



## City & County of Denver

### Federal Financial Assistance Single Audit Report December 31, 2021

# City and County of Denver

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2022.

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 Denver College Success Corporation, all of which are included as discretely presented component units, which represent 92.11 percent of total assets and deferred outflows of resources, 86.59 percent of total revenues, and 24.11 percent of net position (deficit) of the aggregate discretely presented component units as of and for the year ended December 31, 2021. 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 Denver College Success Corporation, 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 53.10 percent of total assets, 21.97 percent of total revenues and 73.87 percent of net position/fund balance of the aggregate remaining fund information as of and for the year ended December 31, 2021. 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 99.26 percent, 97.69 percent and 98.12 percent, respectively, of the total assets, total revenues and net position of the business-type activities as of and for the year ended December 31, 2021. Those financial



statements were audited by other auditors, whose reports have been furnished to us, and our opinion on 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, is based solely on the report 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, 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 Denver College Success Corporation 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, 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, the Denver College Success Corporation, 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 to 2021-007 to be material weaknesses.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2021-008 to be a significant deficiency.



## 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, LLP

June 29, 2022



## 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, 2021. 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*

<i>Major Federal Program</i>	<i>Type of Opinion</i>
14.218 - Community Development Block Grants/Entitlement Grants Cluster	Unmodified
14.231 - Emergency Solutions Grants Program	Qualified
14.241 - Housing Opportunities for Persons with AIDS Program	Qualified
20.106 - Airport Improvement Program	Unmodified
20.500/20.507 - Federal Transit Cluster	Unmodified
21.019 - COVID-19 Coronavirus Relief Fund	Unmodified
21.023 - COVID-19 Emergency Rental Assistance Program	Qualified
21.027 - COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified
59.075 - COVID-19 Shuttered Venue Operators Grant Program	Unmodified
93.268 - COVID-19 Immunization Cooperative Agreements	Unmodified
93.323 - COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	Unmodified
93.659 - Adoption Assistance Program	Unmodified
93.778 - Medicaid Cluster	Unmodified
93.914 - HIV Emergency Relief Project Grants	Unmodified
93.575 and 93.596 - Child Care and Development (CCDF) Cluster	Unmodified

#### *Qualified Opinion on the Emergency Solutions Grants Program, Housing Opportunities for Persons with AIDS Program, and Emergency Rental Assistance Program*

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 Grants Program, Housing Opportunities for Persons with AIDS Program, and Emergency Rental Assistance Program for the year ended December 31, 2021.

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*Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, the City complied, in all material respects, with the types of 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, 2021.

***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 opinion 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 \$1,402,445 in federal awards which is not included in the City’s schedule of expenditures of federal awards during the year ended December 31, 2021. Our compliance audit, described above does not include the operations of DURA because DURA obtained a separate audit in accordance with the Uniform Guidance.

***Matters Giving Rise to Qualified Opinions on the Emergency Rental Assistance Program, Housing Opportunities for Persons with AIDS Program, and the Emergency Solutions Grants Program***

As described in Findings, 2021-009, 2021-012, and 2021-013 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
2021-009	14.231	Emergency Solutions Grants Program	Matching
2021-012	14.241	Housing Opportunities for Persons with AIDS Program	Subrecipient Monitoring
2021-013	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring, Cash Management (for Subrecipients), Eligibility (for Subrecipients)

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 2021-010, 2021-014, 2021-015, 2021-016, and 2021-018. 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 2021-009, 2021-010, 2021-012, 2021-013, 2021-016, and 2021-017 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 2021-11, 2021-014, and 2021-015 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 29, 2022, 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, LLP*

December 8, 2022

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>United States Department of Agriculture (USDA)</b>					
<b><u>Supplemental Nutrition Assistance Program (SNAP) Cluster</u></b>					
Supplemental Nutrition Assistance Program (SNAP)	Colorado Department of Human Services	None Provided	10.551	\$ 135,183	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Colorado Department of Human Services	None Provided	10.561	11,003,392	-
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster Subtotal</b>				<b>11,138,575</b>	<b>-</b>
<b><u>Child Nutrition Cluster</u></b>					
COVID-19 - National School Lunch Program	Colorado Department of Education	0811AMPO	10.555	258,614	-
<b>Child Nutrition Cluster Subtotal</b>				<b>258,614</b>	<b>-</b>
<b><u>Other United States Department of Agriculture (USDA) Programs</u></b>					
Child and Adult Care Food Program (CACFP)	Colorado Department of Public Health and Environment	None Provided	10.558	10,083	-
Cooperative Forestry Assistance	Colorado State Forest Service	None Provided	10.664	90,744	-
<b>Total United States Department of Agriculture (USDA)</b>				<b>11,498,016</b>	<b>-</b>
<b>United States Department of Commerce (DOC)</b>					
<b><u>Economic Development Cluster</u></b>					
Economic Adjustment Assistance			11.307	538,800	-
<b>Economic Development Cluster Subtotal</b>				<b>538,800</b>	<b>-</b>
<b>Total United States Department of Commerce (DOC)</b>				<b>538,800</b>	<b>-</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>United States Department of Housing and Urban Development (HUD)</b>					
<b><u>Community Development Block Grants/Entitlement Grants Cluster</u></b>					
Community Development Block Grants/Entitlement Grants			14.218	6,520,853	3,008,455
COVID-19 - Community Development Block Grants/Entitlement Grants			14.218	1,016,933	402,714
<b>Community Development Block Grants/Entitlement Grants Cluster Subtotal</b>				<b><u>7,537,787</u></b>	<b><u>3,411,170</u></b>
<b><u>Other United States Department of Housing and Urban Development (HUD) Programs</u></b>					
Emergency Solutions Grant Program			14.231	461,285	417,632
COVID-19 - Emergency Solutions Grant Program			14.231	2,479,685	2,296,789
COVID-19 - Emergency Solutions Grant Program	Colorado Department of Local Affairs	H1ESG91231 - CMS#166361	14.231	1,654,622	1,654,622
<b>14.231 Subtotal</b>				<b><u>4,595,592</u></b>	<b><u>4,369,044</u></b>
Home Investment Partnerships Program			14.239	7,006,296	956,804
Housing Opportunities for Persons with AIDS			14.241	3,070,761	3,041,595
COVID-19 - Housing Opportunities for Persons with AIDS			14.241	118,288	118,288
<b>14.241 Subtotal</b>				<b><u>3,189,049</u></b>	<b><u>3,159,883</u></b>
COVID-19 Neighborhood Stabilization Program (Recovery Act Funded)			14.256	403,510	-
Continuum of Care Program			14.267	2,053,163	1,752,473
Lead-Based Paint Hazard Control in Privately-Owned Housing			14.900	320,304	313,090
<b>Total United States Department of Housing and Urban Development (HUD)</b>				<b><u>25,105,700</u></b>	<b><u>13,962,463</u></b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>United States Department of the Interior (DOI)</b>					
<b><u>Fish and Wildlife Cluster</u></b>					
Sport Fish Restoration	Colorado Department of Natural Resources	F20AF11855	15.605	39,500	-
<b>Fish and Wildlife Cluster Subtotal</b>				<b>39,500</b>	<b>-</b>
<b>Total United States Department of the Interior (DOI)</b>					
				<b>39,500</b>	<b>-</b>
<b>United States Department of Justice (DOJ)</b>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program			16.034	116,908	-
COVID-19 - Coronavirus Emergency Supplemental Funding Program	Colorado Department of Safety	2020-VD-BX-0209	16.034	234,844	-
<b>16.034 Subtotal</b>				<b>351,752</b>	<b>-</b>
Prosecuting Cold Cases Using DNA			16.036	57,265	-
Services for Trafficking Victims			16.320	188,265	14,754
Juvenile Justice and Delinquency Prevention	Colorado Department of Public Safety Division of Criminal Justice	2017-JF-FX-0007 2018-JF-FX-0033	16.540	5,165	5,165
National Institute of Justice Research, Evaluation, and Development Project Grants			16.560	62,630	-
Crime Victim Assistance	Colorado Department of Public Safety Division of Criminal Justice	2018-VA-19-085-02 2020-VA-21-481-02	16.575	548,122	-
Crime Victim Compensation	Colorado Department of Public Safety Division of Criminal Justice	2019-VI-GX-0048	16.576	550,000	-
Crime Victim Assistance/Discretionary Grants			16.582	86,692	-
Violence Against Women Formula Grants	Colorado Department of Public Safety Division of Criminal Justice	2018-VW-19-081-02 2020-VW-21-463-02	16.588	112,485	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			16.590	36,503	-
Edward Byrne Memorial Justice Assistance Grant Program			16.738	391,303	-
Edward Byrne Memorial Justice Assistance Grant Program	Colorado Department of Public Safety Division of Criminal Justice	2018-DJ-19-07-21-1 2019-MU-BX-0080 2018-MU-BX-0121	16.738	334,179	137,634
<b>16.738 Subtotal</b>				<b>725,482</b>	<b>137,634</b>
DNA Backlog Reduction Program			16.741	457,878	-
Paul Coverdell Forensic Sciences Improvement Grant Program	Colorado Department of Public Safety Division of Criminal Justice	None Provided	16.742	48,585	-
Byrne Criminal Justice Innovation Program			16.817	177,807	29,560
Smart Prosecution Initiative			16.825	169,254	33,212
Equitable Sharing Program			16.922	383,302	-
<b>Total United States Department of Justice (DOJ)</b>				<b>3,961,188</b>	<b>220,325</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>United States Department of Labor (DOL)</b>					
<b><u>Employment Service Cluster</u></b>					
Employment Service/Wagner-Peyser Funded Activities	Colorado Department of Labor and Employment	AGR #105081	17.207	1,064,254	-
Jobs for Veterans State Grants	Colorado Department of Labor and Employment	NFA #DE-19-121 - 20D20	17.801	5,005	-
<b>Employment Service Cluster Subtotal</b>				<b>1,069,259</b>	<b>-</b>
<b><u>Workforce Innovation and Opportunity Act (WIOA) Cluster</u></b>					
WIOA Adult Program	Colorado Department of Labor and Employment	AGR #105081	17.258	1,455,234	1,049,327
WIOA Youth Activities	Colorado Department of Labor and Employment	AGR #105081	17.259	1,100,257	739,769
WIOA Dislocated Worker Formula Grants	Colorado Department of Labor and Employment	AGR #105081	17.278	422,490	273,753
<b>Workforce Innovation and Opportunity Act (WIOA) Cluster Subtotal</b>				<b>2,977,980</b>	<b>2,062,850</b>
<b><u>Other United States Department of Labor (DOL) Programs</u></b>					
Unemployment Insurance	Colorado Department of Labor and Employment	AGR#105081	17.225	47,868	47,868
Trade Adjustment Assistance	Colorado Department of Labor and Employment	AGR #105081	17.245	121,122	-
H-1B Job Training Grants			17.268	551,429	316,978
Reentry Employment Opportunities	Colorado Department of Labor and Employment	AGR #105075	17.270	197,858	138,158
COVID-19 - WIOA National Dislocated Worker Grants / Workforce Investment Act (WIA) National Emergency Grants	Colorado Department of Labor and Employment	AGR #105081	17.277	232,128	207,834
Apprenticeship USA Grants	Colorado Department of Labor and Employment / Arapahoe County	OEDEV-202054682-00	17.285	55,862	-
<b>Total United States Department of Labor (DOL)</b>				<b>5,253,507</b>	<b>2,773,686</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>United States Department of Transportation (DOT)</b>					
<u>Highway Planning and Construction Cluster</u>					
Highway Planning and Construction	Colorado Department of Transportation	AQC-M320-076- (18535) STU-M320-099- (21117) STU-M320-101- (21120) AWD-M320-102- (21127) TAP-M320-109- (21951) TAP-M320-102- (21119) STU-M320-096 - (20730) SHE-M320-114-(22216) SHE-M320-115- (22217) AQC-M320-122- (22332) AQC-M320-121- (22331) AQC-M320-123- (22333) SHE-M320-118- (22281) SHE-M320-117- (22219) AQC-M320-124- (22634) 20-HTD-ZL-03059/491001998 AQC-C010-125- ((23353) AQC-C010-126- (23354) STU-088A-037- (23354) NHPP-2873-172 (19957) STU-M320-127- (23373) 17-HTD-ZH-00167	20.205	6,646,267	-
<b>Highway Planning and Construction Cluster Subtotal</b>				<b>6,646,267</b>	-
<u>Federal Transit Cluster</u>					
Federal Transit Capital Investment Grants	Regional Transportation District	CO-04-0115	20.500	2,306,880	-
Federal Transit Formula Grants	Regional Transportation District	CO-2019-015-PO-217549	20.507	1,585,046	-
<b>Federal Transit Cluster Subtotal</b>				<b>3,891,926</b>	-

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b><u>Highway Safety Cluster</u></b>					
State and Community Highway Safety	Colorado Department of Transportation	PO-411024982 PO-411024978 22-HTS-ZL 0373/491002685 PO-411024942 PO-411024869	20.600	182,363	-
National Priority Safety Programs	Colorado Department of Transportation	PO No. 411024911 PO No. 431006543 PO No. 411026153	20.616	215,757	-
<b>Highway Safety Cluster Subtotal</b>				<b>398,119</b>	<b>-</b>
<b><u>Other United States Department of Transportation (DOT) Programs</u></b>					
Airport Improvement Program			20.106	17,910,159	-
COVID-19 - Airport Improvement Program			20.106	257,347,832	-
<b>20.106 Subtotal</b>				<b>275,257,991</b>	<b>-</b>
Highway Research and Development Program			20.200	720,792	-
<b>Total United States Department of Transportation (DOT)</b>				<b>286,915,095</b>	<b>-</b>
<b><u>United States Department of the Treasury (TREAS)</u></b>					
COVID-19 - Coronavirus Relief Fund			21.019	76,823,604	9,414,385
COVID-19 - Coronavirus Relief Fund	Colorado Department of Human Services	None Provided	21.019	248,014	-
<b>21.019 Subtotal</b>				<b>77,071,618</b>	<b>9,414,385</b>
COVID-19 - Emergency Rental Assistance Program			21.023	10,716,259	10,608,328
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			21.027	35,542,232	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Colorado Department of Labor & Employment	NFA# DE-21-004 NFA# DE-21-004A NFA# DE-21-005	21.027	384,559	257,004
<b>21.027 Subtotal</b>				<b>35,926,791</b>	<b>257,004</b>
<b>Total United States Department of the Treasury (TREAS)</b>				<b>123,714,669</b>	<b>20,279,717</b>



**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>National Endowment for the Humanities (NEH)</b>					
Museum Grants for African American History and Culture			45.309	71,809	-
Laura Bush 21st Century Librarian Program			45.313	15,108	-
<b>Total National Endowment for the Humanities (NEH)</b>				<b>86,917</b>	<b>-</b>
<b>Small Business Administration</b>					
COVID-19 - Shuttered Venue Operators Grant Program			59.075	10,000,500	-
<b>Total Small Business Administration</b>				<b>10,000,500</b>	<b>-</b>
<b>United States Environmental Protection Agency (EPA)</b>					
Performance Partnership Grants	Colorado Department of Public Health and Environment	PO,FEEA,202100005530	66.605	5,939	-
<b>Total United States Environmental Protection Agency (EPA)</b>				<b>5,939</b>	<b>-</b>
<b>United States Department of Energy (DOE)</b>					
Energy Efficiency and Conservation Block Grant Program (EECBG)			81.128	160,500	-
<b>Total United States Department of Energy (DOE)</b>				<b>160,500</b>	<b>-</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>United States Department of Education (ED)</b>					
Education for Homeless Children and Youth	Denver Public Schools	None Provided	84.196	1,417	-
<b>Total United States Department of Education (ED)</b>				<b>1,417</b>	<b>-</b>
<b>Election Assistance Commission</b>					
2018 Help America Vote Act (HAVA) Election Security Grants	Colorado Secretary of State	None Provided	90.404	130,287	-
<b>Total Election Assistance Commission</b>				<b>130,287</b>	<b>-</b>
<b>United States Department of Health and Human Services (HHS)</b>					
<b><u>Child Care and Development Fund (CCDF) Cluster</u></b>					
Child Care and Development Block Grant (CCDBG)	Colorado Department of Human Services	None Provided	93.575	8,173,160	-
COVID-19 - Child Care and Development Block Grant (CCDBG)	Colorado Department of Human Services	None Provided	93.575	808,575	-
<b>93.575 Subtotal</b>				<b>8,981,735</b>	<b>-</b>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Colorado Department of Human Services	None Provided	93.596	10,100,548	-
<b>Child Care and Development Fund (CCDF) Cluster Subtotal</b>				<b>19,082,283</b>	<b>-</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b><u>Temporary Assistance for Needy Families (TANF)</u></b>					
Temporary Assistance for Needy Families	Colorado Department of Human Services	None Provided	93.558	18,800,470	-
COVID-19 - Temporary Assistance for Needy Families	Colorado Department of Human Services	None Provided	93.558	2,194,937	-
<b>Temporary Assistance for Needy Families (TANF) Subtotal</b>				<b>20,995,407</b>	<b>-</b>
<b><u>Head Start Cluster</u></b>					
Head Start			93.600	6,535,188	5,453,389
COVID-19 - Head Start			93.600	8,013,309	6,069,372
<b>Head Start Cluster Subtotal</b>				<b>14,548,497</b>	<b>11,522,761</b>
<b><u>Medicaid Cluster</u></b>					
Medical Assistance Program	Colorado Department of Health Care Policy and Financing	None Provided	93.778	12,980,603	-
COVID-19 - Medical Assistance Program	Colorado Department of Health Care Policy and Financing	M214.5400	93.778	90,515	-
<b>Medicaid Cluster Subtotal</b>				<b>13,071,118</b>	<b>-</b>
<b><u>Other United States Department of Health and Human Services (HHS) Programs</u></b>					
Public Health Emergency Preparedness	Colorado Department of Public Health and Environment	2022-0069 2020-368 CT 2020*368	93.069	297,802	-
COVID-19 - Public Health Emergency Preparedness	Colorado Department of Public Health and Environment	CT 2020*241	93.069	300,811	-
<b>93.069 Subtotal</b>				<b>598,613</b>	<b>-</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
Healthy Marriage Promotion and Responsible Fatherhood Grants	Colorado Department of Human Services	21 IHIA 168642 22 IHIA 171525	93.086	53,817	-
Guardianship Assistance	Colorado Department of Human Services	None Provided 84-6000580 2021*0189	93.090	225,558	-
Injury Prevention and Control Research and State and Community Based Programs	Colorado Department of Public Health and Environment	2020*3729 ENVHL-20205805 CT FHIA 2020*3729 2021*0189	93.136	176,432	29,896
Substance Abuse and Mental Health Services Projects of Regional and National Significance			93.243	124,380	-
COVID-19 - Immunization Cooperative Agreements	Colorado Department of Public Health and Environment	PO FHJA 202100010274 PO FHJA 202100010274 FHJA 202100010501 PO FHCA 202200002980	93.268	4,080,003	882,698
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Colorado Department of Public Health and Environment	FHJA 202000013525	93.323	2,917,854	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Colorado Department of Public Health and Environment	NU90TP922094	93.354	143,547	-
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises			93.391	267,918	151,552
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	National Association of County and City Health Officials (NACCHO)	2019-120902	93.391	116,747	53,000
<b>93.391 Subtotal</b>				<b>384,665</b>	<b>204,552</b>
MaryLee Allen Promoting Safe and Stable Families Program	Colorado Department of Human Services	None Provided	93.556	1,528,605	34,567
Child Support Enforcement	Colorado Department of Human Services	None Provided	93.563	9,370,431	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Colorado Department of Human Services	2001CORCMA 2101CORCMA	93.566	538,628	-
Low-Income Home Energy Assistance	Colorado Department of Human Services	None Provided	93.568	662,463	-
Community Services Block Grant	Colorado Department of Local Affairs	L18CSBG13 L21CSBG13	93.569	787,787	511,161
COVID-19 - Community Services Block Grant	Colorado Department of Local Affairs	L18CSBG13	93.569	608,225	583,065
<b>93.569 Subtotal</b>				<b>1,396,012</b>	<b>1,094,226</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
Stephanie Tubbs Jones Child Welfare Services Program	Colorado Department of Human Services	None Provided	93.645	452,719	-
COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program	Colorado Department of Human Services	None Provided	93.645	98,691	-
<b>93.645 Subtotal</b>				<b>551,410</b>	<b>-</b>
Foster Care Title IV-E	Colorado Department of Human Services	None Provided	93.658	9,163,145	-
Adoption Assistance Program	Colorado Department of Human Services	None Provided	93.659	3,703,618	-
Social Services Block Grant	Colorado Department of Human Services	None Provided	93.667	3,423,001	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	Colorado Department of Human Services	None Provided	93.674	179,175	-
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	Colorado Department of Human Services	None Provided	93.674	169,623	-
<b>93.674 Subtotal</b>				<b>348,798</b>	<b>-</b>
COVID-19 - Elder Abuse Prevention Interventions Program	Colorado Department of Human Services	None Provided	93.747	12,949	-
HIV Emergency Relief Project Grants			93.914	7,485,335	6,472,185
COVID-19 - HIV Emergency Relief Project Grants			93.914	86,225	80,991
<b>93.914 Subtotal</b>				<b>7,571,560</b>	<b>6,553,177</b>
HIV Prevention Activities Health Department Based	Colorado Department of Public Health and Environment	None Provided	93.940	56,332	-
Maternal and Child Health Services Block Grant to the States	Colorado Department of Public Health and Environment	2020-0902	93.994	138,500	129,392
<b>Total United States Department of Health and Human Services (HHS)</b>				<b>114,867,626</b>	<b>20,451,268</b>
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Areas Program			95.001	582,905	-
<b>Total Executive Office of the President</b>				<b>582,905</b>	<b>-</b>

**City and County of Denver  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Agency/Cluster/Program	Pass-Through Entity	Pass-Through Identifying Number (if applicable)	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>United States Department of Homeland Security (DHS)</b>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Colorado Division of Homeland Security and Emergency Management	PA-VIII-CO-4498	97.036	122,670	-
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Colorado Division of Homeland Security and Emergency Management	PA-VIII-CO-4498	97.036	40,830,804	810,639
<b>97.036 Subtotal</b>				<b>40,953,473</b>	<b>810,639</b>
Emergency Management Performance Grants	Colorado Division of Homeland Security and Emergency Management	21EM-22-15	97.042	120,942	-
COVID-19 - Emergency Management Performance Grants	Colorado Division of Homeland Security and Emergency Management	20EM-21-16	97.042	51,162	-
<b>97.042 Subtotal</b>				<b>172,104</b>	<b>-</b>
Assistance to Firefighters Grant			97.044	382,500	-
COVID-19 - Assistance to Firefighters Grant			97.044	338,225	-
<b>97.044 Subtotal</b>				<b>720,725</b>	<b>-</b>
Building Resilient Infrastructure and Communities (BRIC)	Colorado Division of Homeland Security and Emergency Management	19PDM21CCD	97.047	62,676	-
Homeland Security Grant Program	Colorado Division of Homeland Security and Emergency Management	17UASI18DEN 18UASI19DEN 19UASI20DEN	97.067	1,119,358	-
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies			97.108	319,845	-
<b>Total United States Department of Homeland Security (DHS)</b>				<b>43,348,180</b>	<b>810,639</b>
<b>Total Federal Expenditures</b>				<b>\$ 626,210,745</b>	<b>\$ 58,498,100</b>

# City and County of Denver

## Notes to the Schedule of Expenditures of Federal Awards

### Year Ended December 31, 2021

**(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, 2021.

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 position, 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 received \$1,402,445, in federal awards which is not included in the City’s Schedule of Expenditures of Federal Awards for the year ended December 31, 2021.

**(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. The following programs are reported in the 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
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 Elder Abuse Prevention Interventions Program	93.747
Medicaid Cluster	93.778

**City and County of Denver**  
**Notes to the Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

Such expenditures are recognized following, as applicable, the cost principles in OMB A-87 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 \$90,625,613, of which \$44,186,804 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.



**City and County of Denver**  
**Notes to the Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

**(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	11,973,939
Total Neighborhood Development Loans	<u>11,973,939</u>
Economic Development Loans:	
14.Unknown	2,888,511
14.218 - Community Development Block Grants	8,363,119
Total Economic Development Loans	<u>11,251,631</u>
Section 108 Loans:	
14.248 - Community Development Block Grants_ Section 108 Loan Guarantees	6,518,181
Total Section 108 Loans	<u>6,518,181</u>
Housing Development Loans:	
14.Unknown	90,598,817
14.Unknown	
14.218 - Community Development Block Grants	5,504,416
14.239 - Home Investment Partnerships Pogram	53,883,308
14.241 - Housing Opportunities for Persons with AIDS	1,299,981
14.256 - Neighborhood Stabilization Program (Recover Act Funded)	12,045,772
Total Housing Development Loans	<u>163,332,294</u>
Total Office of Economic Development Loans:	<u>193,076,044</u>
Less Allowances	
Delinquent Loans	(11,755,870)
Forgivable Loans	<u>(104,109,401)</u>
Note Receivable, Net	<u><u>77,210,773</u></u>

**City and County of Denver**  
**Notes to the Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

**(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, 2021. There were no new loans during 2021; 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, 2021 was \$230,072 and the cash and investment balance in the loan revolving fund was \$308,728. There were no expenditures in 2021 for administrative costs. There were no loan write-offs in 2021. There are no City match requirements.

**(7) Indirect Costs**

The City has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, except for the following Assistance Listing Numbers (14.231, 14.267, 14.900, 20.200, 20.600, 66.605, 81.128, 93.069, 93.136, 93.243, 93.268, 93.317, 93.323, 93.391, 97.039) which 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 \$2,072,095. The amount of principal and interest received in loan repayments for the year was \$1,657,816.

**(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 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.

**City and County of Denver**  
**Notes to the Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2021**

**(10) Recognition of Prior Year Expenses**

The City incurred eligible expenditures in 2020 which were approved by the Federal Emergency Management Agency (FEMA). The City recorded the eligible expenditures of \$9,002,610 in Assistance Listing Number 97.036 in the 2021 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, 2021

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### 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?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  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, 2021, except for the following programs, which were Qualified:

21.023 - COVID-19 Emergency Rental Assistance Program

14.241 - Housing Opportunities for Persons with AIDS

14.231 - Emergency Solutions Grants Program

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

# City and County of Denver

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants Cluster
14.231	Emergency Solutions Grants Program
14.241	Housing Opportunities for Persons With AIDS
20.106	Airport Improvement Program
20.500 and 20.507	Federal Transit Cluster
21.019	COVID-19 Coronavirus Relief Fund
21.023	COVID-19 Emergency Rental Assistance Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
59.075	COVID-19 Shuttered Venue Operators Grant Program
93.268	COVID-19 Immunization Cooperative Agreements
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.659	Adoption Assistance Program
93.778	Medicaid Cluster
93.914	HIV Emergency Relief Project Grants
93.575 and 93.596	Child Care and Development Fund (CCDF) 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

# City and County of Denver

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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### Section II - Financial Statement Findings

#### 2021-001 - MAJOR FUND DETERMINATION

**Criteria:** The Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments* (GASB No. 34) paragraph 76, as amended, requires individual governmental and enterprise funds to be reported as major funds if they meet each of the two following criteria:

- 1) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding element total (assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, etc.) for all funds of that category or type (that is, total governmental or total enterprise funds).
- 2) The same element that met the 10% criterion in 1) is at least 5% of the corresponding element total for all governmental and enterprise funds combined.

**Condition:** 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.

**Cause:** The City believed all four elements must meet both criteria in order to be considered a major fund. Management's review controls did not identify the incorrect interpretation and conclusion of the major fund determination.

**Effect or Potential Effect:** The financial statements, as originally prepared, inaccurately presented the Bond Projects Fund as a nonmajor fund.

**Recommendation:** We recommend the City enhance its management review controls over the major fund analysis to verify all funds meeting the two criteria are properly presented as major funds.

**Views of Responsible Officials:** The City agrees with the finding, and has revised the tool used to determine major funds to incorporate the appropriate criteria. For additional information, see the City's separate report for planned corrective actions.

#### 2021-002 - FINANCIAL INFORMATION PREPARATION

**Criteria:** The City is required to maintain its general ledger necessary to support the preparation of accurate and timely financial statements and related footnote disclosures in accordance with accounting principles generally accepted in the United States, and preparation of the Schedule of Expenditures of Federal Awards and related notes (SEFA).

**Condition:** 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

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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.

**Cause:** Accurate financial reporting packages were not prepared and reviewed timely. Management review controls did not sufficiently identify adjustments needed for accurate financial reporting. In addition, staffing turnover during the previous year led to several new individuals in key accounting roles.

**Effect or Potential Effect:** Lack of timely and reliable financial information can significantly impact management's ability to effectively produce complete and accurate financial statements. Additionally, late review of financial information and late adjusting entries delay the completion of the audit and issuance of the Annual Comprehensive Financial Report (ACFR).

**Recommendation:** We recommend that the City examine its current process over financial reporting and strengthen its existing policies and procedures to help ensure transactions are recorded timely and accurately. This would involve monthly reconciliations of significant accounts, making adjustments throughout the year that have typically been made at year-end only, and performing more frequent reviews of the general ledger throughout the year, including making any necessary adjustments.

**Views of Responsible Officials:** The City agrees with the finding. They will continue to leverage all of Accounting and Financial Reporting at year end and in the completion of the ACFR, continue to utilize Gravity to its full potential, and ensure accuracy and completeness of the financial statements. For additional information, see the City's separate report for planned corrective actions.

### 2021-003 - Components of Internal Control

**Criteria:** One of the components of the internal control framework is the Risk Assessment component, the *Standards for Internal Control in the Federal Government*, published by the U.S. Government Accountability Office (GAO), commonly, and hereinafter, referred to as the Green Book, states the following in the Risk Assessment overview paragraph: "having established an effective control environment, management assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses. Management assesses the risks the entity faces from both external and internal sources."

Another component of the internal control framework is the Control Environment which includes Principle 3, attribute 3.09 that states, "management develops and maintains documentation of its internal control system" and attribute 3.10 that states, "Effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors".

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Also, included in the Control Environment component is Principle 4, attribute 4.07 that states, “Management defines succession plans for key roles, chooses succession candidates, and trains succession candidates to assume the key roles”.

**Condition:** 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.

**Cause:** It appears through discussions with management, that the City does not have a documented risk assessment process and based on our walk through of various controls, and through review of the control documentation provided we noted there were accounts/processes where internal control documentation was not available or the documentation we were provided, did not accurately describe the process and/or controls. It also appears some of the internal control documentation does not include a succession plans for key roles or succession candidates.

**Effect or Potential Effect:** By not having a formalized risk assessment process, which incorporates all necessary constituents, which results in documented conclusions and responses, there could be potential objectives and/or risks that have not been assessed and/or addressed.

Control owners are not aware of the controls in place and/or the requirements of the controls, controls are not being performed, not performed timely, not precise enough, and the appropriate evidence is not being maintained. Additionally, in the event of turnover, process and control documentation would enable backup or replacement personnel to perform the appropriate processes and ensure proper controls are followed. In the instances where a backup control owner is not identified, the internal control system may be compromised and internal controls may not be implemented and/or not operating effectively.

**Recommendation:** We recommend a risk assessment be performed on at least an annual basis. The risk assessment should take the following into consideration: materiality, financial statement accounts, account characteristics, volume of transactions, process and sub-processes, internal and external factors, fraud risk, etc.



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We recommend control documentation be prepared for the risks and objectives identified in the risk assessment described above, for all processes within the City's finance function, and at all levels (i.e. Controller's office, and at the agency level). The control documentation should include the who, what, when, where, and how, as well as the precision level (size of the misstatement the control would prevent or detect if operated in accordance with its design), how completeness and accuracy is validated by the reviewer, how discrepancies are resolved, and how the reviewer evidences their review.

We recommend developing a succession plan for key roles and key controls and training the succession candidates. We also recommend on at least an annual basis having control owners and backups acknowledge the internal control(s) they are responsible for including verifying the design of the control(s) and the documentation for the control acknowledgement should be maintained.

**Views of Responsible Officials:** The City agrees with the finding, and has begun cross-training in many areas of the accounting functions as well as documenting key accounting processes. For additional information, see the City's separate report for planned corrective actions.

### 2021-004 - REVIEW OF SYSTEM AND ORGANIZATIONAL CONTROLS (SOC) REPORTS

**Criteria:** The Green Book, Section 4 *Additional Considerations, Service Organizations* states, "management needs to understand the controls each service organization has designed, has implemented, and operates for the assigned operational process and how the service organization's internal control system impacts the entity's internal control system. If controls performed by the service organization are necessary for the entity to achieve its objectives and address risks related to the assigned operational process, the entity's internal controls may include complementary user entity controls identified by the service organization or its auditors that are necessary to achieve the service organization's control objectives."

**Condition:** 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.

**Cause:** It appears there was reliance on the City's Technology Services office to review all SOC reports, however, there are SOC reports that have a financial component which requires the finance team to perform a review of the CUEC and verify they have controls in place to address the CUEC. It is also important that the report is reviewed for exceptions, if any, to determine if the exceptions have an effect on the information the City is using and relying on.

**Effect or Potential Effect:** Since the City has several control processes that rely on SOC reports that were not reviewed by the appropriate department there is the risk of reliance on a Service Organization for financial information that may not be accurate.

**Recommendation:** We recommend the City implement a formal review process for all SOC reports including the CUEC and exceptions, if any, in the SOC report and map controls to the CUEC.

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**Views of Responsible Officials:** The City agrees with the finding, and will be reviewing vendor management processes and procedures and determining who the correct parties are for that review. For additional information, see the City's separate report for planned corrective actions.

### 2021-005 - SERVICE ORGANIZATION DOES NOT HAVE A SOC REPORT

**Criteria:** The Green Book, Section 4 *Additional Considerations, Service Organizations* states, "management needs to understand the controls each service organization has designed, has implemented, and operates for the assigned operational process and how the service organization's internal control system impacts the entity's internal control system. If controls performed by the service organization are necessary for the entity to achieve its objectives and address risks related to the assigned operational process, the entity's internal controls may include complementary user entity controls identified by the service organization or its auditors that are necessary to achieve the service organization's control objectives."

**Condition:** 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).

**Cause:** The Service Organization does not have a SOC report and the City relies on the systems and financial information produced by the Service Organization.

**Effect or Potential Effect:** The financial information used could be inaccurate.

**Recommendation:** We recommend implementing controls to validate the information being provided by the Service Organization is complete and accurate.

**Views of Responsible Officials:** The City agrees with the finding, and has begun reviewing vendor management processes and procedures. For additional information, see the City's separate report for planned corrective actions.

### 2021-006 - CONTROL DOCUMENTATION AND RECORDS PROPERLY MANAGED AND MAINTAINED

**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

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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:

- 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

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## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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- 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.

**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 that 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, how variances/errors are addressed, and how the reviewer is validating the completeness and accuracy of what they are reviewing. We also recommend maintaining the evidence of the review and completeness and accuracy validation.

**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.

### 2021-007 - CHANGE MANAGEMENT AND ADMINISTRATIVE ACCESS

**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, 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."

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## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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**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 have the ability to promote their own changes into production.

**Administrative Access** - We also noted for the following applications ECS, CityBase, EZLinks, GenTax, ActiveNet, IASWorld, Zuora, Gravity, DBC, Questica, Sympro, and Active Directory 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 server and database server that are expired or no longer in use.

For Active Directory, we noted and confirmed with the management that there are many administrative accounts which are not appropriate compared against job titles and should be removed.

We noted in our review of the administrators for the Workday application, there were administrators who were also developers for the application.

**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 has identified a project manager to look at the application access provisioning and de-provisioning throughout all CCD agencies holistically. For additional information, see the City's separate report for planned corrective actions.

### 2021-008 - PROVISIONING/DEPROVISIONING ACCESS AND USER ACCESS REVIEW

**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').".

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**Condition: Provisioning** - We note for EZ Links there was no formal documentation for user access provisioning. We also noted for a selected new user added to the DBC, segregation of duties did not exist between approver and grantor. We also noted for a Zuora new user access request, there was no documentation showing the access given matched what was requested.

**Deprovisioning** - We noted for access deprovisioning the following systems: EZLinks, ActiveNet, IASWorld, Sympro, DBC, Questica, and Zuora there is no formal process in place. We also noted for a terminated employee we selected they were not disabled within a timely manner.

For Zuora, there was also a terminated employee where there was no documentation evidencing the access removal was requested.

**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 access. 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. 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.

**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 reviews for in scope systems on at least an annual basis. We 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 has identified a project manager to look at the application access provisioning and de-provisioning throughout all CCD agencies holistically. For additional information, see the City's separate report for planned corrective actions.

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### Section III - Federal Award Findings and Questioned Costs

#### 2021-009 - 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.

24 CFR section 576.201 states - The recipient must make matching contributions to supplement the recipient's Emergency Solutions Grant (ESG) program in an amount that equals the recipient's fiscal year grant for the ESG program. The matching requirement may be met by one or both of the following: (1) cash expended for allowable costs, as defined in OMB Circulars A-87 (2 CFR part 225) and A-122 (2 CFR part 230), of the recipient or subrecipient, (2) the value of any real property, equipment, goods, or services contributed to the recipient's or subrecipient's ESG program, provided that if the recipient or subrecipient had to pay for them with grant funds, the costs would have been allowable. Noncash contributions may also include the purchase value of any donated building.

**Condition:** 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 documented above (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.

**Questioned Costs:** \$461,284

**Context:** BDO tested the entire population of eight contracts and administrative costs relating to ESG program funds (excluding COVID-19 Emergency Solutions Grant (ESG-CV) as it is not subject to matching requirements). The total required match for non-COVID ESG funds was \$461,284. BDO found that for the matching compliance requirement, HOST only required documents from their subrecipients showing contributions equaling \$422,545 which is \$38,739 less than the required match. In addition, none of the matching documentation provided appeared to meet matching requirements of 24 CFR 576.201 as there was no evidence as to whether such amounts documented by subrecipients were spent on allowable costs.

**Cause:** HOST did not have an internal control policy or system to ensure the required match was being met. This was due to lack of training received by HOST and a change in personnel.

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**Effect or Potential Effect:** The non-COVID portion of the Emergency Solutions grant was out of compliance with 24 CFR 576.201.

**Identification as a Repeat Finding:** N/A

**Recommendation:** HOST should create and maintain an internal tracking system to ensure acceptable match costs are reported on a periodic basis from subrecipients and also ensure administrative charges are matched. Training should be received on matching requirements and what is permissible as an allowable match. These requirements should be effectively communicated to subrecipients under the grant.

**Views of Responsible Officials:** The City agrees with the finding, and HOST and HUD Technical Assistance provider, Homebase, has created an ESG Match Guide and is training sub-grantees utilizing ESG funds. For additional information, see the City's separate report for planned corrective action.

### 2021-010 - 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-20-MW-08-0005, E-20-MC-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 states - Within 180 days (240 days for ESG-CV funds) 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:** HOST did not timely obligate its funds awarded under ESG/ESG-CV.

**Questioned Costs:** N/A

**Context:** BDO tested the entire population of 18 subrecipient contracts relating to ESG/ESG-CV. BDO found that 14 of the 18 contracts were obligated outside of the required time period. BDO also found that one federal award, E-20-MW-08-0005, was not obligated in its entirety. After removing the allowed portion that can be allocated for administrative expenses, HOST did not obligate \$54,924 for the contract.



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**Cause:** HOST does not have internal controls in place to ensure that funds are obligated in the required time period.

**Effect or Potential Effect:** HOST is out of compliance with 24 CFR 576.203 regarding obligation of funds.

**Identification as a Repeat Finding:** N/A

**Recommendation:** HOST should create a tracking mechanism to ensure funds are adequately tracked and obligated within required time periods. This should be supplemented with written policies and procedures pertaining to timely obligating funds.

**Views of Responsible Officials:** The City agrees with the finding and has updated the HOST Grant Administration Policies & Procedures document and the HOST Contract & Performance Management Policies. For additional information, see the City's separate report for planned corrective action.

### 2021-011 - SUSPENSION AND DEBARMENT

ALN 14.231 - Emergency Solutions Grant Program

ALN 21.023 - COVID-19 Emergency Rental Assistance Program

ALN 93.323 - COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
Department of Housing and Urban Development (14.231)

Department of the Treasury (21.023)

Department of Health and Human Services (93.323)

Award Number: E-21-MC-08-0005, E-20-MW-08-0005, E-19-MC-08-0005, E-20-MC-08-0005(14.231) / HOST-202157622 (21.023) / PO, FHJA, 202000013525 (93.323)

Award Year: 2020 (14.231 and 93.323) / 2021 (21.023)

**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 an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

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**Condition:** 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.

**Questioned Costs:** N/A

**Context:** For ALN 14.231, BDO tested five subrecipients out of a total population of 21 who were awarded ESG/ESG-CV funds and found that HOST did not document their search of SAM.gov to ensure these subrecipients were not suspended or debarred.

For ALN 21.023, BDO tested three subrecipients out of a total population of five subrecipients from the program. For all three subrecipients tested, we noted that HOST did not retain documentation supporting their search of SAM.gov to ensure subrecipients were not suspended or debarred.

For ALN 93.323, BDO tested a sample of seven vendors from a population of 25 vendors from the program. The results of testing found four instances in which the City did not retain documentation supporting their search of SAM.gov to ensure that the vendor was not suspended or debarred prior to awarding the contract.

**Cause:** The Departments' review control was not operating effectively to ensure that the required search was performed and documentation was retained to support compliance with suspension and debarment requirements.

**Effect or Potential Effect:** The Departments 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.

**Identification as a Repeat Finding:** N/A

**Recommendation:** The Departments should follow their internal control procedures to ensure that the required search is performed and documentation is retained to support compliance with suspension and debarment requirements for each subrecipient/vendor.

**Views of Responsible Officials:** The City agrees with the finding, and will ensure that subrecipient and vendor files include evidence of the results of the SAM.gov search. For additional information, see the City's separate report for planned corrective action.

### 2021-012 - SUBRECIPIENT MONITORING

ALN 14.241 - Housing Opportunities for Persons with AIDS Program  
Department of Housing and Urban Development  
Award Number: COH2F001  
Award Year: 2021

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**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.

### **Subrecipient Monitoring**

Subrecipient Monitoring applies when federal awards are passed through to a subrecipient. 2 CFR 200.331(a) states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

All pass-through entities must (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section... (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

2 CFR section 200.331(f) requires that pass-through entities verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 - *Audit Requirements*.

**Condition:** 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.

**Questioned Costs:** N/A

**Context:** HOST did not complete the required subrecipient monitoring activities taking place for all three of the subrecipients under the grant award.

**Cause:** HOST planned to complete an annual audit of subawards in the fall/winter of 2022 after the close of the grant.

**Effect or Potential Effect:** The Program is not performing monitoring of its subrecipients as required by 2 CFR Part 200. As a result, it is possible there could be material noncompliance occurring at the subrecipient level that may not be detected timely, which could result in future grant issues.

**Identification as a Repeat Finding:** N/A

**Recommendation:** We recommend that HOST review its subrecipient monitoring processes and controls to ensure that established policies are followed, and subrecipients are monitored as

# City and County of Denver

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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required by Uniform Guidance. Potential hiring of more staff to handle monitoring backlogs and use of the internal audit function could be helpful. The results of subrecipient risk assessments should be linked with appropriate monitoring procedures.

**Views of Responsible Officials:** The City agrees with the finding, and is adding additional resources to ensure proper subrecipient monitoring. For additional information, see the City's separate report for planned corrective action.

### 2021-013 - SUBRECIPIENT MONITORING, CASH MANAGEMENT (FOR SUBRECIPIENTS), ELIGIBILITY (FOR SUBRECIPIENTS)

**ALN 21.023 - Emergency Rental Assistance Program**  
Department of the Treasury  
Award Number: HOST-202157622  
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.

#### Subrecipient Monitoring

Subrecipient Monitoring applies when federal awards are passed through to a subrecipient. 2 CFR 200.331(a) states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

All pass-through entities must (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section... (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

2 CFR section 200.331(f) requires that pass-through entities verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 - *Audit Requirements*.

#### Cash Management (for Subrecipients)

Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that the time elapsing between the transfer of federal funds to the subrecipient and their disbursement for program purposes is minimized as required by the applicable cash management requirements in the federal award to the recipient (2 CFR section 200.305(b)(1)).

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### Eligibility (for Subrecipients)

A pass-through entity must ensure that subawards were made only to eligible subrecipients.

**Condition:** 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.

**Questioned Costs:** N/A

**Context:** HOST did not complete the required subrecipient monitoring activities listed above for each of the five subrecipients under the grant award.

**Cause:** HOST planned to complete an annual audit of subawards in the fall/winter of 2022 after the close of the grant.

**Effect or Potential Effect:** The Program is not performing monitoring of its subrecipients as required by 2 CFR Part 200. As a result, it is possible there could be material noncompliance occurring at the subrecipient level that may not be detected timely, which could result in future grant issues.

**Identification as a Repeat Finding:** N/A

**Recommendation:** We recommend that HOST review its subrecipient monitoring processes and controls to ensure that established policies are followed, and subrecipients are monitored as required by Uniform Guidance. Potential hiring of more staff to handle monitoring backlogs and use of the internal audit function could be helpful. The results of subrecipient risk assessments should be linked with appropriate monitoring procedures.

**Views of responsible officials:** The City agrees with the finding, and is adding additional resources to ensure proper subrecipient monitoring. For additional information, see the City's separate report for planned corrective action.

### 2021-014 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS

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)

Award Year: 2021 (93.268 and 93.914) / 2020 (93.323)

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## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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**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.

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:** Payroll timesheets were not prepared or reviewed by a supervisor for employees charging time under the grant.

**Questioned Costs:** Not determinable.

**Context:** BDO noted 12 out of 37 payroll charges tested had no timesheets or required supervisory approvals when testing allowable costs for HIV Emergency Relief Project Grants (ALN 93.914). BDO noted 2 out of 40 payroll charges tested had no timesheets or required supervisory approvals when testing the indirect cost pool for Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323) and Immunization Cooperative Agreements (ALN 93.268).

**Cause:** Established internal controls over approval of allowable costs and activities were not utilized. The timekeeping software was down for the last two weeks of December. Although manual timesheets were required to be submitted and approved during that time, this was not followed for the programs listed above.

**Effect or Potential Effect:** Payroll costs that are not allowable per the terms and conditions of the grant, or improper payroll costs could be charged to the grant.

**Identification as a Repeat Finding:** N/A

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**Recommendation:** The City should follow their internal control procedures regarding review and approval of payroll expenditures, to ensure that payroll costs are allowable and properly supported.

**Views of Responsible Officials:** The City agrees with the finding, and is following the City's policy requiring timecard approvals. For additional information, see the City's separate report for planned corrective action.

### 2021-015 - 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 statutes, 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 DHS Department Director allocated to the program.

**Questioned Costs:** The total amount of payroll charged to the program for the DHS Department Director of \$36,216.25 (25% of the Director's annual salary).

**Context:** For four of the 37 payroll transactions tested, the allocated amount was not supported by time and effort documentation pertaining to the HIV program.

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## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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**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.

**Identification as a Repeat Finding:** N/A

**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.

### 2021-016 - ACTIVITIES ALLOWED OR 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

Award Number: N/A

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.

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 Health and Human Services passed through the Colorado Department of Human Services and Colorado Department



# City and County of Denver

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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of Health Care Policy and Financing to its cognizant agency for approval as required by Uniform Guidance.

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

**Context:** The central services cost allocation plan was not submitted to the Department of Transportation, the federal cognizant agency for the City. The plan was submitted to the Colorado Department of Human Services, which requires the plan in order to determine the amount of central service costs to reimburse and calculate roll-forward adjustments as needed.

**Cause:** The City was unaware of the Uniform Guidance requirement, and there were therefore no controls in place to ensure compliance. Furthermore, 2020 (the plan submitted is on a one-year lag) was the first year in which the City had more than \$100 million in direct federal awards.

**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*.

**Identification as a Repeat Finding:** N/A

**Recommendation:** The City should submit their central service cost allocation plan to the cognizant agency for indirect costs, which is defined as the Federal agency with the largest dollar value of total 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. They will seek submission guidance from the U.S. Department of Transportation, the City's largest federal grantor agency for FY 2021, as to whether the City's Central Services Cost Allocation Plan should be submitted for formal federal review and approval. For additional information, see the City's separate report for planned corrective action.

### 2021-017 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS

ALN 93.778 - Medicaid Cluster

ALN 93.659 - Adoption Assistance Program

ALN 93.323 - COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases

ALN 93.268 - Immunization Cooperative Agreements

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)

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Department of Health and Human Services

Department of Agriculture

Award Number: N/A (93.563, 93.090, 93.658, 10.561, 93.778 and 93.659) / FHJA 202000013525 (93.323) / FHJA 202100010501 (93.268)

Award Year: 2021 (93.778 and 93.659) / 2020 (93.323) / 2021 (93.268)

**Criteria or Specific Requirement:** 2 CFR 200.303 Internal controls states that the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Condition:** 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.

**Questioned Costs:** N/A

**Context:** The central service cost allocation plans, prepared for 2021 using 2020 actual expenditures/expenses and 2020 using 2019 expenditures/expenses are submitted to the State of Colorado Department of Human Services and form the basis for determining costs to be recovered under the plan for the City programs listed in this finding. These cost allocation plans are also used in the development of indirect cost proposals submitted by the City Department of Public Health and Environment to its grantor agencies. As of 2018, the City’s Budget Management Office requires City agencies to officially certify they have reviewed their sections of draft cost allocation plan and determined the data provided and methodology used to generate the cost allocation are accurate. During testing of this key control, it was discovered that no form is sent to the Department of Human Services and approval is verbal. In addition, no such certifications were sent out for the 2021 plan and no certification was therefore available for the Department of Public Health and Environment.

**Cause:** This is a relatively new control implemented by the City. There was a failure at the agency level in sending out agency certifications pertaining to the 2021 central services cost allocation plan.

**Effect or Potential Effect:** Without evidence of agency review of the cost allocation plan, it’s possible that a plan may be submitted without a review, where errors are undetected. This may result in incorrect allocations of central service costs, resulting in errors in amounts recovered for Federal grant awards and inaccurate indirect cost rates used to claim indirect costs under Federal awards.

**Identification as a Repeat Finding:** N/A

# City and County of Denver

## Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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**Recommendation:** The City should ensure all agencies, especially those recovering central service costs under Federal grants, complete and sign such certifications. A control listing of all agencies should be kept and follow-up should be conducted with agencies not submitting such forms. The Department of Human Services should be included and should provide a signed certification as opposed to verbal approval.

**Views of Responsible Officials:** The City agrees with the finding. They will ensure receipt of certification from agencies related to the full cost plan in accordance with our internal policies. Additionally, we will document the approval we previously received verbally from Denver Human Services after their review of the 2CFR cost plan. For additional information, see the City's separate report for planned corrective action.

### 2021-018 - REPORTING

**ALN 21.023 - Emergency Rental Assistance Program**  
Department of the Treasury  
Award Number: HOST-202157622  
Award Year: 2021

**Criteria or Specific Requirement:** 2 CFR 200.300(b) states - The non-federal agency is responsible for complying with all requirements of the Federal award. For all Federal awards, this includes the provisions of the Federal Funding Accountability and Transparency Act (FFATA), which includes requirements on executive compensation, and also requirements implementing the Act for the non-Federal entity at 2 CFR parts 25 and 170.

2 CFR 170.210 states - The notice of funding opportunity, regulation, or other issuance must require each non-Federal entity that applies for Federal financial assistance and that does not have an exception under § 170.110(b) to have the necessary processes and systems in place to comply with the reporting requirements should they receive Federal funding.

ERAP Reporting Guidance V2- Recipients are not required to submit separate subaward reports to FSRS.gov pursuant to 2 CFR Part 170, Appendix A, regarding reporting subaward and executive compensation, which is included in the ERA Award Terms and Conditions. Recipients will have the option to report to FSRS.gov directly or to report via Treasury's Portal, at which point Treasury will transmit FSRS data elements to FSRS.gov on behalf of Recipients using the \$30,000 reporting threshold, timing, and data elements discussed in this guidance, or 2 CFR Part 170 where not otherwise specified. If Recipients choose to continue reporting to FSRS.gov in addition to reporting directly to Treasury on these funds, they may do so and will be asked to notify Treasury as part of their quarterly submission. Recipients maintain responsibility for the underlying subaward data in all circumstances.

**Condition:** There was no evidence of submission of required FFATA reports for the Emergency Rental Assistance Program.

**Questioned Costs:** N/A

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### Schedule of Findings and Questioned Costs Year Ended December 31, 2021

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**Context:** There were five subawards made to first tier subrecipients under the Emergency Rental Assistance Program. Because of issues obtaining copies of quarterly reports from Treasury's Portal, there was no evidence such subawards were reported in accordance with FFATA.

**Cause:** 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.

**Effect or Potential Effect:** No evidence exists to verify the City submitted correct required FFATA information to meet the requirements in 2 CFR 170.210 and 2 CFR Part 170, Appendix A. Therefore, the City is out of compliance with the requirement.

**Identification as a Repeat Finding:** N/A

**Recommendation:** The City's process should require the retention of evidence of reports submitted using online forms or portals.

**Views of Responsible Officials:** The City agrees with the finding. They will ensure that these reports are downloaded and retained by the City when available. For additional information, see the City's separate report for planned corrective action.