested a sample of five transactions totaling to $1,779,450 from a population of ten transactions totaling to $2,019,878. The results of testing disclosed all five transactions having exceptions in which DDPHE did not ensure certifications regarding suspension and debarment were included prior to awarding the contracts as required by 2 CFR 180.300. In addition, the results of testing found DDPHE did not follow their established internal control policies and procedures with respect to suspension and debarment for all five transactions. This is a condition identified per review of the City's compliance with specified requirements using a sample that was not statistically valid.

For ALN 21.027, we tested a sample of 12 transactions totaling to $8,290,348 from a population of 123 transactions totaling to $34,942,425. The results of testing found eight instances in which the various departments did not ensure certifications regarding suspension and debarment were included prior to awarding the contracts as required by 2 CFR 180.300. In addition, the results of testing found four instances totaling to $5,315,476 in which the departments did not follow their established internal control policies and procedures with respect to suspension and debarment. This is a condition identified per review of the City's compliance with specified requirements using a sample that was not statistically valid.

Identification as a Repeat Finding: N/A

Recommendation: The departments should follow their documented internal control procedures to ensure compliance with internal policies and procedures related to suspension and debarment. A checklist or other tool should be developed to ensure checks for suspension and debarment have been performed prior to contracting.

Views of Responsible Officials: The City agrees with the finding and will continue to make necessary improvements to ensure that controls are implemented and operating effectively. For additional information, see the City's separate report for planned corrective actions.

2022-013 – ACTIVITIES ALLOWED AND UNALLOWED, ALLOWABLE COSTS

ALN 21.023 – Emergency Rental Assistance Program
Department of the Treasury
Award Number: ERAE0437; ERAE0436
Award Year: 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

Condition: During our testing of payroll disbursements, we noted one of the six disbursements tested did not have evidence of supervisor approvals.

Cause: HOST's policies and procedures for manually reviewing and approving payroll disbursements outside of the Kronos timekeeping system were not appropriately adhered to.

Effect or Potential Effect: Payroll expenditures charged to the program may be for time not actually devoted to the program. Expenditures charged to the program may be overstated.

Questioned Costs: None

Context: BDO tested a sample of six timecards totaling to $20,008 from a population of 23 timecards totaling to $92,643 and found one exception noted in the condition. This is a condition identified per review of the City's compliance with specified requirements using a sample that was not statistically valid.

Identification as a Repeat Finding: N/A

Recommendation: HOST should ensure that all timecards for individuals charging time and effort to the program be subjected to review prior to payroll being processed. If supervisors are out of the office, designees should be assigned to review in their place.

Views of Responsible Officials: The City agrees with the finding. The finding was for a transaction during a time the Kronos system was down. The City has now transitioned to tracking time and effort in Workday that requires supervisor review and approval. For more information, see the City's separate report for planned corrective actions.

2022-014 – REPORTING

ALN 14.241 – Housing Opportunities for Persons with AIDS
Department of Housing and Urban Development
Award Number: COH20-FHW001; COH21-F001; COH20-F001
Award Year: 2020; 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

Condition: There was no evidence available to document that someone was reviewing Federal Funding and Accountability Transparency Act (FFATA) reports prior to submission. During our testing of such reports, three exceptions were noted in which there was no evidence of review of the report prior to submission.

Cause: Policies and procedures were not sufficiently designed to ensure reviews of FFATA reports submitted were documented.

Effect or Potential Effect: If there is not a formalized and documented review process, incorrect information could be submitted to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Questioned Costs: None

Context: All three FFATA reports required for 2022 were tested. None of the three submitted reports had evidence to support review prior to submission.

Identification as a Repeat Finding: N/A

Recommendation: HOST should implement procedures to ensure submissions of FFATA reports are reviewed. This should be documented via e-mail or initials on the reports submitted. Another suggestion could be a checklist filled out evidencing what was reviewed and by whom.

Views of Responsible Officials: The City agrees with the finding and will implement procedures to effectively review its FFATA reports submitted through FSRS. For more information, see the City's separate report for planned corrective actions.

2022-015 – ACTIVITIES ALLOWED AND UNALLOWED, ALLOWABLE COSTS

ALN 93.778 – Medicaid Cluster
ALN 93.659 – Adoption Assistance Program
ALN 93.563 – Child Support Enforcement
ALN 93.558 – Temporary Assistance for Needy Families
ALN 93.658 – Foster Care Title IV-E
ALN 93.090 – Guardianship Assistance (Non-major)
ALN 10.551/10.561 – SNAP Cluster
Department of Health and Human Services
Department of Agriculture
Award Number: N/A
Award Year: 2022

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

Per Appendix V to 2 CFR 200, State/Local Governmentwide Central Service Cost Allocation Plans, paragraph D.2., Each major local government is also required to submit a plan to its cognizant agency for indirect costs annually. Paragraph B. of this Appendix defines major local government as a local government that receives more than $100 million in direct Federal awards.

Condition: The City did not submit its central service cost allocation plan (CAP) used to claim central service costs for its various programs funded by the Department of Agriculture and Health and Human Services, passed through the State of Colorado Department of Human

Services and Department of Health Care Policy and Financing to the City's Federal cognizant agency for approval as required by the Uniform Guidance.

Cause: The City was unaware of the Uniform Guidance requirement, and there were therefore no controls in place to ensure compliance.

Effect or Potential Effect: The City is not in compliance with submission requirements outlined in Appendix V to 2 CFR 200 – *State / Local Governmentwide Central Service Cost Allocation Plans*.

Questioned Costs: Questioned costs are not determinable, as we are unable to determine if the CAP would have been approved by the Federal cognizant agency.

Context: The CAP was not submitted to the Department of Transportation, the Federal cognizant agency for the City.

Identification as a Repeat Finding: This is a repeat finding from prior year. This was reported as finding 2021-016 in the 2021 report.

Recommendation: The City should submit their central services cost allocation plan to the cognizant agency for indirect costs, which is defined as the Federal agency with the largest dollar value of Federal awards with a governmental unit. The City should establish written procedures concerning its central service cost allocation plan and document the Federal cognizant agency for indirect costs as well as whether it qualifies as a major local government.

Views of Responsible Officials: The City agrees with the finding and the plan based on 2021 actual costs was submitted to the Federal cognizant agency on 6/16/2023. For additional information, see the City's separate report for planned corrective actions.

2022-016 – PROGRAM INCOME

ALN 14.239 – Home Investment Partnerships Program
Department of Housing and Urban Development
Award Number: M22-MC080204
Award Year: 2022

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

24 CFR Section 92.502(a) states that the participating jurisdiction must report all program income in HUD's computerized disbursement and information system. 24 CFR Section 92.508(a) states each participating jurisdiction must establish and maintain sufficient records to enable HUD to determine whether the jurisdiction has met the requirements of this part. At a minimum, the following records are needed: (5)(iii) Records identifying the source and application of program income, repayments and recaptured funds; (5)(iv) Records

demonstrating adequate budget control and other records required by 2 CFR 200.302, including evidence of periodic account reconciliations.

Condition: Program income per the financial reporting system of the City and receipted within HUD's Integrated Disbursement and Information System (IDIS), did not match actual program income earned by the program for the year ended December 31, 2022. Testing of the annual reconciliation of program income revealed program income was overstated by $48,500 within IDIS.

Cause: Policies and procedures were not sufficiently designed to ensure accurate review of program income transactions. Reconciliations performed did not catch this difference, which also contributed to the condition.

Effect or Potential Effect: Program income was incorrectly receipted within IDIS in the amount of $48,500.

Questioned Costs: None

Context: BDO tested the annual reconciliation of program income. Total program income reported per the general ledger and within IDIS was $1,165,923. Program income reported per the reconciliation of program income was $1,117,423. The error of $48,500 pertained to program income for ALN 14.256 being improperly credited to program income for ALN 14.239 in the general ledger.

Identification as a Repeat Finding: N/A

Recommendation: Controls over review of program income transactions should be improved to ensure transactions are adequately reviewed prior to posting within the general ledger. In addition, compensating controls such as the reconciliation of program income per the City's loan portfolio software and the general ledger should be strengthened to act as a secondary catch to ensure correct amounts of program income are reported and receipted into IDIS.

Views of Responsible Officials: The City agrees with the finding and will implement a reconciliation process of reconciling each fund with each revenue category quarterly. For additional information, please see the City's separate report for planned corrective action.

2022-017 – ALLOWABLE COSTS

ALN 93.914 – HIV Emergency Relief Project Grants
Department of Health and Human Services
Award Number: H89HA00027-28-00, H89HA00027-28-01
Award Year: 2021

Criteria or Specific Requirement: The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statues, regulations, and the terms and conditions of the Federal award.

Per 2 CFR § 200.430 (i), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must (the following is not a comprehensive list of requirements):

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- Be incorporated into the official records of the non-Federal entity.
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities.
- Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis but may include the use of subsidiary records as defined in the non-Federal entity's written policy.
- Comply with the established accounting policies and practices of the non-Federal entity.
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition: The City did not have records to adequately support payroll costs of the DDPHE Department Director allocated to the program.

Cause: The City does not require employees working on multiple programs to certify their time and effort spent on each program. Time charged for the Director was based on a flat rate percentage of 25%; there was no support for the percentage used.

Effect or Potential Effect: Payroll expenditures charged to the grant may be in excess of actual time and effort devoted to the program.

Questioned Costs: The total amount of payroll charged to the program for the DDPHE Department Director of $26,816 (25% of the Director's annual salary).

Context: During follow-up on a prior year finding (2021-015), BDO noted the City had not yet implemented corrective action with respect to how time and effort should be recorded and had not performed periodic reviews to true-up time to the actual time and effort spent on the grant. For the year ended December 31, 2022, a portion of the Director's salary in the amount of $26,816 was charged to the grant without documentation of time and effort.

Identification as a Repeat Finding: This is a repeat finding from prior year. This was reported as finding 2021-015 in the 2021 report.

Recommendation: The Department should implement policies and procedures pertaining to employees not 100% funded by grant programs. These policies and procedures should outline how time and effort should be recorded and provide for periodic reviews to true-up time to the actual time and effort spent on the grant.

Views of Responsible Officials: The City agrees with the finding and has implemented a process requiring review and approval of personnel costs that are allocated to the grant at less

than 100%. For additional information, see the City's separate report for planned corrective action.

2022-018 – REPORTING

All Major Programs(Please see list of major programs on page 26 of the Schedule of Findings and Questioned Costs.)
Department of Agriculture
Department of Housing and Urban Development
Department of Labor
Department of Transportation
Department of the Treasury
Department of Health and Human Services

Criteria or Specific Requirement: In accordance with 2 CFR Section 200.512(a), the audit must be completed, and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period, adjusted for any extensions permitted by the Office of Management and Budget.

Condition: The reporting package and data collection form for the year ended December 31, 2021, was not filed by the deadline of September 30, 2022, to the Federal Audit Clearinghouse.

Cause: Although the Schedule and notes thereto were prepared accurately and timely, the volume of programs and coordination amongst several agencies caused the City to untimely submit the reporting package and data collection form to the Federal Audit Clearinghouse.

Effect or Potential Effect: The reporting package and data collection form for the year ended December 31, 2021, was not accessible to the Federal Audit Clearinghouse in a timely manner.

Questioned Costs: None

Context: The reporting package and data collection form for the year ended December 31, 2021 was filed late to the Federal Audit Clearinghouse.

Identification as a Repeat Finding: N/A

Recommendation: We recommend the City adopt policies and procedures, including tracking and monitoring of reporting requirements, to ensure that the audit, reporting package, and data collection form are electronically filed with the Federal Audit Clearinghouse within the applicable deadline.

Views of Responsible Officials: The City agrees with the finding and is submitting the reporting package and data collection form for the year ended December 31, 2022 by the required deadline. For additional information, see the City's separate report for planned corrective action.

City and County of Denver

Corrective Action Plan

Year Ended December 31, 2022

2022-001 Finding: Change Management and Administrative Access (Repeat Finding)

Status: Corrective action in progress

Corrective Action: Technology Services (TS) will conduct annual access reviews utilizing the TS Access Review Standard. Annual access reviews will include appropriateness of access ensuring inactive accounts are disabled, segregation of duties, and review of administrative accounts to prevent unauthorized changes and mitigate access issues identified.

Person(s) Responsible for Implementing: Technology Services – Jim Balogh

Implementation Date: 02/29/2024

2022-002 Finding: Provisioning/Deprovisioning Access and User Access Review (Repeat Finding)

Status: Corrective action in progress

Corrective Action: The Technology Services Identify and Access Management Team will create account provisioning/deprovisioning standards in alignment with the TS Role Based Access Controls Initiatives. As mentioned in the response for audit finding 2022-001 access reviews will be conducted utilizing the TS Access Review Standard to review appropriateness of access, segregation of duties, and administrative account access.

Person(s) Responsible for Implementing: Technology Services – Jim Balogh

Implementation Date: 02/29/2024

2022-003 Finding: Password Settings

Status: Corrective action in progress

Corrective Action: The Technology Services Information Security Team will work with application administrators to improve password security for the identified applications.

Person(s) Responsible for Implementing: Technology Services – Jim Balogh

Implementation Date: 02/29/2024

2022-004 Finding: Control Documentation and Records Properly Managed and Maintained (Repeat Finding)

Status: Corrective action in progress and in some cases complete

Corrective Action: Bank reconciliation review was caught up and have been reviewed timely since October 2021.

Due to staffing challenges this reconciliation was not performed timely but was caught up at year-end. We continue to face challenges with this account in 2023 but we are currently training a new staff on the reconciliation, and we will continue to work on improving the process.

The Cash and Capital Funding group has updated their user access review process in 2023. We believe this process will remediate the control deficiency going forward.

Meetings have been occurring regarding the need for better grant reconciliations and will continue throughout 2023 to determine best practices.

Treasury has a plan in place to create a Daily Balancing reconciliation review in 2023.

Person(s) Responsible for Implementing: Accounting and Financial Reporting, Cash and Capital Funding, and Treasury

Implementation Date: Throughout 2023

2022-005 Finding: Special Tests and Provisions – Obligation, Expenditure and Payment Requirements - ALN 14.231 – Emergency Solutions Grant Program / Department of Housing and Urban Development / Award Number: E-21-MC-08-0005 / Award Year: 2021

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. However, based on when the finding was identified, there was insufficient time to address the finding prior to December 31, 2022. To remediate prior finding 2021-010, HOST updated the agency's Grant Administrator Policies & Procedures, and our Contract & Performance Management Policies that now include language to ensure obligation of funding within the required deadlines. These policies were modified complete in June 2022 and July 2023. HOST's current Notice of Funding Availability (NOFA) cycle for ESG funding will apply to subrecipient programs awarded beginning 01/01/2024, with anticipated contract executions in Q4 2023. Copies of both policies were provided to BDO on August 16, 2023, in response to the finding. This matter has been remediated, however, per the assessment this issue is a carryover into 2022 sub-awards based on the contract timeframes.

Person(s) Responsible for Implementing: HOST Operations Division Directors

Implementation Date: July 2023

2022-006 Finding: Special Tests and Provisions – Obligation, Expenditure and Payment Requirements - ALN 14.231 – Emergency Solutions Grant Program / Department of Housing and Urban Development / Award Number: E-21-MC-08-0005, E-20-MC-08-0005/E-20-MW-08-0005 / Award Years: 2020, 2021

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. HOST makes every effort to comply with not only federal requirements but also City Charter requirements for timely payment. Occasionally there are exceptional circumstances where there is a need to update the City financial system Workday, for budget modifications or the like that could result in a delay of payment. In an effort to determine these items ahead of time we've updated our internal policies to require finance budget review prior to contract execution.

Likewise, HOST is engaged in an application upgrade with Salesforce which is in the final User Acceptance Testing (UAT) phase to incorporate changes that now include status tracking for vendor invoice submissions and reimbursement payments. This will support a more comprehensive and accurate accounting of any legitimate postponed payments due to waiting on more required information from vendors, budget modifications, contract amendments, etc.

Person(s) Responsible for Implementing: HOST Operations Division Directors

Implementation Date: Q1-2024

2022-007 Finding: Subrecipient Monitoring - ALN 93.391 – Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises / Department of Health and Human Services / Award Number: ENVHL-202159027 / Award Year: 2021

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. DDPHE will consult with the City's Federal Grants Manager, other agencies that typically have subrecipients for federal awards, and the City Attorney's Office to review the current standard contract provisions to ensure they cover all required provisions and will modify those provisions accordingly.

Person(s) Responsible for Implementing: DDPHE – Paige Cheney

Implementation Date: October 2023

2022-008 Finding: Procurement, Suspension and Debarment – ALN 14.231 – Emergency Solutions Grant Program / Department of Housing and Urban Development / Award Number: E-21-MC-08-005, E-20-MC-08-0005/E-20-MW-08-0005 / Award Years: 2020, 2021

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. However, based on when the finding was identified, there was insufficient time to address the finding prior to December 31, 2022.To remediate prior finding 2021-011, HOST updated the agency's Contract & Performance Management Policies under Section VII. Procedure Process Map, Step 1 to include the requirement to verify Suspension and Debarment for all subgrantees utilizing federal funding. This policy was modified and completed in July 2023, and a copy of this was provided to BDO on August 16, 2023, in response to the finding. Per the assessment this issue is a carryover into 2022 sub-awards based on the contract timeframes.

Person(s) Responsible for Implementing: HOST – Jon Luper

Implementation Date: July 2023

2022-009 Finding: Matching - ALN 14.231 – Emergency Solutions Grant Program / Department of Housing and Urban Development / Award Number: E-20-MC-08-0005 / Award Year: 2020

Status: Corrective action complete

Corrective Action: The City disagrees with the finding. To remediate prior finding 2021-009, HOST and HUD Technical Assistance provider, HomeBase, created an ESG Match Guide and Reporting template and training for sub-grantees utilizing ESG funds that incorporate regulations contained within 24 CFR 576.201. HomeBase and HOST conducted a match training on July 22, 2022 with subrecipients that received funding under E-20-MC-08-0005. Documentation of the July 2022 training and copies of the ESG Match Guide were provided to BDO on August 25, 2023 as requested.

The ESG Match Guide outlines the ESG Match Documentation and Timing Requirements for Cash and In-Kind Match (this includes non-cash, i.e., Property, Goods, and Equipment). HOST is executing Commitment Letters and/or Memorandums of Understanding (MOU) as required prior to executing grant contracts with subrecipients.

Commitment Letters for cash match must contain:

- Amount of cash to be provided to the recipient for the project
- Specific date the cash will be made available
- The actual grant and fiscal year to which the cash match will be contributed
- Time period during which funding will be available
- Allowable activities to be funded by the cash match

MOU's for in-kind match must contain:

1. Value of donated goods to be provided to the recipient for the project
2. Specific date the goods will be made available
3. The actual grant and fiscal year to which the match will be contributed
4. Time period during which the donation will be available
5. Allowable activities to be provided by the donation
6. Value of commitments of land, buildings, and equipment – the value of these items is one-time only and cannot be claimed by more than one project or by the same project in another year

The ESG Match Report includes pertinent project information (i.e., project, HOST contract number, grant amount, the project term date, match required for the grant, match being reported and reported to date (prior cumulative).

The cash match documentation required with each report submission is:

- Documentation of cash source
- Expenditure documentation that demonstrates:
    - Timing of expenditure
    - Shows that expenses were incurred for eligible activities

This may include general ledger and other similar documentation.

The in-kind match documentation required with each report submission is:

- Documentation of contribution (including time and description)
- Documentation of the valuation of the contribution
- Documentation that contribution supported eligible activities
- Documentation of service hours provided (this should be a detailed record that shows dates, hours, activities, etc.)

This may include copies of employee timesheets/paychecks and other similar documentation.

The report must be certified via signature with the authorized signatory. The documentation and certification requirements contained in HOST's ESG Match Guide and ESG Match Report meet all requirements necessary including those outlined in CPD Monitoring Exhibits 28-7 (Guide for Review of ESG Match Requirements), and as applicable 28-8 (Guide for Review of ESG Financial Management and Cost Allowability), 34-1 (Guide for Review of Financial Management and Audits), and 34-2 (Guide for Review of Cost Allowability).

Likewise, match requirements are reflected in HOST contractual agreements as standard language. The agreement language outlines match report submissions, and documentation and records maintenance requirements. Program Officers in HOST's Division of Housing Stability and Homelessness Resolution (HSHR) now ensures that contractor's submit match reports with supporting documentation and certifications as outlined in the executed agreements and per the policy guide.

Person(s) Responsible for Implementing: HOST - Housing Stability and Homelessness Resolution Division Directors

Implementation Date: Complete

2022-010 Finding: Activities Allowed and Unallowed, Allowable Costs - / ALN 93.778 – Medicaid Cluster, ALN 93.659 – Adoption Assistance Program, ALN 93.563 – Child Support Enforcement, ALN 93.558 – Temporary Assistance for Needy Families, ALN 93.658 – Foster Care Title IV-E, ALN 93.667 – Social Services Block Grant, ALN 10.551/10.561 – Supplemental Nutrition Assistance Program (SNAP) Cluster / Department of Health and Human Services and Department of Agriculture / Award Number: N/A / Award Year: 2022

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. The City and County of Denver is in the process of switching from Kronos to Workday to track employee time and attendance. As part of this change, DHS will provide updated guidance to department employees who split their time between programs and those employees' supervisors, including reminding them of the requirement that timecards be approved by supervisors each pay period. DHS will conduct internal audits to verify compliance with this requirement.

Person(s) Responsible for Implementing: DHS – Robert Baker

Implementation Date: October 31, 2023

2022-011 Finding: Reporting - ALN 21.023 – Emergency Rental Assistance Program / Department of the Treasury / Award Number: ERAE0436, ERAE0437/Award Year: 2021

Status: Corrective action in progress

Corrective Action: The City agrees with the finding and has established a reporting checklist. The checklist includes saving supporting documentation for all numbers submitted on reports, a final supervisor review of supporting documentation and report numbers, and an email approval with evidence of the review of documentation supporting the numbers being submitted in reports.

Likewise, the Grant Administrator Policies & Procedures outlines the internal controls outlined in 2 CFR Section 200.303 that supports a continuous built-in component of operations and a system of fiscal reviews.

Grant Administrator Policies & Procedures, Reporting Purpose Statement: Grants awarded to HOST may require that progress, programmatic and financial reports be submitted to the grantor. Accurate and timely reporting is critical to maintaining a good relationship with the grantor. Late or inaccurate reports may negatively impact current or future funding.

Grant Reporting Policy:

- HOST will prepare timely and accurate financial or programmatic reports as required by grantor.
- The Financial Services Unit shall submit all financial reports, grant budget adjustments, and reimbursement requests to the grantor.
- All copies of submitted reports will be maintained in a master file.
- For internal control purposes, all reports shall be prepared by the appropriate staff, then submitted for approval after review from a manager or supervisor for content, accuracy, and revise as appropriate.
- Copies of all financial status and final reports prepared for submission to the grantor shall be provided, along with the associated grant name and year to the Office of Grant Administration at the time of submission to the grantor.

Person(s) Responsible for Implementing: HOST - Housing Stability and Homelessness Resolution Division Directors

Implementation Date: August 31, 2023

2022-012 Finding: Procurement and Suspension and Debarment - ALN 21.027 - Coronavirus State and Local Fiscal Recovery Funds / Department of the Treasury / Award Number: N/A / Award Year: 2020

ALN 93.391 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises / Department of Health and Human Services / Award Number: ENVHL-202159027 / Award Year: 2021

Status: Corrective action in progress

Corrective Action: 21.027 - The City agrees with the finding and will continue to make the necessary improvements to ensure that all vendors are appropriately verified on SAM.gov and documented in our system of record. The City will also continue to provides periodic training to ensure that the agencies are aware of all grant administration standards required by the City.

93.391 - DDPHE completed SAM.gov searches initially for the vendors however did not document the search. SAM.gov verification been documented in prior audits and as of January 1, 2023 we have implemented this step into our policies and procedures moving forward.

Person(s) Responsible for Implementing: 21.027 DOF – Dan Fetcher, 93.391 DDPHE - Paige Cheney

Implementation Date: 21.027 - August 2023, 93.391 - August 2023

2022-013 Finding: Activities Allowed and Unallowed, Allowable Costs - ALN 21.023 – Emergency Rental Assistance Program / Department of the Treasury / Award Number: ERAE0437; ERAE0436 / Award Year: 2021

Status: Corrective action complete

Corrective Action: The City agrees with the finding and have implemented procedures ensure that all timecards for individuals charging time and effort to the program be subjected to review prior to payroll being processed..

Due to mitigating circumstances beyond HOST's control, the City was not able to utilize the electronic timekeeping system due to a global Kronos ransomware attack. During the outage the City was limited to a web-based timesheet that unfortunately did not ensure supervisor approval. The City was eventually able to begin the process of restoring Kronos in June/July 2022. We have now transitioned to tracking time and effort in Workday beginning August 1, 2023 that requires allocations for employees charging to grants, and supervisor review and approval.

Person(s) Responsible for Implementing: HOST – Melissa Thate

Implementation Date: Complete

2022-014 Finding: Reporting - ALN 14.241 – Housing Opportunities for Persons with AIDS / Department of Housing and Urban Development / Award Number: COH20-FHW001; COH21-F001; COH20-F001 / Award Year: 2020; 2021

Status: Corrective action in progress

Corrective Action: The City agrees with the finding, and we have implemented procedures to ensure submissions of FFATA reports are reviewed.

Due to mitigating circumstances beyond HOST's control, the issuance of a federal Unique Entity Identifier (UEI) was significantly delayed. HOST was able to obtain its Unique Entity Identifier (UEI) on September 14, 2022. Reports are current through FY2022, and proof of the submissions were provided to BDO on July 29, 2023 in response to this finding. This matter has been remediated going forward, however, per the assessment, this issue is a carryover into 2022 sub-awards based on the contract timeframes.

Person(s) Responsible for Implementing: HOST Operations Division Directors

Implementation Date: July 2023

2022-015 Finding: Activities Allowed or Unallowed, Allowable Costs - ALN 93.778 – Medicaid Cluster / ALN 93.659 – Adoption Assistance Program / ALN 93.563 – Child Support Enforcement / ALN 93.090 – Guardianship Assistance (Non-Major) / ALN 93.658 – Foster Care Title IV-E / ALN 10.551/10.561 – Supplemental Nutrition Assistance Program (SNAP Cluster) / Department of Health and Human Services and Department of Agriculture / Award Number: N/A / Award Year: 2022

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. After a lot of back and forth and research we have determined that the City's Central Services Cost Allocation Plan should be submitted to the FAA. This was submitted to the Airport for submission to the FAA on June 16, 2023. We have been unable to obtain acknowledgement of receipt. The FY22 City's Central Services Cost Allocation Plan was submitted to the FAA on September 1, 2023.

Person(s) Responsible for Implementing: Jessica Chandler, Rachel Bardin - Department of Finance

Implementation Date: September 2023

2022-016 Finding: Program Income - ALN 14.239 – Home Investment Partnerships Program / Department of Housing and Urban Development / Award Number: M22-MC080204 / Award Year: 2022

Status: Corrective action in progress

Corrective Action: The City agrees with the finding as this was a simple oversight for the finance team due to the extreme staff shortages we've encountered over the last year. HOST has a process of reviewing and approving program income in Workday and associated grantor entries. We are filling vacancies to support the general ledger transactions and currently onboarding a new staff accountant to support this effort.

Del Norte Loan # 34-36-01 had cash flow in 2021, and a subsequent payment due in 2022. An interest payment of $48,500 was completed credited correctly. The interest was booked in the General Ledger (GL) under HOME/GR2437 instead of NSP2/GR98, causing the NR to be inaccurately overstated in HOME/GR2437 and understated NSP2/GR98. This has been remediated going forward by practicing a process of reconciling each fund with each revenue category.

Person(s) Responsible for Implementing: HOST – Ami Webb

Implementation Date: August 2023

2022-017 Finding: - ALN 93.914 – HIV Emergency Relief Project Grants (Non-Major) / Department of Health and Human Services / Award Number: H89HA00027-28-00, H89HA00027-28-01/ Award Year: 2021

Status: Corrective action in progress

Corrective Action: The City agrees with the finding. The review of personnel costs that are not 100% allocated to the grant will be reviewed annually as a part of the annual budget planning process. Allocation decisions will be documented and attached to budget planning documents.

Person(s) Responsible for Implementing: DDPHE –Tristan Sanders, Robert George

Implementation Date: October 2023

2022-018 Finding: - All Major Programs

Status: Corrective action in progress

Corrective Action: The number of major programs, numerous COVID-funded grants, along with the hiring of a new auditor, resulted in the late filing. The City is aware of the submission deadlines and will be filing its data collection form for the year ended December 31, 2022 by the required deadline. The City and its external auditors are in the process of detailing a plan to complete the next year's audit by an earlier date, which will also result in a timely submission.

Person(s) Responsible for Implementing: Jessica Chandler – Department of Finance

Implementation Date: September 2023

CONTROLLER'S OFFICE
DENVER DEPARTMENT OF FINANCE

City and County of Denver

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2021

2021-001 **Finding:** Major Fund Determination - During our review of Management's major fund determination and analysis, we noted the Bond Projects Fund met the 10% and 5% criteria, as documented above, but was not identified as a major fund.

Status: Corrective action complete. For the Major Fund determination, we followed the same process that we had used in the past. After discussion with BDO, as well as more research on our part, we learned that our interpretation of the GASB was incorrect. The change was made within the ACFR as well as our workpapers during fieldwork. All funds were properly reported for 2021 and 2022.

2021-002 **Finding:** Financial Information Preparation - In preparing the annual report, the City had difficulties agreeing amounts included within the footnotes to statements which were not remedied through the City's quality control review process, resulting in a significant number of changes proposed by BDO. Additionally, the City provided several post-closing adjusting journal entries subsequent to providing the final trial balance to BDO. Finally, there were certain errors identified in the SEFA, which were not identified by management.

Status: Corrective action complete - This finding was remediated for the 2022 ACFR. The Controller's Office leveraged the changes outlined below to improve the timeliness and accuracy of the financial reporting process. The Controller's Office implemented Gravity (financial reporting tool) in 2020 to produce the ACFR and in 2021 and 2022 identified ways to use the full capabilities of Gravity. We will continue with this effort for 2023. We have created efficiencies by adding workbooks (audit workpapers) into Gravity. This will ensure that figures in the footnotes match the financial statements coming from the general ledger. Gravity will also make it more efficient for the city to review the general ledger for accuracy during the current year. This will improve the ability of the city to reduce post-closing adjusting journal entries. We will continue with these efforts going forward.

2021-003 **Finding:** Components of Internal Control - In connection with our planning of the audit, we requested a copy of the City's Risk Assessment documentation and were informed that the City does not produce a formal document supporting the City's risk assessment conclusions.

During the audit we requested internal control documentation and were provided with documentation that was not accurate (Grant Revenue), and in some cases there were accounts/processes where there was no documentation (Processes - Pension, OPEB, Financial Reporting, Entity Level – Accounts -Contributed Assets). In most processes, the internal controls documented did not describe the management review controls in enough detail, how the reviewer validated the information being reviewed, how the information was determined to be complete and/or accurate or how the evidence of review was documented and retained. We also note there does not always appear to be backup personnel identified for the controls.

Also, during the control walk throughs performed and throughout the audit we noted instances when the City's team members were new to the process and were not able to fully explain the process and/or controls.

Status: Corrective action complete - For 2022, we focused on the below internal control documentation as well as cross training efforts. We also put more of a focus on improving Year-End Training for agencies. In 2023, we plan on increasing our department and agency outreach and from there take steps to improve and adjust where needed. We are also looking at our department to see what we need to ensure we are correctly staffed and organized. Regarding internal control documentation, we have created/updated Control Narratives as well as created Control Workbooks. Regarding succession planning, we have continued with cross training efforts as well as ensuring that procedural documentation exists and plan to continue this effort. As part of our internal control documentation, we ensured that we document the primary person and back-up responsible for all critical processes.

We also plan to expand our controls by reviewing fund account fluctuations, which will help us identify expected variances and/or possible errors. The Budget and Management Office (BMO) is doing the following: Beginning in the 3rd quarter (sometimes earlier) and throughout the 4th quarter (and during the close-out period for the prior year) BMO analysts perform year-end projections (using budget to actuals reports) for every agency in the General Fund and for appropriated GF payments and transfers. With each round of projections, analysts input the results into a citywide tracking sheet that is reviewed and monitored by the BMO Managers, including the Budget Director, who reports this information to the CFO. We expect agencies' finance staff to also monitor their budget, including conducting year-end projections. BMO analysts meet with their agencies throughout the year to discuss and compare projections, including identifying risks & trends that indicate whether an agency is likely to meet or exceed budget. If the latter, we discuss the circumstances driving the excess spending as well as mitigation strategies and/or the need for supplemental appropriation. Please note that while the process described above generally starts in the 2nd half of the year, BMO staff review and monitor budget to actuals in the first half of the year, as needed, such as when agencies ask for additional resources or make us aware of circumstances beyond their control resulting in unanticipated spending. In addition to GF appropriations, BMO staff also perform year-end projections and/or reconcile cash to budget for other funds', or they check-in with the agencies who have those other funds and who do robust projections.

2021-004 **Finding:** Review of System and Organizational Controls (SOC) Reports - During our walk throughs of certain processes, we noted there is currently no evidence for the review of all SOC reports including the review of the Complementary User Entity Considerations (CUEC) and the evaluation of exceptions, if any, and a mapping of the City's controls to the CUEC.

Status: Corrective action complete - Technology Services have been busy creating standardized vendor assessment and annual review processes, including review of SOC reports. The Controller's Office reviewed and documented that review for all SOC reports that were available.

2021-005 **Finding:** Service Organization Does Not Have a SOC Report - During our walk throughs it was noted that there were outside service providers who do not have a SOC report to support the vendor's procedures and internal controls necessary to assess the accuracy of the information being used to record financial transactions. The SOC report would also include the CUEC required to be assessed by the city to validate they have the appropriate controls in place. The specific vendors that do not have SOC reports are CityBase, ActiveNet, IASWorld, Gravity, Questica, the independent actuaries (one has a SOC report), BLX (swap values).

Status: Corrective action complete - Technology Services have been busy creating standardized vendor assessment and annual review processes, including review of SOC reports. For any SOC report that was not available the Controller's Office documented alternative procedures. We will continue to push these vendors to obtain a SOC report.

2021-006 **Finding:** Control Documentation and Records Property Managed and Maintained - During our walk through of the processes and/or through review of support it was noted in some instances reconciliations were not reviewed timely, not performed timely, no evidence that the data used in the control was validated for completeness and accuracy, and/or there is no evidence of review. For example:

- Some bank reconciliations were not reviewed timely.
- User access review for bank accounts was not identified as a control and documentation to support the review was not maintained.
- In the grant revenue process, there was no evidence of the Grant Rollforward Report being reviewed.
- Sales tax reconciliations were not always performed timely.
- For the Sales Tax Accrual there was no evidence of the data cube being re-ran to validate completeness and accuracy by the reviewer.
- The Asset List used for the inventory counts was not reviewed for completeness and accuracy.
- Investment reconciliations were not always performed timely, and the support was not always maintained.
- Kronos and Workday reports (used to review the completeness and accuracy of payroll prior to processing) did not maintain evidence of review by an independent person.
- For the search for unrecorded liabilities, we noted the following:
    - Weekly AP accrual search there was no evidence of review maintained.
    - Annual Search for unrecorded liabilities there was no evidence of review maintained.
    - Year-end questionnaire there was no evidence of review maintained.
    - There was no evidence of the procedures performed in the search for unrecorded liabilities to ensure completeness and accuracy of the data.
- For the property tax process, we noted the following:
    - There was no evidence of an independent review of the District and Levies spreadsheet (TX310) to validate the completeness and accuracy of the district levies.
    - There was no evidence of the Daily Balancing reconciliation (iasWorld to bank) being reviewed by someone independent of the preparer.
    - There was only a sign off on the Property Tax Prepayment and Property Tax Refund Suspense Reconciliations to evidence the review, support was not maintained nor was there evidence of what the reviewer reviewed, as well as no evidence the reviewer validated the completeness and accuracy of the data used in the reconciliations.
    - Property Tax Receivable Reconciliation did not include evidence of the support being reviewed for completeness and accuracy.
    - The reviewer's evidence to validate the completeness and accuracy of the data used to prepare the Property Tax journal entries was not maintained.

Status: Corrective action in progress and in some cases complete – Please see current year finding at 2022-004 for more details on the ones in progress.

In Progress - Bank reconciliation review was caught up and have been reviewed timely since October 2021. Due to staffing challenges the ECS reconciliation was not performed timely but was caught up at year-end. We continue to face challenges with this account in 2023 but we are currently training a new staff on the reconciliation, and we will continue to work on improving the process.

In progress - Per Cash and Capital Funding they agree that an externally documented control and log for online bank account access is appropriate. As of August 2022, they have implemented a quarterly Online Banking Platform User Access Procedure and an Online Banking Access Review Log. The Cash and Capital Funding group has updated their user access review process in 2023. We believe this process will remediate the control deficiency going forward.

In Progress - Meetings have been occurring regarding the need for better grant reconciliations and will continue throughout 2023 to determine best practices.

Completed - The December 2021 sales tax reconciliation that was selected and reviewed was appropriately not reviewed and approved until March 2022 when 2021 was closed. Documentation of the process on end of period reviews prior to final close will be maintained.

Complete - The data that was ran and the entry that was recorded for the Sales Tax Accrual was accurate. A review process was established in 2022 that includes documentation of how the completeness and accuracy of the data is reviewed.

Completed - When producing the asset list for inventory counts, a report is ran wide open to ensure nothing is missed. A macro is used to separate the data into individual reports. Spot checking multiple reports occurs to ensure each is complete. It is ensured that each report that is expected was produced. Going forward evidence of this review will be maintained.

Completed - Investment reconciliations have been performed timely and the support has been maintained since January of 2022.

Completed - Kronos and Workday reports in conjunction with the approval of payroll were reviewed and approval was completed throughout 2021. Evidence of that review and approval has been maintained.

In progress - Regarding the weekly AP accrual, the search for unrecorded liabilities, and the Year-End Questionnaire a review/approval was completed. Evidence of that review will be maintained. For the Year-End Questionnaire we will maintain evidence of review during the 2023 audit.

Completed - A procedure document was created and maintained for the search for unrecorded liabilities.

Completed – A review of the District and Levies spreadsheet (TX310) to validate the completeness and accuracy of the district levies occurred for the 2022 tax roll.

In Progress - Treasury has a plan in place to create a Daily Balancing reconciliation review in 2023.

Completed - The Property Tax Prepayment and Property Tax Refund Suspense Reconciliations for all of 2022 have a cover sheet that covers off on the completeness and accuracy of the review.

Completed - The Property Tax Receivable Reconciliation was reviewed. A review process was established in 2022 that includes documentation of how the completeness and accuracy of the data is reviewed.

Completed - Property tax journals are prepared in Workday and supporting documentation is attached. These journals were reviewed and approved within Workday. We have implemented a process for the initiator to save their report filters for the reviewer to access the completeness of the data.

2021-007 **Finding:** Change Management and Administrative Access - For Workday and GenTax there is no segregation of duties between developers and implementers and no monitoring control in place that would have caught an unauthorized change. There are not policies and procedures in place for the review of all in scope applications/application servers/databases to verify the administrator access is appropriate. It does not appear there is a review for SOD conflicts including administrators and developers for Workday.

Status: Corrective action in progress – Please see 2022-001 for repeat finding and corrective action.

2021-008 **Finding:** Provisioning/Deprovisioning Access and User Access Review - For EZLinks there is no policy in place for provisioning. For DBC because there are no controls for in place for provisioning (preventative) and no controls in place to review the access and/or roles (detective) the SOD issue was not caught. There is no formal process for the systems listed above and as a result, deprovisioning may not occur and/or not occur timely. There is also not a review process to verify user access is complete and accurate. We were informed management relies on access provisioning and deprovisioning controls. For some processes the review occurred, however, evidence was not maintained.

Status: Corrective action in progress – Please see 2022-002 for repeat finding and corrective action.

2021-009 **Finding:** Matching - ALN 14.231 – Emergency Solutions Grants Program / Department of Housing and Urban Development / Award Number: E-20-MC-08-0005 - Denver's Department of Housing Stability (HOST) was out of compliance with matching requirements as defined in 24 CFR 576.201, as HOST did not meet the matching requirement to equal or exceed the recipient's fiscal year grant for the ESG program. In addition, matching sources provided did not meet matching criteria (i.e., no proof to show cash contributions were expended for allowable costs). Lastly, the City did not have adequate controls over the matching compliance requirement in place in order to ensure proper matching.

Status: Corrective action complete - See Current Year Finding 2022-009.

2021-010 **Finding:** Special Tests and Provisions- Obligation, Expenditure and Payment Requirements - ALN 14.231 – Emergency Solutions Grants Program / Department of Housing and Urban Development / Award Number: E-20-MC-08-0005; E-20-MW-08-0005 - HOST did not timely obligate its funds awarded under ESG/ESG-CV.

Status: Corrective action in progress - The City agrees with the current year finding – 2022-005. However, based on when the finding was identified, there was insufficient time to address the finding prior to December 31, 2022. To remediate this prior finding 2021-010, HOST updated the agency's Grant Administrator Policies & Procedures, and our Contract & Performance Management Policies that now include language to ensure obligation of funding within the required deadlines. These policies were modified complete in June 2022 and July 2023. HOST's current NOFA cycle for ESG funding will apply to subrecipient programs awarded beginning 01/01/2024, with anticipated contract executions in Q4 2023. Copies of both policies were provided to BDO on August 16, 2023, in response to the finding. This matter has been remediated, however, per the assessment this issue is a carryover into 2022 sub-awards based on the contract timeframes.

2021-011 **Finding:** Suspension and Debarment – ALN 14.231 – Emergency Solutions Grants Program / Department of Housing and Urban Development / Award Number: E-19-MC-08-0005; E-20-MC-08-0005; E-21-MC-08-0005; E-20-MW-08-0005 / ALN 21.023 – Emergency Rental Assistance Program / Department of the Treasury / Award Number: ERAE0436; ERAE0437 / ALN 93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases / Department of Health and Human Services / Award Number: PO, FHJA, 202000013525 - HOST and the Department of Public Health and Environment (DPHE) did not follow their internal control procedures to perform and include documentation in the subrecipient or vendor file, of their search of each subrecipient or vendor on SAM.gov to ensure subrecipients and vendors are not included on the excluded parties list.

Status: Corrective action in progress – HOST 14.231 and 21.023. The City agrees with the current year finding, 2022-008. However, based on when the finding was identified, there was insufficient time to address the finding

prior to December 31, 2022. To remediate prior finding 2021-011, HOST updated the agency's Contract & Performance Management Policies under Section VII. Procedure Process Map, Step 1 to include the requirement to verify Suspension and Debarment for all subgrantees utilizing federal funding. This policy was modified and completed in July 2023, and a copy of this was provided to BDO on August 16, 2023, in response to this finding. Per the assessment this issue is a carryover into 2022 sub-awards based on the contract timeframes.

Corrective Action in progress – DDPHE 93.323 - DPHE updated department contracts and grant policies and procedures to ensure that there is clarity on the process of documenting our search of each subrecipient on SAM.gov to ensure subrecipients are not included on the suspension and debarment list, as well as whose responsibility it is to do so. DDPHE has and will continue to work with citywide contracts and grants partners to ensure that there is clarity regarding the citywide expectations and procedures for this process as well, so our policies and procedures are in alignment.

2021-012 **Finding:** Subrecipient Monitoring - ALN 14.241 – Housing Opportunities for Persons with AIDS / Department of Housing and Urban Development / Award Number: COH2F001 - Program subrecipient monitoring is the responsibility of HOST. HOST did provide evidence of a risk assessment process being done. However, there was no linkage between the risk assessment and monitoring activities. Despite having detailed and well-written policies concerning subrecipient monitoring, HOST did not complete any of the required subrecipient monitoring activities as required by Uniform Guidance.

Status: Corrective action complete – Required subrecipient activities as required by Uniform Guidance were performed in the current period. To strengthen the process HOST continues to collaborate weekly with the Office of Human Resources (OHR) to recruit qualified candidates. The city is currently recruiting for two Senior Internal Auditors within permanent positions. Likewise, HOST is in the process of procuring a qualified vendor under a fixed-price RFQ to provide the following to support annual monitoring requirements: Perform review of HOST fiscal and program requirements, perform on-site partner fiscal and program reviews and monitoring, complete subrecipient monitoring reports for identified federal grant contracts, develop fiscal risk assessments, coordinate plans and reports with HOST management, and provide special consulting and fiscal reviews. We are in the final stages of securing one Senior Internal Auditor and interviewing for a second Senior Internal Auditor. We have had several candidates, but we have experienced some roadblocks with qualified out of state candidates relocating to Denver. We are continuing to promote the RFQ in the hopes of securing a qualified auditing agency.

2021-013 **Finding:** Subrecipient Monitoring, Cash Management (for subrecipients), Eligibility (for subrecipients) - ALN 21.023 – Emergency Rental Assistance Program / Department of the Treasury / Award Number: ERAE0436; ERAE0437 - Program subrecipient monitoring is the responsibility of HOST. HOST did provide evidence of a risk assessment process being done. However, there was no linkage between the risk assessment and monitoring activities. Despite having detailed and well-written policies concerning subrecipient monitoring, HOST did not complete any of the required subrecipient monitoring activities as required by Uniform Guidance.

Status: Corrective action complete - HOST's Finance Division completed a review of 2021 sub-grantees receiving ERAP1 funding that included testing invoices for accuracy and eligible payroll expenses, appropriate documentation, request timeliness, beneficiary information, any indications of waste/fraud/abuse, and reconciliations against bank statements and GL reports. In order to strengthen the process, HOST continues to collaborate weekly with the Office of Human Resources (OHR) to recruit qualified candidates. The city is currently recruiting for two Senior Internal Auditors within permanent positions. Likewise, HOST is in the process of procuring a qualified vendor under a fixed-price RFQ to provide the following to support annual monitoring requirements: Perform review of HOST fiscal and program requirements, perform on-site partner fiscal and program reviews and monitoring, complete subrecipient monitoring reports for identified federal grant contracts,

develop fiscal risk assessments, coordinate plans and reports with HOST management, and provide special consulting and fiscal reviews. We are in the final stages of securing one Senior Internal Auditor and interviewing for a second Senior Internal Auditor. We have had several candidates, but we have experienced some roadblocks with qualified out of state candidates relocating to Denver. We are continuing to promote the RFQ in the hopes of securing a qualified auditing agency. We have internal invoice reviews in place that support and ensure Federal guidance requirements are being followed and ensuring that we're only reimbursing eligible expenses.

2021-014 **Finding:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles - ALN 93.914 – HIV Emergency Relief Project Grants / ALN 93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases / ALN 93.268 – Immunization Cooperative Agreements /Department of Health and Human Services / Award Number: H89HA00027-28-00, H89HA00027-28-01 (93.914) / FHJA 202000013525 (93.323) / FHJA 202100010501 (93.268) - Payroll timesheets were not prepared or reviewed by a supervisor for employees charging time under the grant.

Status: Corrective action complete - This finding does not reflect an issue in process. Eight of the timesheets in question were during the time that Kronos was not available. The other four were for one particular pay period and does not reflect a consistent issue with timesheet review and approval. Timesheet approval processes are in place and are followed consistently.

2021-015 **Finding:** Allowable Costs/Cost Principles - ALN 93.914 – HIV Emergency Relief Project Grants / Department of Health and Human Services / Award Number: H89HA00027-28-00, H89HA00027-28-01 - The City does not require employees working on multiple programs to certify their time and effort spent on each program. Time charged for the Director was based on a flat rate percentage of 25%; there was no support for the percentage used.

Status: Corrective action in progress – Please see 2022-017 for repeat finding and corrective action. DDPHE leadership created a document that will reflect how the decisions were made regarding allocations for salary costs that are not 100% allocated to the grant will be reviewed annually as a part of the annual budget planning process. Allocation decisions will be documented and attached to budget planning documents.

2021-016 **Finding:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles - ALN 93.778 – Medicaid Cluster / ALN 93.659 – Adoption Assistance Program / ALN 93.563 – Child Support Enforcement (Non-Major) / ALN 93.090 – Guardianship Assistance (Non-Major) / ALN 93.658 – Foster Care Title IV-E (Non-Major) / ALN 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Non-Major) / Department of Health and Human Services; Department of Agriculture / Award Number: N/A - The City did not submit its central service cost allocation plan (CAP) used to claim central service costs for its various programs funded by the Department of Health and Human Services and Department of Agriculture passed through the Colorado Department of Human Services and Colorado Department of Health Care Policy and Financing to its Federal cognizant agency for approval as required by Uniform Guidance.

Status: Corrective action in progress – See current year finding 2022-015 above.

2021-017 **Finding:** Activities Allowed and Unallowed, Allowable Costs - ALN 93.778 – Medicaid Cluster / ALN 93.659 – Adoption Assistance Program / ALN 93.563 – Child Support Enforcement (Non-Major) / ALN 93.090 – Guardianship Assistance (Non-Major) / ALN 93.658 – Foster Care Title IV-E (Non-Major) / ALN 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Non-Major) / Department of Health and Human Services; Department of Agriculture/ ALN 93.323 - Epidemiology and Laboratory Capacity

for Infectious Diseases / ALN 93.268 – Immunization Cooperative Agreements / Department of Health and Human Services / Award Number: N/A – (10.561, 93.090, 93.563, 93.658, 93.659 and 93.778) / FHJA 202000013525 (93.323) / FHJA 202100010501 (93.268) - The City did not obtain signed certifications from its two departments that use the central service cost allocation plan to charge costs to federal programs, the City Department of Public Health and Environment or Department of Human Services, indicating review of the accuracy of the central service cost allocation plan prepared for fiscal year 2021 based on 2020 actual numbers.

Status: Corrective action complete- In December of 2022, BMO sent the agency certification forms to the agency staff that provided data for the full cost plan. The Budget Management Office (BMO) received sign-off from the majority of agencies, but turnover between the data collection period in the Spring and final review in December resulted in some forms not being submitted to BMO. To address this, BMO has revised its internal procedures by moving up the agency review to align with the 2 CFR schedule (which is due in August) instead of the full cost plan. For the 2022 Cost Plan, BMO will request agency review in July/August. Additionally, BMO has revised its internal procedures to require that DHS formally document their review of the 2 CFR in August prior to the City's submission to the State.

2021-018 **Finding:** Finding: Reporting - ALN 21.023 – Emergency Rental Assistance Program / Department of the Treasury / Award Number: ERAE0436; ERAE0437 - The City did not maintain supporting documentation demonstrating they properly reported subaward information via the Treasury's Portal and instead relied on such information to be available via download. However, due to a technical issue at Treasury, it does not currently display copies of quarterly reports submitted in previous quarters.

Status: Corrective action complete - Due to mitigating circumstances beyond HOST's control, the Treasury's portal does not currently display copies of compliance reports that were submitted in previous quarters. Treasury expects this issue will be corrected in late 2022 and the past quarterly reports will be made available for download at that time. The reports are webforms that are completed and submitted. Q2 and Q3 of 2022 are available for download and have been downloaded and retained. However, all of 2021 and Q1 2022 are not yet available due to the technological restraints of the Treasury platform. Once the reports for these timeframes are available, they will be downloaded and retained by the City. As of 8/18/2023 HOST has secured their own UEI.

2020-003 **Finding:** Financial Information Preparation - During our review of the financial information, we encountered numerous issues with the timeliness and/or accuracy of the information provided. Multiple requests to responsible departments to provide and correct information were required during the audit process. From our observations and inquiries of management, the Controller's Office appears to spend a great deal of time correcting errors in accounting and re-working financial information due to staffing turnover. These issues were further exacerbated by the conversion to a new financial reporting preparation system in December 2020.

Status: Corrective action complete – See 2021-002 above for more details.

2020-005 **Finding:** Police Retiree Health Fund Census Data and Participant Population - In regard to the Police Retiree Health Fund (the Plan), the city had significant difficulty in providing complete and accurate information relating to the required census data for the plan participants and no completeness check was performed over the census data provided to the actuary. As a result of audit procedures, an additional 124 employees were identified which were not included in the original actuary valuation and it was determined that the actuary was not previously made aware of a benefit increase. The GASB 75 actuary report was updated to account for these changes. An audit adjustment of $6.2 million was proposed, which the city elected to record. As a result of the prior year finding, the city did not establish any new procedures or controls over the Plan during the year ended December

31, 2020. Overall, there appears to be a lack of understanding related to the information needed to be provided to the actuary and who should be providing and reconciling this information.

Status: Corrective action complete. Since the 2020 audit, a full report of eligible participants is sent to the DPRHF administrators annually. Internally, we audit the prior year eligible report, adding and removing eligible/ineligible members and compare to the DPRHF yearend annual report of those receiving a benefit and no longer eligible. The full report is shared with DPRHF to update their records and account for eligible members not currently receiving DPRHF monies for appropriate funding. DPRHF updated their plan document on April 20, 2023.