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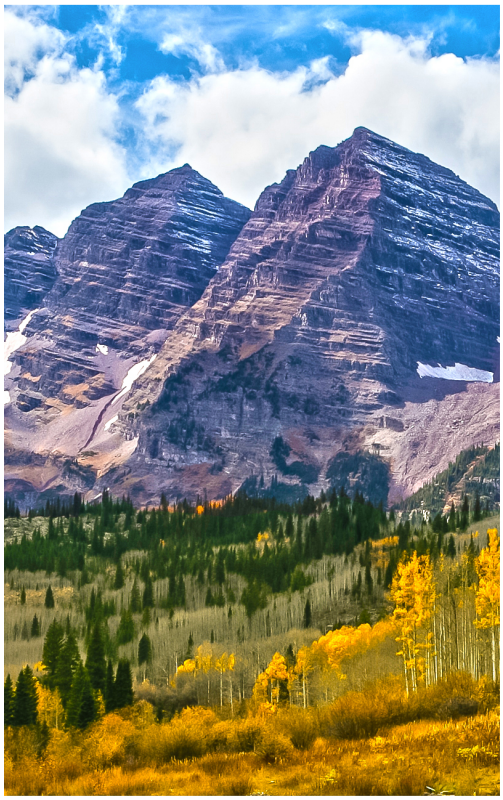
PANDEMIC RELIEF PROGRAMS ADMINISTRATIVE EXPENSES



SEPTEMBER 2021 PERFORMANCE AUDIT

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KERRI L. HUNTER, CPA

STATE AUDITOR

September 8, 2021

Members of the Legislative Audit Committee:

This report contains the results of a performance audit of Pandemic Relief Programs – Administrative Expenses. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The report presents summarized information about the appropriations and program spending from the General Assembly's Extraordinary Session in November and December 2020. The Department of Education, Department of Human Services, Department of Local Affairs, Judicial Department, and the Governor's Office of Economic Development and International Trade have provided letters outlining their views and perspectives on the observations contained in the report.

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REPORT HIGHLIGHTS

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Governor's Office of Economic Development and International Trade

PANDEMIC RELIEF PROGRAMS – ADMINISTRATIVE EXPENSES

PERFORMANCE AUDIT, SEPTEMBER 2021

CONCLUSION

State agencies expended or expect to expend the pandemic relief aid appropriated during the 2020 Extraordinary Session within the statutory limits on administrative spending, and the actual and expected administrative expenses we reviewed appeared to be reasonable and necessary. In addition, several programs expect that they will not be able to spend $24 million of pandemic relief aid by applicable deadlines.

KEY RESULTS AND CONCLUSIONS

- Of the $178.6 million in special session funds appropriated for pandemic relief programs, state agencies estimated that they would spend a total of $154.6 million by the end of Fiscal Year 2022, leaving $24.0 million of the appropriated amounts that they expected to retain in the respective program funds for future use or return to the General Fund.
- Most programs reported that they had spent or allocated all of their appropriations by applicable deadlines. Three programs expect to use all of their special session appropriations. Five programs reported that they were not expecting to spend all of their appropriated funds due to challenges distributing the relief aid to the targeted businesses or individuals.
- We estimate that the programs will use $7.9 million of the $154.6 million (5.12 percent) on administrative expenses, including allowable expenses for grantees' administrative costs, services obtained by the State, payroll expenses for state employees, and supplies purchased by the State.
- Based on our review of actual spending as of April 2021, allowable spending under state agencies' contracts and grant agreements, and the amounts state agencies reported to us about their expected administrative spending after April 2021, it appears that:
  - All of the state agencies expect to be within the statutory limits on administrative spending at the conclusion of their programs.
  - Actual and expected administrative expenses appear to be reasonable and necessary in accordance with State Fiscal Rule [1 CCR 101-1, Rule 201(3.2)].
- We observed that state agencies were using less for administrative expenses than allowed by statute in order to maximize the amount of aid to be awarded and distributed.

BACKGROUND

- In November and December 2020, the General Assembly convened in the 2020 Extraordinary Session (special session) to address the economic impacts of the COVID-19 pandemic in Colorado, and passed five bills to appropriate about $178.6 million to eight state programs to provide relief aid to benefit individuals and businesses.
- We reviewed the actual and expected administrative expenditures for the following eight programs:
  - Emergency Housing Assistance, Department of Local Affairs;
  - Child Care Provider Assistance, Department of Human Services;
  - Small Business Relief Program, Department of Local Affairs;
  - Connecting Colorado Students Grant Program, Department of Education;
  - Colorado Arts Relief Fund, Governor's Office of Economic Development and International Trade (OEDIT);
  - Food Pantry Assistance Grant Program, Department of Human Services;
  - Disproportionately Impacted Business Relief Program, OEDIT; and
  - Eviction Legal Defense Program, Judicial Department.

AUDIT APPROACH

Our audit summarizes and reports data on eight programs that received special session funds. The key objectives of this audit were to determine, for all eight programs, (1) the amount and types of administrative expenses incurred or expected to be incurred and (2) whether the administrative expenses were appropriate by determining whether they were within the spending limits outlined in statute and reasonable and necessary, and how the administrative expenses compared to those incurred by other state programs and nonprofit organizations. We worked with all of the programs to collect and summarize information on each program's funding, expenses, and grantee awards.

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PANDEMIC RELIEF PROGRAMS — ADMINISTRATIVE EXPENSES

In November and December 2020, the General Assembly convened the 2020 Extraordinary Session (special session) to address the economic impacts of the COVID-19 pandemic (pandemic) in Colorado. COVID-19 case counts had increased through the fall months, and the General Assembly sought to appropriate surplus state funding as financial relief to people and businesses adversely impacted by the pandemic, particularly as the pandemic was expected to worsen through the winter months.

PANDEMIC RELIEF PROGRAMS

During the 2020 special session, the General Assembly passed five bills to appropriate about $178.6 million to state agencies to be used primarily in Fiscal Year 2021 to provide relief aid to benefit individuals and businesses in eight key program areas (programs); some funding extends into Fiscal Year 2022. The General Assembly passed subsequent legislation during the 2021 regular session to modify some of these programs and extend their statutory deadlines. A brief summary of each program is included below, and more detailed information is provided in Appendix A.

EMERGENCY HOUSING ASSISTANCE. Senate Bill 20B-002 appropriated $59 million to the Department of Local Affairs, Division of Housing, for Fiscal Year 2021 to provide housing assistance to individuals who experienced financial need due to the pandemic. The Division of Housing used the funds for five housing assistance programs with various focuses and approaches; these five housing programs were already in operation and were established from previous federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and House Bill 20-1410.

CHILD CARE PROVIDER ASSISTANCE. House Bill 20B-1002 appropriated $45 million to create two grant programs within the Department of Human Services' Office of Early Childhood to assist and stabilize the child care sector during and after the pandemic.

- $34.8 million was appropriated to create the Child Care Sustainability Grant Program and was to be used in Fiscal Year 2021 to support licensed child care providers and youth organizations that were open and operating during the pandemic, including those at risk of closing. Senate Bill 21-236 repealed the original February 28, 2021, deadline for awarding grants and implemented a new deadline of June 30, 2021, for spending these funds.

- $8.8 million was appropriated to create the Emerging and Expanding Child Care Grant Program and can be used through Fiscal Year 2022 to provide grants to licensed child care providers who are expanding, and to those actively pursuing a child care license. Senate Bill 21-236 increased the total amount that can be awarded under the program from $50,000 to $200,000 per grant recipient, and the funds must be spent by June 30, 2022.

- $1.46 million was appropriated for administrative costs shared by both programs through Fiscal Year 2022.

SMALL BUSINESS RELIEF PROGRAM. Senate Bill 20B-001 appropriated $37 million for Fiscal Year 2021 to create this program within the Department of Local Affairs, Division of Local Government. The purpose of this program was to allocate relief funds to local governments for distribution to eligible small businesses in their communities that were impacted by severe capacity restrictions due to the pandemic. Senate Bill 21-001 extended the deadline for the department to allocate funding to local governments from January 15, 2021, to January 22, 2021, and the deadline for local governments to distribute relief funds to small businesses from February 12, 2021, to April 1, 2021.

CONNECTING COLORADO STUDENTS GRANT PROGRAM. House Bill 20B-1001 appropriated $20 million for Fiscal Year 2021 to create this program, housed within the Department of Education, to provide grants to education providers for broadband services and other technology to increase internet access for students, educators, and staff across the state who lack reliable internet service. House Bill 21-1289 extended the deadline for awarding grants from February 1, 2021, to June 30, 2021. Some program spending from interest income carried over into Fiscal Year 2022.

COLORADO ARTS RELIEF FUND. Senate Bill 20B-001 appropriated $7.5 million in Fiscal Year 2021 to create this program, administered by the Governor's Office of Economic Development and International Trade's

(OEDIT) Creative Industries Division, to provide financial relief to arts and cultural organizations affected by government-mandated closures, as well as artists and crew members subsequently experiencing financial loss due to the pandemic. Some program spending carried over into Fiscal Year 2022.

FOOD PANTRY ASSISTANCE GRANT PROGRAM. House Bill 20B-1003 appropriated $5 million for Fiscal Year 2021, to be expended by July 31, 2021, to this existing program, housed within the Department of Human Services' Office of Economic Security, to address the increased need for emergency food resources as a result of the pandemic by providing aid to food pantries and food banks to help them meet the needs of their clientele.

DISPROPORTIONATELY IMPACTED BUSINESSES RELIEF PROGRAM. This program was originally established under Senate Bill 20B-001 as the Relief for Minority Owned Businesses Program with an appropriation of $4 million to OEDIT for Fiscal Years 2021 and 2022 to implement it. Senate Bill 21-001 modified the program by broadening its scope and eligibility parameters, and renaming it to the Disproportionately Impacted Businesses Relief Program. The program was just getting started as of June 2021, and its purpose is to provide financial assistance and professional development services to small businesses meeting certain criteria, such as being minority owned or located in an economically distressed area.

EVICTION LEGAL DEFENSE PROGRAM. Senate Bill 20B-002 appropriated $1 million for Fiscal Year 2021 to this existing program, housed within the Office of the State Court Administrator, to increase the amount of grants awarded previously through the program. This program was created in 2019 to provide grants to organizations that provide legal assistance to indigent persons facing eviction.

The General Assembly recognized that the state agencies administering these pandemic relief programs would incur expenses such as payroll, contracted services, and supplies, and specified some limits for this

administrative spending. Some of the bills also allowed non-state agencies and nonprofit organizations that would help distribute the relief aid as grantees to use some of the funding for administrative expenses. For example, Senate Bill 20B-001 allows for up to 5 percent of the appropriation for the Small Business Relief Program to be used for the department's and eligible local governments' administrative expenses in distributing the program funds.

Exhibit 1.1 outlines the special session pandemic relief program appropriations and any applicable limits on administrative spending.

EXHIBIT 1.1. COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS APPROPRIATIONS AND LIMITS ON ADMINISTRATIVE SPENDING

Program	Appropriation	Limits on Administrative Spending
Emergency Housing Assistance	$59 million Fiscal Year 2021	The Division of Housing "may use up to three percent of the [$54 million transferred from the General Fund] for the costs of administering this subsection (1.7)" [Section 24-32-721 (1.7)(a.5), C.R.S.] and "may use up to three percent of the [$5 million transferred from the General Fund] to pay the costs of administering the grant program" [Section 24-32-721.5(7)(c), C.R.S.]. (Maximum of $1.77 million)
Child Care Provider Assistance	$45 million Fiscal Years 2021 and 2022 Unused funds from Fiscal Year 2021 may roll forward for use in Fiscal Year 2022	House Bill 20B-1002 outlined appropriation amounts for program administration and contracted services. (About $1.46 million)

Program	Appropriation	Limits on Administrative Spending
Small Business Relief Program	$37 million Fiscal Year 2021	The Division of Local Government "may use up to five percent of the appropriated amount for the division's and eligible local governments' administrative costs in operating and administering the program" [Section 24-32-129(2)(b)(I), C.R.S.]. (Maximum of $1.85 million)
Connecting Colorado Students Grant Program Fund	$20 million Fiscal Year 2021 Plus spending authority to use any interest income on the appropriation by February 1, 2022	The Department of Education "may annually use up to two percent of the money annually awarded as grants from the fund for the expenses incurred in administering the program" [Section 22-103-106(1)(b), C.R.S.]. (Maximum of about $400,000, depending on grant award amounts)
Colorado Arts Relief Fund	$7.5 million Fiscal Year 2021	The Creative Industries Division "may use up to five percent of the amount appropriated pursuant to this section for its administrative costs in administrating or contracting with a third party to administer the arts relief program" [Section 24-48.5-316(3), C.R.S.]. (Maximum of $375,000)
Food Pantry Assistance Grant Program	$5 million Fiscal Year 2021 To be expended by July 31, 2021	The Department of Human Services "is authorized to use $70,000 of the total funds appropriated to the grant program for the direct and indirect costs of administering and monitoring the program," and a grant recipient "may use up to twenty percent of its grant award to cover the direct and indirect expenses associated with the distribution of food" [Sections 26-2-139(3) and (4), C.R.S.]. (Maximum of about 21 percent, or $1,058,000, with $70,000 for the department and about $988,000 for grantees)

PROGRAM	APPROPRIATION	LIMITS ON ADMINISTRATIVE SPENDING
DISPROPORTIONATELY IMPACTED BUSINESSES RELIEF PROGRAM	$4 million Fiscal Years 2021 and 2022 Unused funds from Fiscal Year 2021 may roll forward for use in Fiscal Year 2022	OEDIT "shall use a portion of the [$4 million appropriation from the General Fund], including a portion annually for administrative costs, to administer [the program]… and including a portion annually for staff and administrative support…" [Sections 24-48.5-127(3) and (4), C.R.S.]. (No limit specified)
EVICTION LEGAL DEFENSE PROGRAM	$1 million Fiscal Year 2021	No administrative spending limit noted.
TOTAL	**$178.6 million**	

SOURCE: Office of the State Auditor analysis of legislation passed during the General Assembly's 2020 Extraordinary Session and 2021 First Regular Session.

AUDIT PURPOSE, SCOPE, AND METHODOLOGY

We conducted this performance audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of the state government. This audit was conducted in response to a legislative request for a performance audit of "how funds were used administratively by the various departments that were charged with implementing relief programs established by the actions of the Extraordinary Session and signed by the Governor." The request cited concern with how citizens are "having to do more with less," which should require the State to also "adhere to that same expectation." Audit work was performed from March 2021 through August 2021. We appreciate the cooperation and assistance provided during this audit by the management and staff of the Department of Education, Department of Human Services, Department of Local Affairs, Judicial Department, and Governor's Office of Economic Development and International Trade.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The key objectives of this audit were to determine, for all eight program areas funded during the special session, (1) the amount and types of administrative expenses incurred or expected to be incurred and (2) whether those expenses were appropriate. We planned our work to look at appropriateness through three lenses: whether administrative expenses were within the spending limits outlined in statute, whether administrative expenses were reasonable and necessary, and how the administrative expenses compared to those incurred by other state programs and nonprofit organizations. In addition, the audit looked at whether the programs spent their special session funding by applicable statutory deadlines.

To accomplish our audit objectives, we performed the following audit work:

- Determined the amount of actual and expected pandemic relief fund spending, including on administration, by analyzing:
  - Expenses in the State's accounting system, the Colorado Operations Reporting Engine (CORE), for Fiscal Year 2021 through accounting Period 10, which runs through April 2021; throughout the report we refer to this as through April 2021.
  - Information provided by each agency for their remaining expected expenses after April 2021.
  - Applicable statutory deadlines for spending the special session funds.

- Assessed information from grant and contract agreements and grantee/contractor reporting, as applicable, to understand the administrative expenses incurred or allowed by the agreements. For most programs, this review focused on grantee and contractor *allowable* spending on administration, as specified in the departments' grant and contract agreements, and did not include a review of grantee and contractor *actual* spending on administration, as information about grantee and contractor actual spending was not yet available at the time of our review. Our review did include review of local governments' actual spending for the Small Business Relief Program, as the local governments' reports were available at the time of our review.

- Assessed whether total expected administrative expenses were within applicable statutory limits for each program by reviewing the actual and expected expenses against the limits established in the enacting legislation.

- Reviewed state agency payroll expenses for each program and methodologies for allocating those expenses, and interviewed state agency staff to ensure agencies had a basis for the expenses.

- Assessed the reasonableness of contracted services and supplies by reviewing the expenses in CORE and contract agreements, as applicable, and interviewing state agency staff.

- Assessed the feasibility of comparing the pandemic relief programs with other state programs and nonprofit organizations by reviewing nonprofit tax information, reviewing financial information in CORE, interviewing program staff, and analyzing similarities and differences between the pandemic relief programs and other programs operated by the State.

- Gained an understanding of the programs and how relief funds were spent by reviewing information provided by the state agencies,

reviewing grant and contract agreements, and interviewing state agency management and program staff.

- Inquired with the state agencies about any costs associated with the programs that were absorbed by other funding sources. Our review did not include audit work to quantify or assess the appropriateness of any such amounts. However, we have included the information that state agencies reported to us.

As required by auditing standards, we planned our audit work to assess the effectiveness of those internal controls that were significant to our audit objectives. Details about the audit work supporting our conclusions are described in the remainder of this report.

We were not able to conclude on how administrative expenses of the pandemic relief programs compared to those incurred by other state programs and nonprofit organizations. Specifically, we determined that we could not fairly compare the programs' administrative expenses to other state programs and nonprofit organizations for the following reasons:

- Other state programs and nonprofit organizations incur departmental/organizational indirect costs to cover their operating expenses, but the pandemic relief programs were not included in their respective agencies' indirect cost plans, and therefore, did not incur indirect costs charged to the programs.

- Other state programs and nonprofit organizations have time to set up and develop their programs, but the pandemic relief programs operated in an expedited manner that is not comparable to normal state or nonprofit operations.

- Some state agencies used other funding sources to absorb some costs of operating the pandemic relief programs, which limited the reliability of a comparison.

- Nonprofit organizations report standardized categorization of expenses on their Internal Revenue Service tax forms, which allows for consistent comparison of administrative costs among nonprofits, but state programs do not have such standard reporting mechanisms for categorizing which of their expenses are for administration.

Our conclusions on the other audit objectives are found in the following sections of the report.

A draft of this report was reviewed by the Department of Education, Department of Human Services, Department of Local Affairs, Judicial Department, and Governor's Office of Economic Development and International Trade. We have incorporated the state agencies' perspectives into the report where relevant. Appendix B contains letters from each state agency with their comments.

PROGRAM SPENDING

Of the $178.6 million in special session funds appropriated for pandemic relief programs, state agencies estimated that they would spend a total of $154.6 million by the end of Fiscal Year 2022, leaving approximately $24.0 million of the appropriated amounts that they expected to retain in the respective program funds for future use by the programs or return to the General Fund.

As of April 2021, the date of our testing, state agencies had spent or allocated $143.8 million. We asked state agencies about their expected additional spending after April 2021 and they reported net expected additional spending of about $10.8 million of their special session appropriations. Specifically, after April 2021, programs expected to spend or allocate to grantees an additional $25.4 million and receive as refunds about $14.6 million from previous allocations that their grantees were not able to spend.

While three programs expected to ultimately use all of their special session appropriations, five programs were expecting to either return some of the special session funds to the General Fund or retain some

unspent funds in their respective program funds, as prescribed by statute. In some cases, the programs were already in receipt of the returned funds and were able to provide us with precise amounts of funds that were returned or retained. For the Food Pantry Assistance Grant Program, the Department of Human Services was reviewing grantee reports and refunds at the time of our reporting and notified us that they expected to receive about $40,000 returned from grantees. However, due to our reporting deadlines, we did not include the updated figures in our graphics; we have footnoted the department's estimated returned amount.

Exhibit 1.2 shows the total appropriated amounts, total amount spent or allocated through April 2021, and net expected spending after April 2021 for all eight programs through the end dates established for the programs.

EXHIBIT 1.2. COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS TOTAL APPROPRIATION AND EXPECTED SPENDING BY PROGRAM FISCAL YEARS 2021 AND 2022

Relief Program	Total Appropriated	Actual Amount Spent or allocated as of April 2021	Amount expected to be spent after April 2021	Total Expected Spending	Amounts expected to be unspent by applicable program deadlines
Emergency Housing Assistance	$59,000,000	$55,080,600	$3,919,400	$59,000,000	$0
Child Care Provider Assistance	$45,016,300	$34,000,900	$10,049,400	$44,050,300	$966,000
Small Business Relief Program	$37,000,000	$28,626,400	($13,838,000)	$14,788,400	$22,211,600
Connecting Colorado's Students Grant Program	$20,078,800[1]	$12,847,500	$7,175,100	$20,022,600	$56,200
Colorado Arts Relief Fund	$7,500,000	$7,410,400	$89,600	$7,500,000	$0
Food Pantry Assistance Grant Program	$5,000,000	$4,858,300	$141,700	$5,000,000	$0[2]
Disproportionately Impacted Businesses Relief Program	$4,000,000	$0	$4,000,000	$4,000,000	$0
Eviction Legal Defense Program	$1,000,000	$1,000,000	($791,500)	$208,500	$791,500
Total	$178,595,100	$143,824,100	$10,745,700	$154,569,800	$24,025,300

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the state agencies administering the programs.

[1] The Department of Education reported that it earned approximately $78,800 in interest on the funds during Fiscal Year 2021, which statute allows it to spend on the program by February 1, 2022 [Section 22-103-106, C.R.S.].

[2] Amounts assume grantees will use their full awards and not return funds to the Department of Human Services. Grantees were required to return unused funds by July 15, 2021. At the time of our reporting, the department anticipated that grantees may be returning approximately $40,000 in unused funds.

Most programs reported that they had spent or allocated all of their appropriations by applicable deadlines. In some cases, programs met initial deadlines to make applications available or select grantees, but struggled to get the relief aid out to the targeted businesses or individuals.

- The Emergency Housing Assistance program spent or allocated to its grantees about $55 million of its funds, as of April 2021. The program reported that it expected to spend the remaining approximately $4 million by the end of the June 30, 2021, statutory deadline.

- The Child Care Provider Assistance programs at the Department of Human Services expected to spend all but $966,000 of the combined $45 million appropriation for the two programs and administrative expenses shared between the two programs. The department expected to spend about $44.1 million as follows:

  - The Child Care Sustainability Grant Program expected to return $959,000 of the $34.8 million (2.8 percent) appropriated from the Child Care Provider Assistance funds. The department was unable to distribute grant awards to 187 child care providers by the February 28, 2021, statutory deadline because the department had not received the providers' banking information in time. Senate Bill 21-236 changed some deadlines related to the program allowing more time to distribute grants, but the legislation did not add authority for these funds to be spent in Fiscal Year 2022, preventing the department from distributing the remaining funds. In addition, the department reported that it expected to spend $7,000 less than the $1.46 million appropriation designated specifically for administration expenses for the programs. The program's unused funds will be returned to the General Fund.

  - The Emerging and Expanding Child Care Grant Program, part of Child Care Provider Assistance at the Department of Human Services, was designed as a longer-term program; funds could be

used for starting new child care facilities or growing and expanding existing facilities. The department started reviewing and approving applications in February 2021 and had spent $0 of its appropriation as of April 2021, but reported it would spend the full $8.8 million for the program, as well as about $1.3 million of administrative expenses by the June 30, 2022, statutory deadline.

- The Department of Local Affairs expected to return about $22.2 million of its $37 million appropriation (60 percent) to the Small Business Relief Program to the General Fund. The department reported that local governments were not able to distribute all of the relief aid to small businesses in their communities by the April 1, 2021, statutory deadline due to several factors. This included small businesses not meeting the statutory criteria that limited the types of businesses that could receive aid, and some businesses choosing not to apply for relief aid because they focused their limited resources on other relief programs such as the federal Paycheck Protection Program. Three local governments that applied for and received funds did not have any applicants that qualified for the program.

- The Department of Education expected to return $56,200 of the total $20,078,800 (0.28 percent) it was appropriated in the Connecting Colorado's Students Grant Program. The department was not able to distribute all of its funds by the original statutory deadline of February 1, 2021, but received an extension from the General Assembly to June 30, 2021. Specifically, the department had awarded about $12.8 million of the total $20 million appropriation by February 1, 2021, and reported that it was unable to award the remaining funds for the following reasons:

  - Applicants could only request funds for 1 year, which limited the amount of funds that could be requested on the application;

- Some applicants were conservative in what they requested in funding because they did not want to request too much in their application and be denied; and

- One application requesting approximately $3 million was denied because it was missing some of the required elements that the applicant was not able to provide by the February 1, 2021, deadline.

House Bill 21-1289 extended the deadline for granting these funds to June 30, 2021, and the Department of Education reported that it had awarded the remaining $7.2 million by the June 30, 2021, statutory deadline.

The Department of Education reported that it earned $78,800 in interest on the funds during Fiscal Year 2021, of which it did not expect to spend $56,200. Statute [Section 22-103-106, C.R.S.] allowed the program to use interest earned by February 1, 2022, at which time any unspent or unencumbered funding will be transferred to the General Fund.

- The Colorado Arts Relief Fund at OEDIT contracted with a nonprofit for $7.5 million to assist with administering the program. The contractor awarded approximately $7.35 million in grants and used $57,000 for its administrative expenses, as of April 2021. The contractor reported that it expected to use the remaining $89,600 for administrative expenses for providing end-of-year tax information to grantees by December 31, 2021, prior to the February 2022 contract end date.

- The Food Pantry Assistance Grant Program at the Department of Human Services reported it would spend the full $5 million appropriation by awarding approximately $4.9 million to grantees by the July 31, 2021, statutory deadline, and incurring about $62,000 in administrative expenses. At the time of our reporting, the department was reviewing grantee reports and refunds, and alerted

us that grantees would be returning approximately $40,000 in unspent funds; these funds will be returned to the General Fund.

- The Disproportionately Impacted Businesses Program's implementation at OEDIT was delayed by litigation and had not launched at the time of our testing. OEDIT reported to be starting the program in June 2021, and expected to be able to spend the $4 million appropriation by the June 30, 2022, statutory deadline.

- The Eviction Legal Defense Program at the Judicial Department expected to return about $791,500 of the $1 million (79 percent) appropriated to the Eviction Legal Defense Fund. The department awarded the full $1 million appropriation to grantees by the January 1, 2021, statutory deadline, but one grantee did not spend its full $819,382 award and returned $791,514 (97 percent) to the Judicial Department in July 2021. The department reports that it plans to use the funds for its Fiscal Year 2022 program in accordance with its spending authority for the fund.

ADMINISTRATIVE SPENDING

We reviewed and compared the amount of administrative spending for each program to the total amount of relief aid distributed. For the purpose of our audit, administrative expenses were considered to be any amounts spent by the state agencies or grantees that were not distributed as relief aid to directly benefit individuals and businesses impacted by the pandemic.

Of the $154.6 million expected to be spent by June 30, 2022, on the pandemic relief programs, we estimate a total of $7.9 million, or approximately 5.12 percent, will be used for administrative expenses, as shown in Exhibit 1.3.

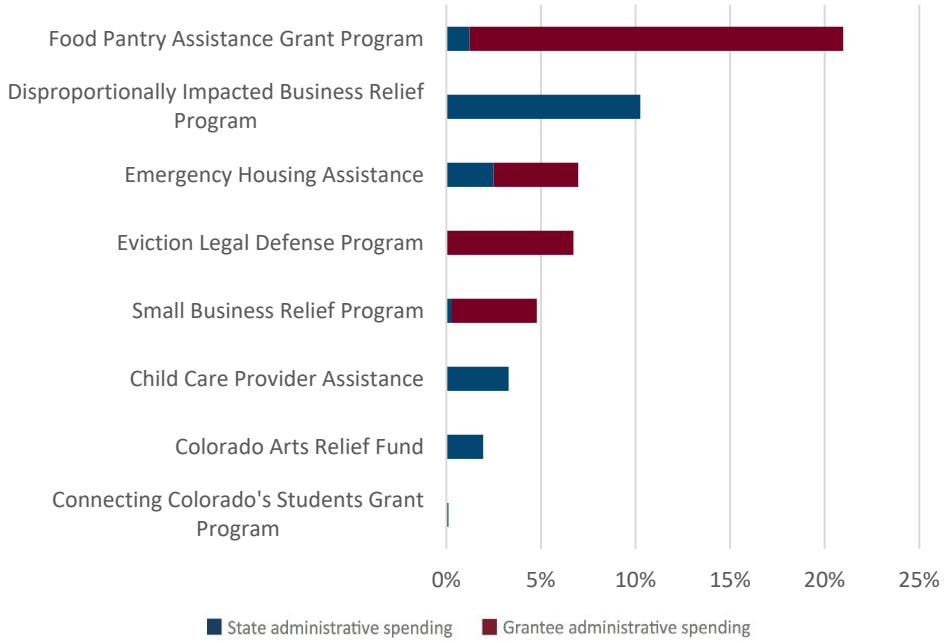
EXHIBIT 1.3. COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS PERCENTAGE OF SPENDING EXPECTED TO BE USED FOR ADMINISTRATION FISCAL YEARS 2021 AND 2022

Relief Program	Total Expected Spending	Total Expected State and Grantee Administrative Expenses	Administrative Percentage of Total Expenses
Emergency Housing Assistance	$59,000,000	$4,110,500	6.97%
Child Care Provider Assistance	$44,050,300	$1,450,800	3.29%
Small Business Relief Program	$14,788,400	$707,200	4.78%
Connecting Colorado's Students Grant Program	$20,022,600	$22,600	0.11%
Colorado Arts Relief Fund	$7,500,000	$146,500	1.95%
Food Pantry Assistance Grant Program	$5,000,000	$1,049,400	20.99%
Disproportionately Impacted Businesses Relief Program	$4,000,000	$410,000	10.25%
Eviction Legal Defense Program	$208,500	$14,000	6.72%
Total	$154,569,800	$7,911,000	5.12%

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the state agencies administering the programs.

For some programs, the state agencies awarded grants to nonprofit organizations or local governments to help in administering the pandemic relief programs and allowed them to use some of the funds for their administrative costs. Expected administrative spending therefore consisted of both amounts that state agencies would use for their administration of the programs as well as amounts that the State permitted its grantees to use on administration. Exhibit 1.4, shows total expected administrative spending broken out by the portions used by the state agencies and their grantees.

EXHIBIT 1.4. COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS PERCENTAGE OF SPENDING EXPECTED TO BE USED FOR STATE AND GRANTEE ADMINISTRATION FISCAL YEARS 2021 AND 2022



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the state agencies administering the programs.

Administrative spending for the pandemic relief programs fell into four broad categories: (1) amounts that grantees were allowed by the State to use for their costs in administering the pandemic relief programs; (2) services obtained by the State, such as outsourced application processing and translation services; (3) payroll expenses for state employees working to administer the programs; and (4) supplies obtained by the State, such as postage.

Exhibit 1.5 identifies the types and amounts of administrative costs that have been spent and costs that agencies expected to incur by the end of each program.

EXHIBIT 1.5. COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS BREAKOUT OF EXPECTED ADMINISTRATIVE SPENDING FISCAL YEARS 2021 AND 2022

Relief Program	Allowable Grantee Administrative Expenses	Services obtained by the State Agency[1]	State Agency Payroll[1]	Supplies Obtained by the State Agency[1]	Total Expected Administrative Expenses
Emergency Housing Assistance	$2,640,500[2]	$1,380,200	$89,000	$800	$4,110,500
Child Care Provider Assistance	N/A[3]	$1,185,200	$265,600	$0	$1,450,800
Small Business Relief Program	$662,200[4]	$0	$45,000	$0	$707,200
Connecting Colorado's Students Grant Program	$0	$0	$22,600	$0	$22,600
Colorado Arts Relief Fund	$0	$146,500	$0	$0	$146,500
Food Pantry Assistance Grant Program	$987,700[2]	$20,600	$41,100	$0	$1,049,400
Disproportionately Impacted Businesses Relief Program[5]	TBD	TBD	TBD	TBD	$410,000
Eviction Legal Defense Program	$14,000[2]	$0	$0	$0	$14,000
Total	$4,304,400	$2,732,500	$463,300	$800	$7,911,000

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the state agencies administering the programs.

[1] Actual expenses through April 2021 and expected expenses after April 2021.
[2] Figure represents total amount of administrative expenses allowed per grant agreements, not actual spending. The actual amount was not available at the time of our testing.
[3] Grant awards were designed to cover child care providers' increased costs due to the COVID-19 pandemic, including those administrative in nature [Section 26-6-802(2), C.R.S.]. As such, all grant awards funds were counted as relief aid rather than administrative expenses.
[4] Figure represents actual amounts spent by local governments to distribute relief aid to small businesses.
[5] While the Disproportionately Impacted Relief Program expected to spend up to $410,000 on administrative expenses, it was not able to provide a breakout for administrative expenses; as a result, its expected administrative spending is marked as "TBD."

The state agencies administering these programs reported that they did not incur departmental indirect costs to their respective programs. Additionally, they reported that they incurred additional costs associated with implementing the pandemic relief programs, but used other non-pandemic program, existing funding sources to cover those

costs. Because these costs were not covered by pandemic program funds, they are not reflected in figures and graphics.

APPROPRIATENESS OF ADMINISTRATIVE SPENDING

As part of our audit, we assessed the appropriateness of each program's actual and planned administrative spending through the following lenses:

- Whether the spending was within applicable statutory limits.
- Whether the spending appeared reasonable and necessary, per the standard established by State Fiscal Rule 1 CCR 101-1, Rule 2-1 (3.2).

Overall, it appeared that the state agencies' administrative expenses were reasonable when applying these benchmarks, as outlined below.

COMPLIANCE WITH STATUTORY LIMITS ON ADMINISTRATIVE SPENDING

We reviewed each program's actual and planned spending against the applicable statutory limits for amounts that could be used for administration. This audit work included (1) categorizing each state agency's actual spending of the special session appropriations through April 2021, as recorded in CORE, into administrative expenses and relief aid directly benefiting individuals and businesses; (2) reviewing state agencies' contract agreements to estimate total allowable contract expenses; (3) reviewing state agencies' grant agreements to estimate allowable spending on grantee administrative costs; and (4) asking state agencies about their expected spending through the end of the program, such as expected payroll expenses after April 2021.

We found that as of April 2021, no state agencies had exceeded their statutory limits on administrative spending. In addition, based on our review of allowable spending under the state agencies' contracts and

grant agreements and the amounts state agencies reported to us about their expected administrative spending after April 2021, it appears that all of the state agencies expect to be within the statutory limits on administrative spending at the conclusion of their programs.

Exhibit 1.6 compares total expected administrative spending for each program, including the program's grantee administrative expenses, as applicable, to the statutory limits established for each program.

EXHIBIT 1.6. COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS TOTAL EXPECTED ADMINISTRATIVE SPENDING TO STATUTORY LIMITS FISCAL YEARS 2021 AND 2022

Relief Program	Statutory Limit	Total Expected Administrative Expenses Subject to the Limit	Over/(Under)
Emergency Housing Assistance	$1,770,000	$1,470,000[1]	($300,000)
Child Care Provider Assistance	$1,458,100	$1,450,800	($7,300)
Small Business Relief Program	$1,850,000	$707,200[2]	($1,142,800)
Connecting Colorado's Students Grant Program	$400,000	$22,600	($377,400)
Colorado Arts Relief Fund	$375,000	$146,500	($228,500)
Food Pantry Assistance Grant Program	$1,057,700	$1,049,400[2]	($8,300)
Disproportionately Impacted Businesses Relief Program	No limit noted	$410,000	N/A
Eviction Legal Defense Program	No limit noted	$14,000	N/A
Total	$6,910,800	$5,270,500	($2,064,300)

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), information provided by the state agencies administering the programs, and review of the extraordinary session legislation.

[1] The Emergency Housing Assistance program allowed its grantees to use up to $2,640,466 for their administrative expenses. The statute specified that the Division of Housing "may use up to three percent of the [appropriation] for the costs of administering [the program]" [Section 24-32-721(1.7)(a.5), C.R.S.], which the Division of Housing interpreted to apply to its administrative expenses, but not to the administrative expenses of its grantees.
[2] Total expected for both state agency and estimated grantee administrative spending.

In general, we observed that state agencies were using less for administrative expenses than allowed by statute in order to maximize the amount of aid to be awarded and distributed. For example, the Department of Education reported that it did not allow its grantees to use the funds for any administrative expenses for Connecting Colorado's Students Grant Program in order to maximize the amount of relief aid distributed to Colorado students and teachers. Similarly,

OEDIT reported that it did not use any program funds for administrative expenses for the Colorado Arts Relief Fund, and that it performed all administrative work within its normal operating budget in order to get as much of the relief funding out as possible. The Department of Local Affairs also reported that 13 local governments used no Small Business Relief Program funds for their administrative expenses, instead relying on their own resources to cover their expenses in distributing the relief aid.

Reasonable and Necessary Administrative Spending

We reviewed each program's actual and planned administrative spending against the State Fiscal Rule [1 CCR 101-1, Rule 2-1 (3.2)] standard of being reasonable and necessary. This audit work included reviewing:

- State agencies' grant and contract agreements to ensure that the statements of work and allowable expenses aligned with the purposes of the programs, as outlined in statute;
- Payroll expenses charged through April 2021 to ensure that they were substantiated by a labor allocation methodology or timesheets and that the staffs' duties aligned with the purposes of the programs, as outlined in statute;
- Supporting documentation for supplies purchased through April 2021 to ensure that they were needed to fulfill the programs' purposes, as defined in statute; and
- Information provided by state agencies about their expected administrative spending after April 2021 to assess whether it appeared to align with the programs' purposes, as outlined in statute.

We found that state agencies' actual administrative expenses through April 2021 appeared to be reasonable and necessary, as outlined in state fiscal rule. In addition, we found that the amounts and types of administrative spending that state agencies expected to have after April

2021 through the remainder of the program appeared to be reasonable and necessary. More information about our review is found below.

GRANTEE ADMINISTRATIVE EXPENSES

Four programs awarded funds to grantees to help administer the pandemic relief programs and allowed their grantees to use funds for their administrative expenses. At the time of our review, information on actual grantee expenditures was not available for three of the programs; therefore, we reviewed the administrative expenses allowed by the grant agreements. For the fourth program, the Small Business Relief Aid Program, we reviewed information on actual expenses incurred by local governments. In general, we found that the administrative expenses allowed by grant agreements appeared to be reasonable and necessary to achieve the programs' purposes.

- EMERGENCY HOUSING ASSISTANCE. We reviewed about $25 million in agreements with 23 grantees that were contracted to help administer four housing assistance programs from February to August 2021. These grants were for the Emergency Rental Assistance, Left Behind Workers, Housing Counseling Assistance, and Youth Housing Assistance programs. According to the grant agreements, grantees could use administrative funds for expenses such as staff time associated with screening and applicant eligibility for participation in the programs, issuing payments to eligible program participants, and reporting to the department. Based on this review, it appeared that the allowance for grantee administrative costs was reasonable and necessary to achieve their purpose of "providing…rental assistance, residential mortgage assistance, housing assistance that provides future housing stability, and guidance on how to access additional housing services" [Section 24-32-721(1.7)(b), C.R.S.]. Information about grantee's actual spending on administration was not available at the time of our testing.

- SMALL BUSINESS RELIEF PROGRAM. We reviewed the standard allocation agreement from January 2021 between the Department of

Local Affairs and the 41 local governments participating in the program, as well as information from the department and local governments' final reports about the actual amounts of the allocation that each local government (1) received from the department, (2) spent to administer the program and the types of expenses, (3) distributed as relief aid to small businesses in their communities by the April 1, 2021, statutory deadline, and (4) would be returning to the department. Based on this review, it appeared that local governments used the funds for staff payroll and other expenses such as technical assistance, community outreach, and marketing efforts, which appeared to be in line with the program's mission to "provide relief payments to eligible small businesses..." [Section 24-32-129(2)(a)(I)(A), C.R.S.], and that these expenses were reasonable and necessary.

- FOOD PANTRY ASSISTANCE GRANT PROGRAM. We reviewed the standard statement of work used in the 181 grant agreements with food pantries and food banks across the state, and found grantees could use the funds for food distribution, storage, and refrigeration, as specifically allowed by statute [Section 26-2-139, C.R.S.], and therefore, reasonable and necessary to carry out the program. Information about grantee's actual spending on administration was not available at the time of our testing.

- EVICTION LEGAL DEFENSE PROGRAM. We reviewed all six grant agreements that the Judicial Department awarded for Fiscal Year 2021 to organizations that provide legal assistance to indigent persons facing eviction and the grant budgets submitted by grantees, including the amendments executed in December 2021 for the special session funding. Three grantees reported that they planned to use the funds for administrative expenses such as office space rental, supplies, and payroll, which appeared to align with the program's purpose to "provide legal advice, counseling, and representation for…indigent clients who are experiencing an eviction or are at immediate risk of an eviction" [Section 13-40-127(3), C.R.S.]. Based on this review of planned expenses, it appeared that the grantees'

administrative expenses would be reasonable and necessary for carrying out the program. Information about grantee's actual spending on administration was not available at the time of our testing.

SERVICES OBTAINED BY THE STATE AGENCY

Four programs used or expected to use funds for services, such as hiring outside contractors to supplement work being done by state employees. In general, we found that the administrative expenses for services appeared to be reasonable and necessary to further the programs' purposes.

- EMERGENCY HOUSING ASSISTANCE. We reviewed the program's three contracts totaling about $1.4 million with terms from January to June 2021, which included (1) a $1.1 million contract with a disaster management firm for assistance administering two of the housing programs providing emergency assistance for tenants impacted by the pandemic; (2) a $140,000 contract with a temporary staffing agency to provide staff assistance with processing applications for one of the housing programs; and (3) a $100,000 contract with a software vendor to streamline the online application process. Based on this review, it appeared that these contracted services were reasonable and necessary to carry out the purpose of the funding as outlined in statute. Information about contractors' actual spending was not available at the time of our testing.

- CHILD CARE PROVIDER ASSISTANCE. We reviewed the standard contract for the 32 contracts totaling $868,600 with Early Childhood Councils related to the Emerging and Expanding Child Care Grant Program, which were effective for February 2021 through June 2022. The contracts allowed the Early Childhood Councils to review grant applications and provide support and outreach services to child care providers applying for the grant. The contracts also included amounts for the Early Childhood Councils' payroll, travel, training, technical assistance, and supplies. These

contracts appeared to be reasonable and necessary to carry out the program's purpose of granting awards to expand the availability of child care throughout the State of Colorado [Section 26-6-803(2)(a), C.R.S.]. We also reviewed the $166,600 contract related to the Child Care Sustainability Grant Program that was effective for December 2020 through June 2021. The contract was with a private company that specializes in early childhood education policy and operations for serving as the fiscal agent for the grant, such as collecting bank information from providers awarded funds and distributing funds. Given the program's purpose to distribute funds to providers who were operating during the pandemic to assist them with their reduced attendance and increasing costs [Section 26-6-802(2), C.R.S.], this contract appeared reasonable and necessary. Information about contractors' actual spending was not available at the time of our testing.

- COLORADO ARTS RELIEF FUND. We reviewed the program's one contract for $7.5 million that was effective December 2020 through February 2022. Statute [Section 24-48.5-316(2), C.R.S.] specifically allowed OEDIT to "contract with a third party to administer" the program. This contract was with a non-profit organization to serve as the fiscal agent for the grant program. We were able to review the contractor's reported spending through April 2021, which showed the contractor distributed the required amounts of funds per the contract. The contractor planned to spend additional funds to process grantees' year-end tax documentation. Based on this review, it appeared that the contract was reasonable and necessary to carry out the program's purpose of providing relief payments to individuals and organizations in the arts industry [Section 24-48.5-316, C.R.S.].

- FOOD PANTRY ASSISTANCE GRANT PROGRAM. We reviewed documentation supporting expenses of $7,000 for report preparation services in April 2021, $550 for administering a client survey in April 2021, and $51 for translation services in January 2021. Based on this review, the expenses for these services generally appeared reasonable and necessary to carry out the program's purpose of aiding food pantries and food banks to meet the needs of the public due to the pandemic [Section 26-2-139, C.R.S.]. However, we note that the $7,000 expense for report preparation services was to create the final report for the previous pandemic-related Food Pantry Assistance Grant Program that was funded through House Bill 20-1422 and ended in December 2020. The department reported that it used a portion of the House Bill 20B-1003 funds allocated to the Food Pantry Assistance Grant program during the special session because the spending authority for the previous program ran out, and they interpreted this as an allowable cost because it was substantially the same program.

STATE AGENCY PAYROLL

Five programs used or expected to use funds for payroll expenses for their staff working to administer the programs. We found that the state agencies' payroll expenses appeared to be reasonable and necessary to further the programs' purposes.

- EMERGENCY HOUSING ASSISTANCE. We reviewed the time allocation calculations for December 2020 to April 2021 for the nine staff that the Department of Local Affairs assigned to the program. Based on our review, the payroll expenses for this program appeared to be reasonable and necessary.

- CHILD CARE PROVIDER ASSISTANCE. We reviewed the Department of Human Services' process for allocating employee payroll expenses to the program and sampled 1 month, February 2021, to review the time allocation calculations for the two staff administering the program at that time. We reviewed the time allocations for these

employees to determine whether the amount of payroll charged to the program for their work was related to the amount of time they spent working on the program and was approved by their supervisors. In addition, we reviewed the department's methodology for charging future payroll expenses to the program for three additional staff that the department hired to help administer the program to verify that this methodology is consistent with the department's standard allocation process. Based on this review, the payroll expenses for this program appeared to be reasonable and necessary.

- SMALL BUSINESS RELIEF PROGRAM. We reviewed the time allocation calculations for December 2020 through April 2021 for the program manager and four staff that the Department of Local Affairs assigned to the program to provide support primarily during the program application process. In addition, the department reported that it expected to have additional payroll expenses after April 2021 for the program manager to review local government final reports and close out the program that would be charged applying the same methodology. Based on this review, the payroll expenses for this program appeared to be reasonable and necessary.

- CONNECTING COLORADO'S STUDENTS GRANT PROGRAM. We reviewed the Department of Education's anticipated process for recording payroll costs to this program. However, as of April 2021, the department had not recorded any payroll expenses for this program because it was still calculating the amount of time staff had spent on the program. In addition, the department reported that it anticipated having future payroll expenses through the remainder of the program in order to monitor the funds and to prepare and submit a status report on the grant by November 2021 that would be charged applying the same process. Based on this review, the department's methodology for recording payroll costs appeared to be reasonable and necessary.

- FOOD PANTRY ASSISTANCE GRANT PROGRAM. We reviewed the time sheets and time allocation calculations for January through March 2021, for the three staff administering the Food Pantry Assistance Grant Program to verify that the time reported on their timesheets agreed with the payroll allocation calculations for the program. The Department of Human Services also reported that it anticipated having future payroll expenses for administering the remainder of the program that would be charged applying the same methodology. Based on this review, the payroll expenses for this program appeared to be reasonable and necessary.

SUPPLIES OBTAINED BY THE STATE AGENCY

One program, Emergency Housing Assistance, used $782 from December 2020 to March 2021, to purchase supplies. No other agencies reported to have expected future spending on supplies. The Department of Local Affairs paid $762 for mobile phones for December 2020 through March 2021 for temporary staff processing applications and $20 for postage in March 2021 to ship a laptop to a staff member. These expenses appeared to be reasonable and necessary to carry out the program.

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APPENDIX A

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EMERGENCY HOUSING ASSISTANCE

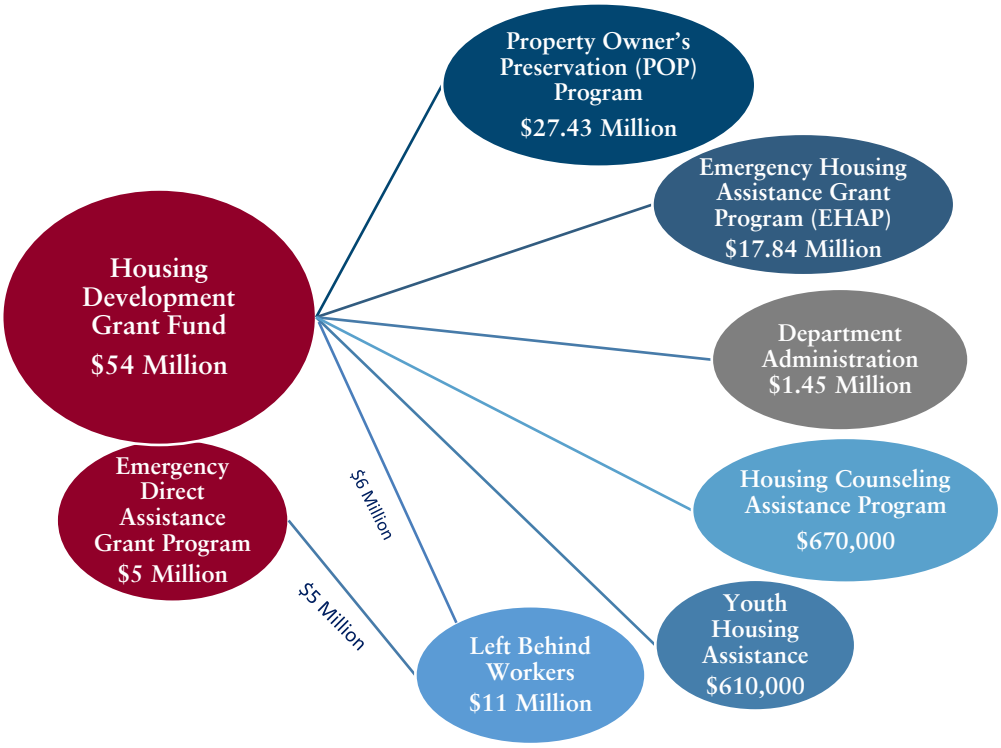
Department of Local Affairs
Division of Housing

Funding to provide housing assistance for individuals who have experienced financial need due to the COVID-19 pandemic.

PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

Senate Bill 20B-002 appropriated $54 million in general funds for Fiscal Year 2021 to the Housing Development Grant Fund and $5 million in general funds for Fiscal Year 2021 to the Emergency Direct Assistance Grant Program Fund to provide rental and mortgage assistance, as well as housing counseling and case management services in some cases, to individuals and households who experienced financial hardship due to the COVID-19 pandemic. Both funds are administered by the Division of Housing within the Department of Local Affairs (Department). The Department allocated the funds to five housing assistance programs with various focuses and approaches that were already in operation and established from previous federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and House Bill 20-1410. The following exhibit shows how the Department allocated the combined $59 million in special session funding.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
EMERGENCY HOUSING ASSISTANCE
PROGRAM FUNDING BREAKOUT
FISCAL YEAR 2021



SOURCE: Office of the State Auditor analysis of information provided by the Department of Local Affairs.

The Department's main goal for these programs was to prioritize swift distribution of funds to ensure Coloradans remained housed during the public health crisis. Using programs that the Department had already established to respond to the COVID-19 pandemic enabled the Department to distribute the special session funds swiftly, while tackling the different aspects of housing need that each program focused on. Each of the five programs had various focuses and approaches for providing housing assistance:

- The PROPERTY OWNER'S PRESERVATION PROGRAM allowed property owners to apply for emergency, short-term rental assistance on behalf of their tenants who experienced financial hardship as a result of the pandemic. The Department contracted with a disaster management firm to screen applicants and, once an applicant was approved, the Department distributed payments directly to property owners.

- The EMERGENCY HOUSING ASSISTANCE PROGRAM allowed tenants and homeowners most vulnerable to eviction or foreclosure with financial need due to the pandemic to apply for emergency, short-term rental and mortgage assistance. The Department contracted with local nonprofit agencies across the state to screen applicants and distribute assistance payments. The Department also contracted with a disaster management firm to assist with application review for individuals applying directly through the Division of Housing's website; once approved, the Department distributed payments directly to the applicant's property owner or mortgage lender.

- The HOUSING COUNSELING ASSISTANCE PROGRAM provided housing navigation and counseling services to individuals who are at risk of losing their housing due to the pandemic. Individuals could speak to a housing counselor by calling a statewide hotline, or by visiting the program's housing counseling website. Callers were referred to housing navigators and counselors to help connect them to resources to address housing issues, such as foreclosure and eviction prevention. The Department contracted with a local nonprofit agency to run the assistance hotline and provide housing assistance solutions.

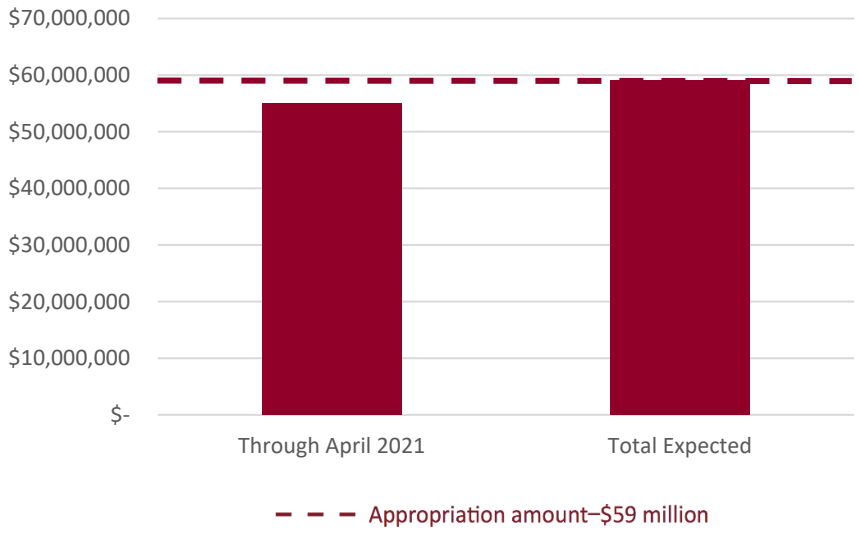
- The YOUTH HOUSING ASSISTANCE program provided funds for caseworkers to help eligible youth in Colorado, aged 18 to 24 years old, who experienced financial hardship due to the pandemic, and were at-risk for homelessness or experiencing homelessness with emergency, short-term rental assistance payments and case management. The Department contracted with local nonprofit agencies across the state to conduct application review and distribute payments to approved applicants.

- The LEFT BEHIND WORKERS program focused on providing rental assistance to individuals who were not eligible for other financial support, such as unemployment insurance or CARES Act stimulus checks. The Department contracted with a local nonprofit agency to screen applicants and distribute assistance payments. The nonprofit contracted with a network of screening partners around the state.

PROGRAM SPENDING

The Department reported that it expected to spend all of the $59 million appropriation shown in the following exhibit. As of April 2021, the date of our testing, the Department spent or allocated to its grantees approximately $55 million in assistance to individuals and households through its five housing programs, and it expected to spend the remaining $4 million by the statutory deadline of June 30, 2021.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
EMERGENCY HOUSING ASSISTANCE
EXPECTED TOTAL SPENDING
FISCAL YEAR 2021



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the Department of Local Affairs.

ADMINISTRATIVE EXPENSES

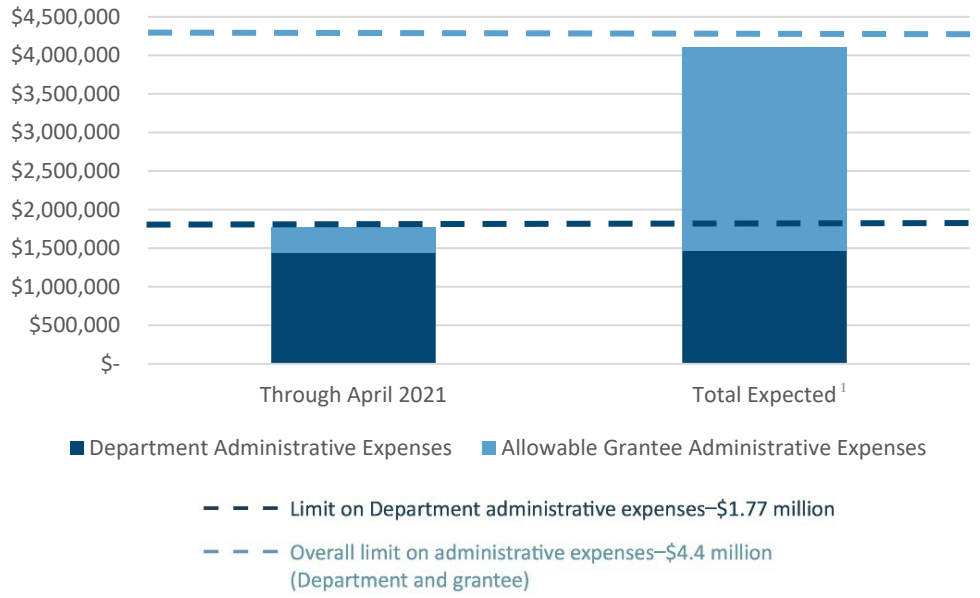
Statute [Sections 24-32-721(1.7)(a.5) and 24-32-721.5(7)(c), C.R.S.] specified that the Department may use up to 3 percent of the appropriation, or $1.77 million, for the costs of administering the funds. The Department interpreted the statutory limit as applying to the Department's administrative costs, and not to administrative costs incurred by its grantees. This interpretation appeared reasonable since the statute did not state that those limits should apply to contractors' or grantees' expenses. As of April 2021, the date of our testing, the Department had incurred about $1.45 million in administrative expenses, and reported it expected to have an additional $22,000 in administrative expenses through June 30, 2021. In total, the Department expected to spend about $1.47 million on administration, or about $300,000 less than the statutory cap, using approximately 2.5 percent of the appropriation for administrative costs.

In addition to the Department's administrative expenses, the Department's agreements with local nonprofit entities that help administer the housing assistance programs (grantees) allowed grantees to use a total of about $2.64 million of the special session funding for their

administrative expenses. As of April 2021, one of the Department's grantees had reported on some of its administrative spending, but generally the Department did not have final figures on the total funds used by grantees for their administrative expenses at the time of our review. The figures in our graphics represent administrative expenses recorded in the State's accounting system as of April 2021, as well as amounts allowed by the Department's agreements with the grantees with a total overall allowance of about 4.4 million for both grantee administrative expenses and the Department's administrative expenses.

In total, we estimate that $4.1 million, or approximately 7 percent of the $59 million appropriated for housing assistance programs, will be used for administrative expenses. The following exhibit shows expected total spending on administrative expenses by both the Department and grantees through the June 30, 2021, deadline to use the funds.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
EMERGENCY HOUSING ASSISTANCE
EXPECTED ADMINISTRATIVE SPENDING
FISCAL YEAR 2021

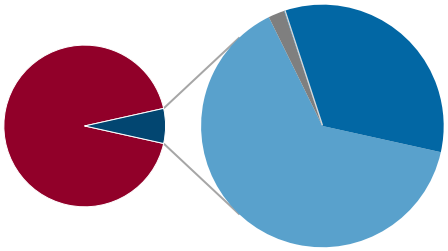


SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the Department of Local Affairs.

[1]Figure represents total amount of administrative expenses allowed per grant agreements, not actual spending.

The following exhibit breaks out the administrative expenditures for the special session housing assistance funds, and includes expected administrative expenses for the contracted nonprofits.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
EMERGENCY HOUSING ASSISTANCE
BREAKOUT OF EXPECTED SPENDING
FISCAL YEAR 2021



HOUSING ASSISTANCE	$54,889,536
Allowable Grantee Administrative Expenses[1]	*$2,640,466*
Services Obtained by the Department	*$1,380,216*
Department Payroll	*$89,000*
Supplies Obtained by the Department	*$782*
TOTAL ADMINISTRATIVE	$4,110,464
TOTAL PROGRAM SPENDING	$59,000,000

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the Department of Local Affairs.
[1] Figure represents total amount of administrative expenses allowed per grant agreements, not actual spending.

Administrative expenses for both the Department and grantees fall into one of the following categories:

- **ALLOWABLE GRANTEE ADMINISTRATIVE EXPENSES**—The Department contracted with local nonprofit entities to assist with distributing assistance payments. Each agreement listed allowable expenses for the grantees to spend on the project, which typically included direct assistance payments and administrative expenses. Examples of administrative expenses included staff time associated with tasks such as screening and determining applicant eligibility for participation in the programs, subcontracting with partner agencies, issuing payments to eligible program participants, and reporting to the Department.

- **SERVICES OBTAINED BY THE DEPARTMENT**—The Department obtained services from three vendors to assist with administering the special session funds.
  - Due to the high demand of emergency housing assistance requests, the Department contracted with a disaster-management firm to provide administrative support for two of the housing assistance programs. This included providing customer service, application processing and approval, fraud investigation, and reporting.
  - The Department contracted with a software vendor to streamline the online application process and manage the online platform for tenants and property owners to apply for assistance through the Department's website.
  - The Department purchased services from a temporary employment agency that provided temporary part-time employees to assist Department staff in managing the increased workloads that came with meeting the high demand of emergency housing assistance requests.
- **DEPARTMENT PAYROLL**—The Department had payroll expenses of about $67,000 through April 2021 for nine employees to assist with grantee awards and contract monitoring. The Department reported that it would use an additional $22,000 in payroll expenses by June 30, 2021.
- **SUPPLIES OBTAINED BY THE DEPARTMENT**—The Department had supply expenses for postage and mobile phone devices for temporary employees.

The Department reported that the appropriation did not account for indirect expenses in the fiscal note budget. This is due to Joint Budget Committee guidance requiring the Department to use appropriations from the annual budget process through its central appropriation for its indirect expenses. Because these indirect expenses were not covered by the special session funds, they are not reflected in the graphics above. The Department reported that it charged all direct administrative costs associated with the special session appropriation to the program; it did not absorb any of the direct costs for administering the special session appropriation in other programs.

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CHILD CARE PROVIDER ASSISTANCE

Department of Human Services
Office of Early Childhood

Funding to ensure access to stable, high-quality, and affordable child care as Colorado's workforce returns to work during and after the COVID-19 pandemic.

PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

House Bill 20B-1002 appropriated $45 million in general funds for Fiscal Years 2021 and 2022 to create two grant programs to assist and stabilize the child care sector following the COVID-19 pandemic. These programs are both operated by the Office of Early Childhood within the Department of Human Services (Department).

- THE CHILD CARE SUSTAINABILITY GRANT PROGRAM provided a total of about $34.8 million in funding to licensed child care providers who were in danger of closing due to the COVID-19 pandemic and to "address the extent to which reduced enrollment and increased costs are impacting the sustainability of licensed child care in Colorado" [Section 26-6-802(2), C.R.S.]. Statute allowed the Department to grant awards between $500 and $35,000 to child care providers, and required the funds be distributed by February 28, 2021. Senate Bill 21-236 repealed the original February 28, 2021, deadline for awarding grants and implemented a new deadline of June 30, 2021, for using the appropriation.

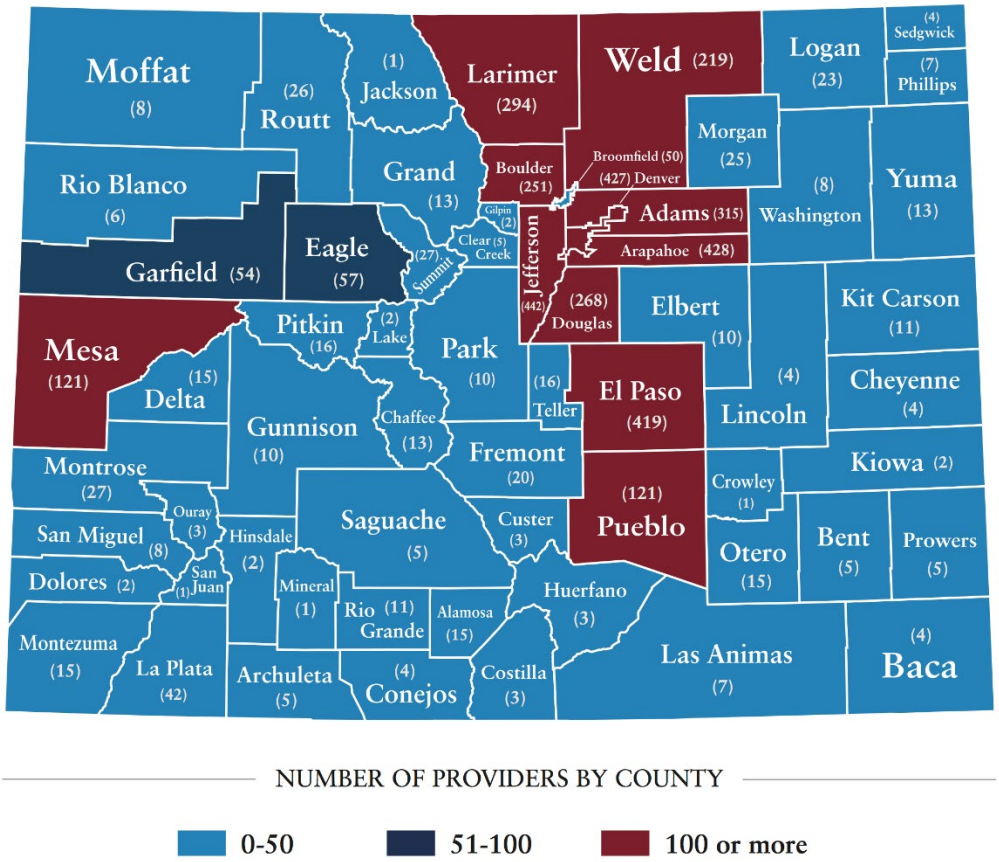
  To be eligible for grant funds, the provider had to be an open and licensed child care facility actively providing child care services as of February 28, 2021. The amount of funds awarded to providers was based on the provider's child capacity and the current quality level rating of the provider in the Colorado Shines Quality Rating and Improvement System, which is administered by the Department.

- THE EMERGING AND EXPANDING CHILD CARE GRANT PROGRAM provided a total of about $8.8 million in funding to "expand access and availability of licensed child care throughout the state" [Section 26-6-803(2)(a), C.R.S.]. In its legislative declaration, the General Assembly cited the risk of child care closures due to the COVID-19 pandemic stemming from enrollment revenue declines and increased costs for cleaning, health monitoring, and protective gear, and the disproportionate impact of a lack of child care availability on women, resulting in potential lasting setback in women's labor participation. Statute originally allowed the Department to grant awards between $3,000 and $50,000 to assist an entity with starting a new child care facility or growing and expanding an already existing facility; Senate Bill 21-236 increased the maximum amount from $50,000 to

$200,000 to help cover the increased costs of construction. As of the time of our audit, the Department was reviewing and approving the applications in conjunction with Early Childhood Councils, which were established in communities throughout the state with the purpose of assisting and improving availability and quality of child care services. The Department and the Early Childhood Councils began reviewing and approving applications starting February 2021, and are expected to award all of the funds by June 30, 2022.

The following exhibit shows the counties where child care providers received funding through May 2021.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CHILD CARE PROVIDER ASSISTANCE[1]
LOCATIONS OF GRANT RECIPIENTS AS OF MAY 2021



SOURCE: Office of the State Auditor analysis of information provided by the Department of Human Services.

[1] Adams, Arapahoe, Chaffee, Denver, Douglas, Fremont, Garfield, Jefferson, Lake, Larimer, Mesa, Montrose, Morgan, Park, Pueblo, Teller, Weld, and Yuma counties received grants from both the Child Care Sustainability Grant Program and the Emerging and Expanding Child Care Grant Program. All other counties in this map only received grants from the Child Care Sustainability Grant Program.

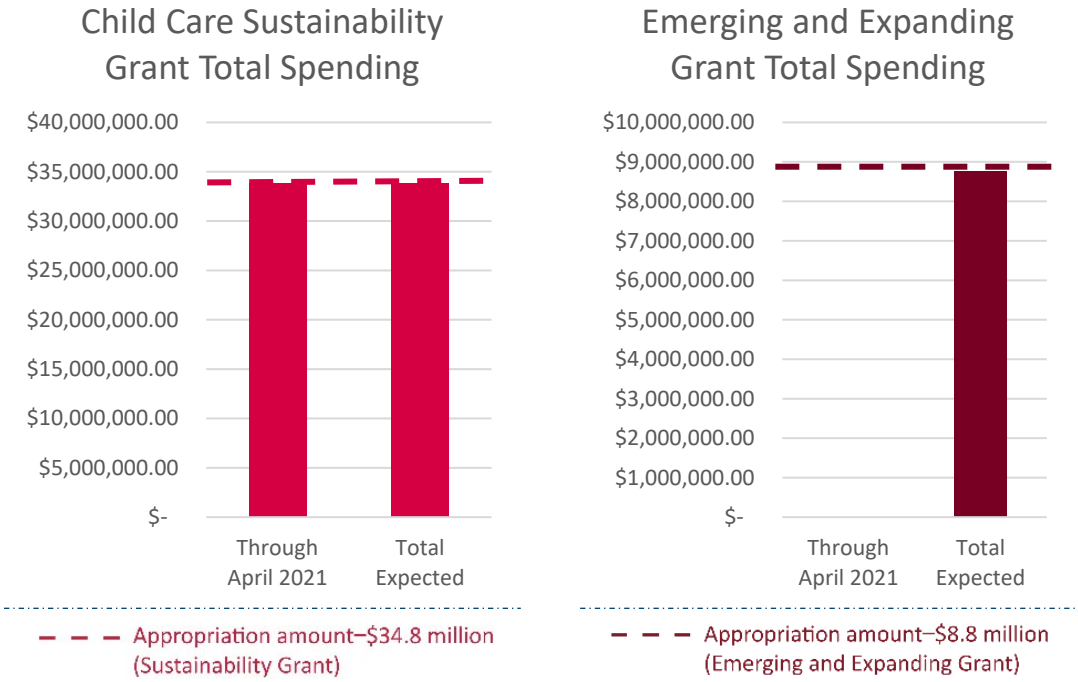
PROGRAM SPENDING

The Department reported that it expected to spend all but $966,000 of the combined $45 million appropriation for the two programs, and expected to be below the spending limits for its administrative costs. As shown in the next exhibit, the Department expected to spend about $44.1 million, or 97.9 percent, of the total amount appropriated for the program by the revised statutory deadlines of June 30, 2021, for the Child Care Sustainability Grant Program and June 30, 2022, for the Emerging and Expanding Child Care Grant Program. Specifically:

- **CHILD CARE SUSTAINABILITY GRANT PROGRAM**—The Department reported that it expected to have $959,000 that it would be unable to expend for this program. As of April 2021, the date of our review, the Department had distributed about $33.8 million to about 3,900 providers. However, the Department reported that it would not be able to distribute or expend the remaining $959,000 of the appropriation designated for awards due to the time limitations noted in the legislation. Specifically, statute originally required the Department to distribute funds by February 28, 2021, but the Department reported that 187 providers did not submit their banking information or sign the agreement in time for that distribution deadline. The General Assembly passed Senate Bill 21-236, which repealed the February 28, 2021 deadline to distribute funds, but did not change the requirement that funds be spent by June 30, 2021. As a result, the Department reported that it did not have time to contact providers that had not provided their banking information in time to receive their awards or to award new grants to other providers with a second round of grant applications. In addition, the Department reported that it expected to spend $7,000 less than the appropriation designated specifically for administration expenses, as discussed further in the next section. Any funding that goes unspent reverts to the State's General Fund.

- **EMERGING AND EXPANDING CHILD CARE GRANT PROGRAM**—The Department reported that it expected to expend the entire appropriation for this program, but most of the spending will occur in Fiscal Year 2022. As of April 2021, the date of our testing, the Department and the Early Childhood Councils had awarded about $1.3 million to 36 providers, but had not yet disbursed any of the funds. The Department reported that it disbursed funds to grantees as the grantees' expenses occurred, and expected to disburse the $1.3 million awarded and make additional awards to spend the entire appropriation by June 30, 2022.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CHILD CARE PROVIDER ASSISTANCE
EXPECTED TOTAL SPENDING
FISCAL YEARS 2021 AND 2022

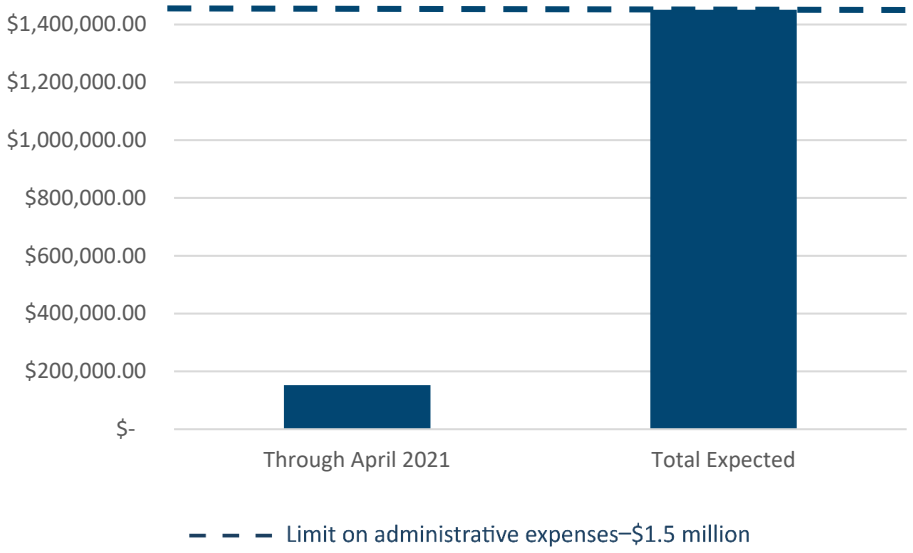


SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Human Services about additional expected spending.

ADMINISTRATIVE EXPENSES

House Bill 20B-1002 included an appropriation line item allowing the Department to use about $1.46 million of the approximately $45 million appropriated to the two programs for administrative costs. As of April 2021, the date of our testing, the Department had expensed approximately $152,700 in administrative expenses and reported that it expected to spend approximately $1.3 million in administrative expenses for the remainder of both programs through June 2022 and will spend about $1.45 million of the $1.46 million, as shown in the following exhibit.

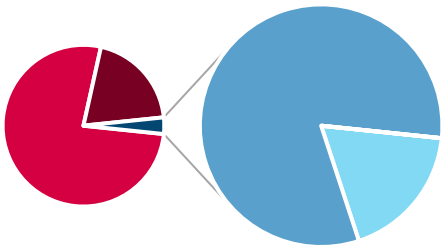
COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CHILD CARE PROVIDER ASSISTANCE
EXPECTED ADMINISTRATIVE SPENDING
FISCAL YEARS 2021 AND 2022



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Human Services about additional expected spending.

We estimate that up to $1.45 million, or 3.29 percent of the approximately $44.1 million that will be spent, will be spent on administrative expenses, as shown in the following exhibit.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CHILD CARE PROVIDER ASSISTANCE
BREAKOUT OF EXPECTED SPENDING
FISCAL YEARS 2021 AND 2022



CHILD CARE SUSTAINABILITY GRANT PROGRAM BENEFITS	$33,848,183
EMERGING AND EXPANDING CHILD CARE GRANT PROGRAM BENEFITS	$8,751,329
Services obtained by the Department	$1,185,245
Department Payroll	$265,619
TOTAL ADMINISTRATIVE	$1,450,864
TOTAL	**$44,050,376**

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the Department of Human Services about additional expected spending.

Administrative expenses were expected to be in the following categories:

- **SERVICES OBTAINED BY THE DEPARTMENT**—The Department expected to have administrative expenses for the following services:

  - PAYMENT DISTRIBUTION—The Department contracted with a private company that specializes in early childhood education policy and operations to assist in distributing the Child Care Sustainability Grant Program funds. Specifically, the contractor coordinated with the providers that were awarded grants to get their banking information and then distributed the payments to them on behalf of the Department. As of April 2021, the Department had paid the contractor about $130,000, and expected to pay an additional $36,600 in May for the final payment of the contract to wrap up the contract and provide any ad hoc reports of the payments information as requested by the Department.

  - OUTREACH—The Department signed contracts with the Early Childhood Councils for performing community outreach to promote the Emerging and Expanding Grant Program, providing training and technical assistance to providers, assisting providers with the application process, and reviewing applications for grant funds. As of April

2021, the Department had signed contracts with the Early Childhood Councils but had not yet paid them any amount; the Department expected to pay approximately $868,600 through the duration of the program.

  - CULTURAL OUTREACH—The Department planned to hire a contractor for $150,000 to provide linguistic and cultural outreach and technical assistance for the Emerging and Expanding Grant Program. As of the time of our audit, the contract for this work had not yet been awarded.

- **DEPARTMENT PAYROLL**—The Department assigned two existing staff to work on both programs on a part-time basis until it hired three additional staff for these programs in April and May 2021. These three staff filled the roles of a Contract/Finance Specialist, a Project Manager, and an Administrative Assistant, and will continue to work on the programs through June 2022. Staff developed and reviewed applications, drafted contracts, and coordinated with the contractor and Early Childhood Councils. As of April 2021, the Department had paid about $22,600 and expected to pay an additional $243,000 for payroll costs.

While the Department awarded funds to grantees, we did not classify any of the grant award amounts as administrative. Specifically, the Department awarded grants to child care providers specifically to help offset the extra expenses they had, including those administrative in nature, due to the pandemic. As such, we concluded that any amounts used for a child care provider's administration was a direct pandemic relief benefit, and not administrative in nature for the purpose of measuring amounts spent on relief aid versus administration.

The Department reported that it had both indirect costs and absorbed costs associated with implementing the Child Care Provider Assistance program, but used other existing, non-pandemic program funding sources to cover those costs. Specifically, the Department reported that it would use its central appropriation for its indirect expenses, rather than Child Care Provider Assistance funds. The Department also reported it used staff whose salaries were fully covered by other funding sources to help implement the Child Care Provider Assistance program. In these cases, the Department reported that the staff members' work on the program was consistent with their existing responsibilities and they increased their workload in order to implement the program. The Department had not specifically quantified the amounts of the indirect and absorbed costs associated with the Child Care Provider Assistance program. Since these indirect costs and absorbed costs were not covered by Child Care Provider Assistance funds, they are not reflected in our graphics above.

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SMALL BUSINESS RELIEF PROGRAM

Department of Local Affairs
Division of Local Government

A relief program to provide payments to eligible small businesses impacted by the severe capacity restrictions during the COVID-19 pandemic.

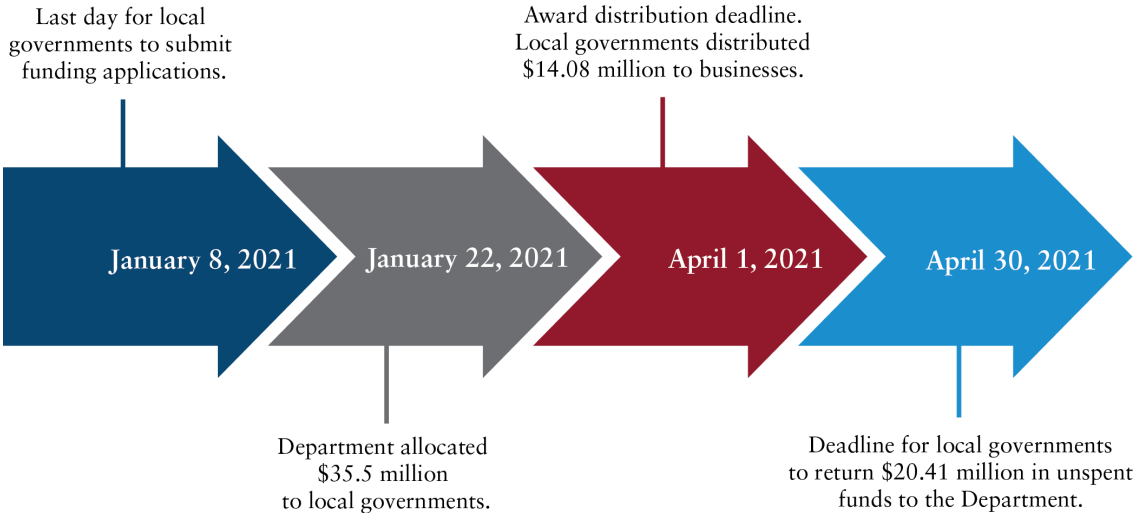
PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

Senate Bill 20B-001 created the Small Business Relief Program (Program) and appropriated $37 million in general funds for Fiscal Year 2021 to the Division of Local Government within the Department of Local Affairs (Department) to allocate funding to local governments to provide relief payments to businesses impacted by the severe capacity restrictions imposed by the State due to the pandemic.

The Department launched the Program in December 2020, and statute required local governments to apply for the Program no later than January 8, 2021. The Department's responsibilities included communicating information about the Program to local governments and implementing an application process.

Senate Bill 21-001 extended the deadline for the Department to allocate funding to local governments from January 15, 2021, to January 22, 2021, and the deadline for local governments to distribute relief funds to small businesses from February 12, 2021, to April 1, 2021. The following exhibit shows the implementation timeline for the Program.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
SMALL BUSINESS RELIEF PROGRAM
IMPLEMENTATION TIMELINE



SOURCE: Office of the State Auditor analysis of Section 24-32-129, C.R.S., and information provided by the Department of Local Affairs.

The Department received applications from 41 local governments, including counties, cities, towns, and councils of governments, and allocated $35.15 million to those entities that applied. As required by Section 24-32-129, C.R.S., the Department allocated the funds to eligible local governments on a per capita basis.

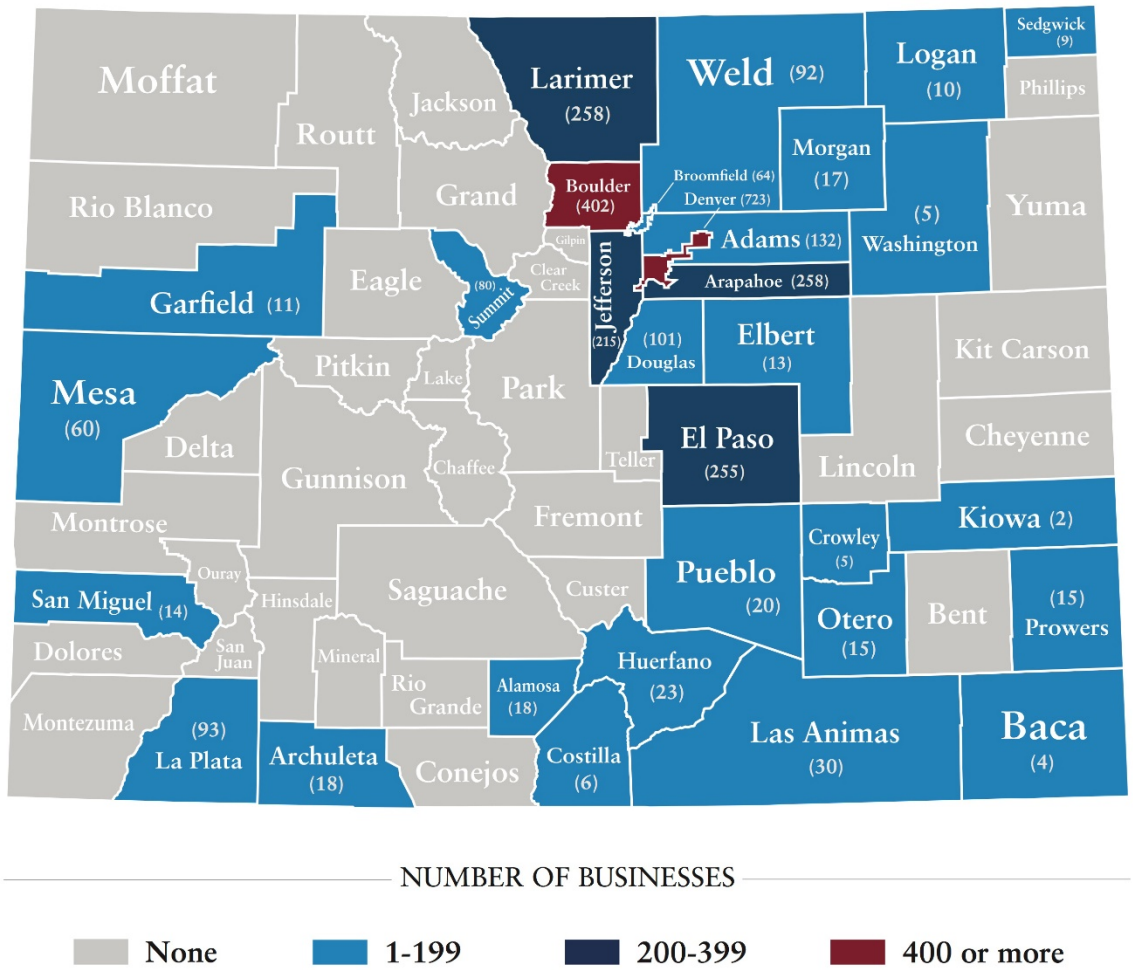
Once approved for an allocation, local governments conducted outreach to small businesses and awarded relief payments to those that met the criteria outlined in statute, such as those:

- Operating a restaurant, bar, brewery, winery, distillery, caterer, movie theater, or fitness or recreational sports center located in the county or municipality.
- Experiencing a minimum of 20 percent revenue loss since March 26, 2020.
- Demonstrating an intent to continue operating for at least 6 months after receiving the payment.
- Qualifying as a small business headquartered and operating in Colorado with less than $2.5 million in revenue.

Local governments statewide awarded a total of about $14 million to nearly 3,000 small businesses, with relief payments ranging from a maximum of $3,500 to a maximum of $7,000, depending on the businesses' revenues prior to the pandemic.

The following exhibit shows the number of small businesses in each county that received relief aid.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
SMALL BUSINESS RELIEF PROGRAM
NUMBER OF BUSINESSES ASSISTED BY COUNTY[1,2]
FISCAL YEAR 2021



SOURCE: Office of the State Auditor analysis of information provided by the Department of Local Affairs.

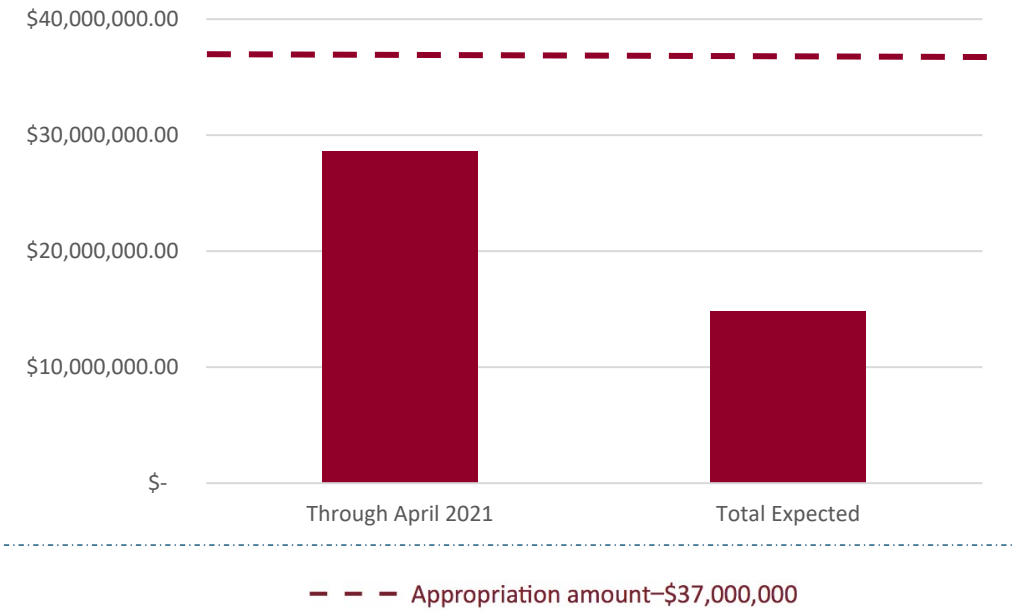
[1] Alamosa, Garfield, Morgan, and Weld counties did not participate in the Program, so the numbers reflect relief aid distributed to small businesses by participating municipalities.

[2] Bent County and the towns of Milliken and Wiggins participated in the Program, but did not have any qualifying small business apply for relief aid.

PROGRAM SPENDING

The Department reported it did not expect to spend the full $37 million appropriation for the Program; the Department expected to spend only $14.79 million in total, or 40 percent. Of the $35.15 million the Department allocated to local governments in January 2021, the local governments were only able to distribute about $14.08 million as relief aid to small businesses by the statutory deadline April 1, 2021. The Department reported that local governments would be returning about $20.41 million in unspent funds to the Department. By April 2021, the date of testing, local governments had started returning some of those unspent funds to the State, and would be continuing to return funds after April 2021. As a result, total program spending shows a decline from the amount reported in April 2021, as shown in the following exhibit.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
SMALL BUSINESS RELIEF PROGRAM
EXPECTED TOTAL SPENDING
FISCAL YEAR 2021



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Local Affairs about additional expected spending.

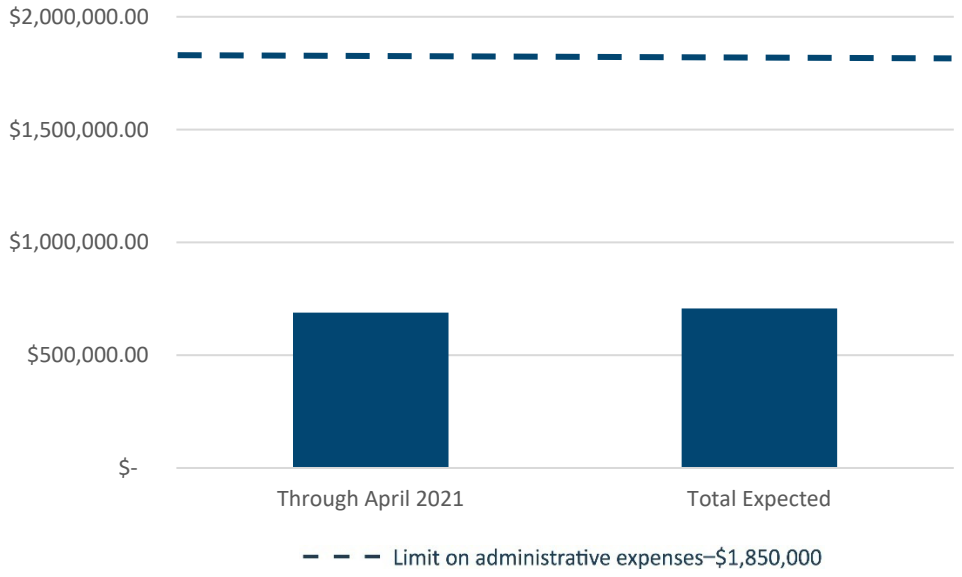
The primary reason that the Department will not spend the full appropriation is because the local governments were not able to distribute all of the relief aid to small businesses in their communities by the statutory deadline. The Department told us that there were several factors that made it difficult for local governments to distribute all of the appropriated relief aid funds. Specifically, the Department reported that many small businesses did not qualify for the relief

aid because of the statutory criteria that limited the types of businesses that could receive aid, and required that businesses have experienced a minimum 20 percent revenue loss, but did not take into account any increased operating expenses that were incurred. For example, the Department said that many restaurants did not qualify for the relief payments because their revenue loss was less than 20 percent. However, to minimize their losses, these restaurants incurred expenses for items such as tents and heaters to make outdoor dining possible during the winter months that were not factored into the 20 percent loss calculation. The Department also reported that some businesses chose not to apply for relief aid because they focused their limited resources on other relief programs such as the federal Paycheck Protection Program. Three local governments that applied for and received funds did not have any applicants that qualified for the Program.

ADMINISTRATIVE EXPENSES

Statute [Section 24-32-129(2)(b)(I), C.R.S.] allowed the Department and local governments to collectively use a total of up to 5 percent of the $37 million appropriation, or $1.85 million, for the costs of operating and administering the Program. The Department reported that it and local governments did not plan to have many administrative expenses after April 2021, the date of our testing. The following exhibit shows expected administrative spending, and includes the full amounts that local governments reported using for their administrative costs.

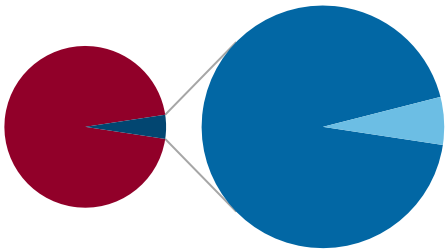
COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
SMALL BUSINESS RELIEF PROGRAM
EXPECTED ADMINISTRATIVE SPENDING
FISCAL YEAR 2021



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Local Affairs about additional expected spending.

We estimate that the Department and local governments will use 4.8 percent of the expended funds on administration, with the Department using $45,000 for payroll expenses and local governments keeping a total of $662,241 for their administration. The following exhibit breaks out the expected administrative expenditures for the Program.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
SMALL BUSINESS RELIEF PROGRAM
BREAKOUT OF EXPECTED SPENDING
FISCAL YEAR 2021



RELIEF AID TO SMALL BUSINESSES	$14,081,116
Local Government Administrative Expenses	*$662,241*
Department Payroll	*$45,000*
TOTAL ADMINISTRATIVE	$707,241
TOTAL PROGRAM SPENDING	**$14,788,357**

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the Department of Local Affairs about additional expected spending.

Administrative expenses were in the following categories:

- **LOCAL GOVERNMENT ADMINISTRATIVE EXPENSES**—Local governments incurred expenses to administer the Program and distribute relief aid to small businesses, such as for staff labor, office and printing supplies, advertising and other outreach services. However, not all local governments used the award funds for administration. A total of 13 of the 41 local governments used existing resources to administer the Program and did not report using any of the award for administrative expenses.

- **DEPARTMENT PAYROLL**—The Department assigned five existing staff to the Program on a part-time basis. The program manager averaged about 62 percent of her time managing the Program from December 2020 through April 2021, and four support staff dedicated an average of 7 percent of their work time to the Program, primarily during the application process in December and January. The Department anticipated the program manager will have a limited amount of work after April to close out the Program.

The Department did not use any funds designated for this Program to purchase services or supplies.

The Department reported that it expected to have indirect costs, but is required to use existing, non-pandemic program funding sources to cover those costs. Specifically, Joint Budget Committee policy requires the Department to use appropriations from the annual budget process through its central appropriation for its indirect expenses. Because these costs were not expected to be covered by Program funds, they are not reflected in the graphics above. The Department reported that it charged all administrative costs associated with the special session appropriation to the program. It did not have any additional or absorbed costs for administering the special session appropriation.

CONNECTING COLORADO STUDENTS GRANT PROGRAM

Department of Education

Funding provided to local education providers to increase access to online learning for students and teachers during the COVID-19 pandemic.

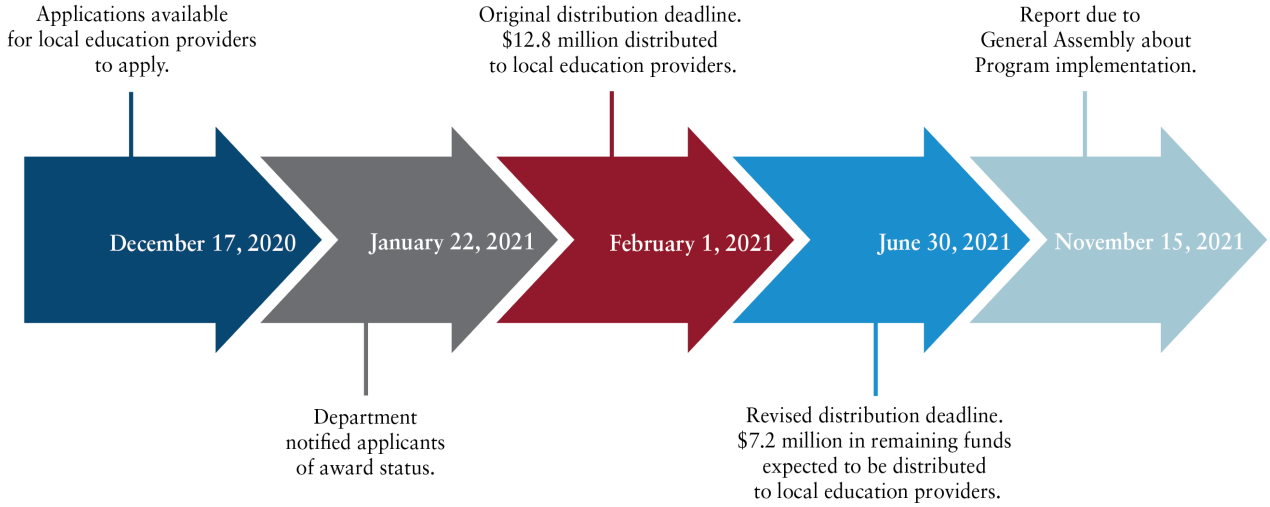
PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

House Bill 20B-1001 created the Connecting Colorado Students Grant Program (Program) with a $20 million appropriation of general funds for Fiscal Year 2021 to increase access to broadband service for students, educators, and other staff who lack stable, reliable internet access for online learning. Statute [Section 22-103-106(1)(a), C.R.S.] allows these funds to earn interest for the Department to use for the program by February 1, 2022.

The COVID-19 pandemic caused some local education providers to move between periods of online, in-person, or a hybrid learning system, which could disproportionally affect the learning of students whose families could not afford adequate internet services. The Program was created to provide funds to local education providers for students, teachers, and other staff to access the internet "so that students may benefit from online instruction and successfully learn online, thereby preventing learning loss particularly for low-income and other academically at-risk students" [Section 22-103-101(2), C.R.S.]. The General Assembly passed House Bill 21-1289 to extend the last date the Department could distribute funds to local education providers from February 1, 2021, to June 30, 2021.

The following exhibit outlines key implementation dates for the Program.

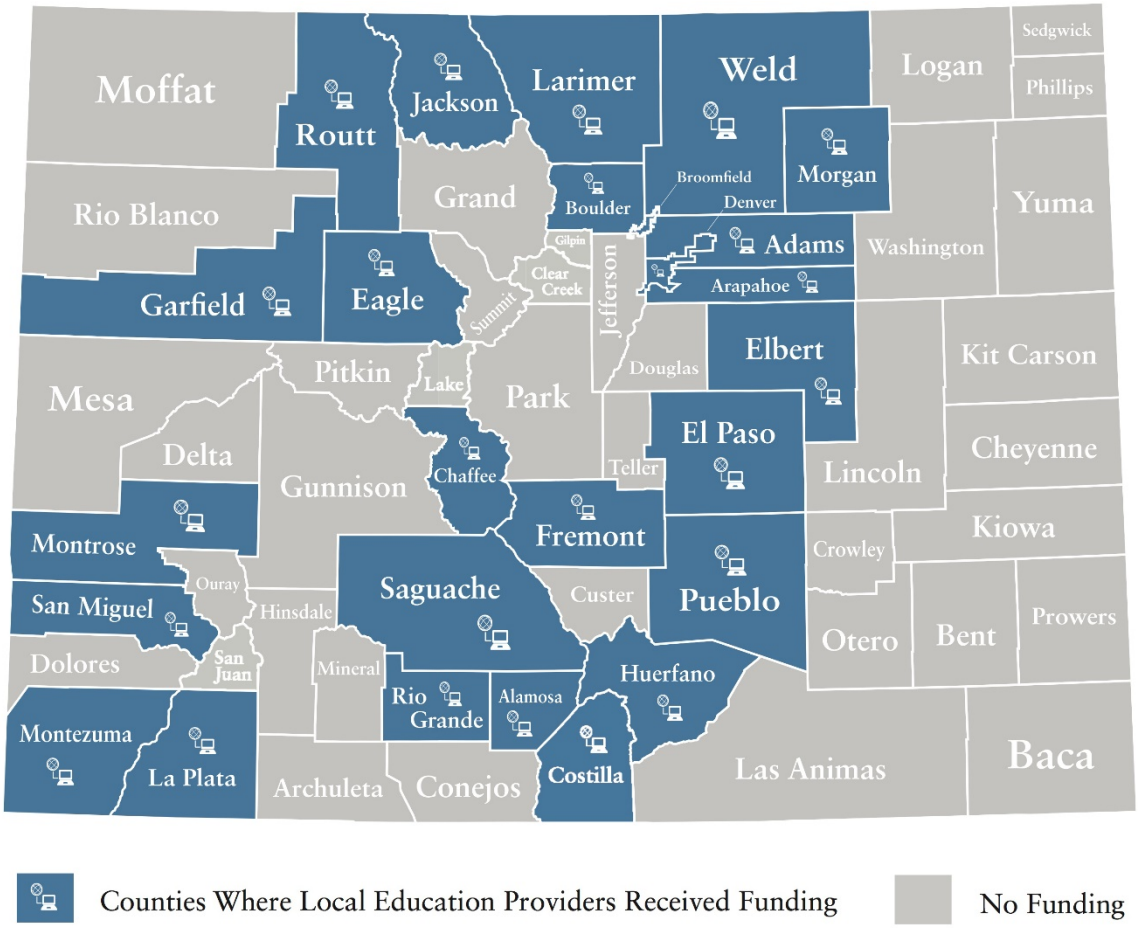
COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CONNECTING COLORADO STUDENTS GRANT PROGRAM
IMPLEMENTATION TIMELINE



SOURCE: Office of the State Auditor analysis of information provided by the Department of Education and Sections 22-103-103 and 104, C.R.S.

As of February 1, 2021, the initial deadline for funding distribution, the Department granted awards of approximately $9,000 to $3 million to 40 local education providers, located in 26 counties. The funds could be used to increase access to internet services, such as paying for internet services or providing equipment used to access the internet, and funding internet infrastructure needs in communities where internet services are limited. The amount of the award was based on the amount the local education providers requested in their application. The applications were required to include the number of students, faculty and staff that would receive assistance as well as how much was needed for equipment or infrastructure. The following exhibit shows the counties where local education providers that received funding are located.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CONNECTING COLORADO STUDENTS GRANT PROGRAM
LOCATIONS OF GRANT RECIPIENTS AS OF FEBRUARY 2021

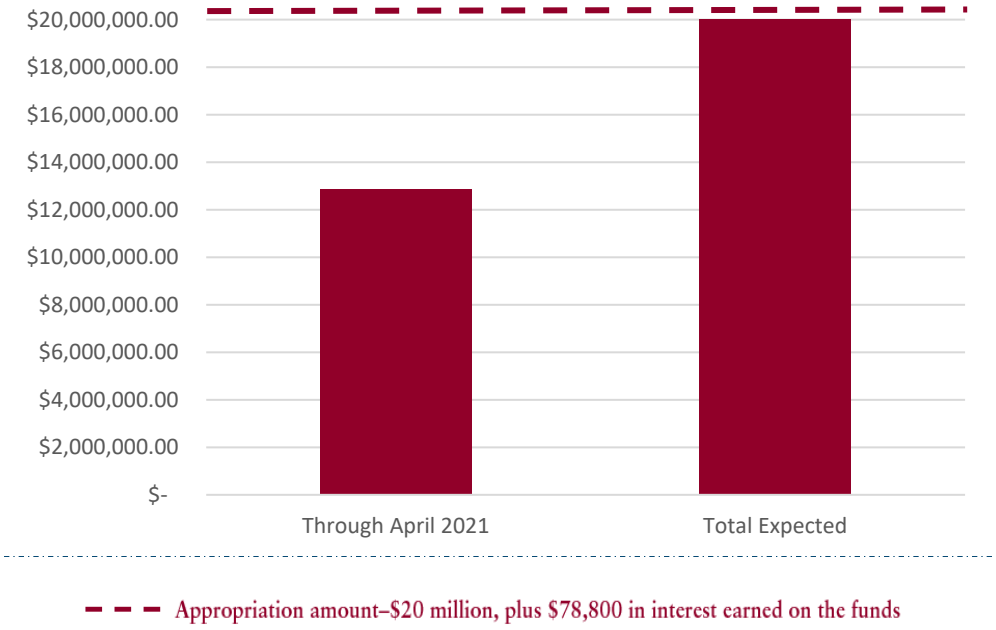


SOURCE: Office of the State Auditor analysis of information provided by the Department of Education.

PROGRAM SPENDING

The Department reported it was not able to expend all of the program funds by the original statutory deadline of February 1, 2021, but was expecting to be able to do so by the revised statutory deadline of June 30, 2021. As shown in the following exhibit, the Department expected to spend about $20,022,600, or more than the total amount appropriated for the Program. The additional expenses over the $20 million appropriation will be covered by approximately $78,800 of interest earned on the funds.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CONNECTING COLORADO STUDENTS GRANT PROGRAM
EXPECTED TOTAL SPENDING
FISCAL YEARS 2021 AND 2022



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Education about additional expected spending.

As part of the initial round of funding, the Department distributed approximately $12.8 million of the $20 million (64 percent) in program funds available to 40 local education providers. The Department reported that it was not able to grant out all of the available funding by the original February 1 deadline for several reasons, including:

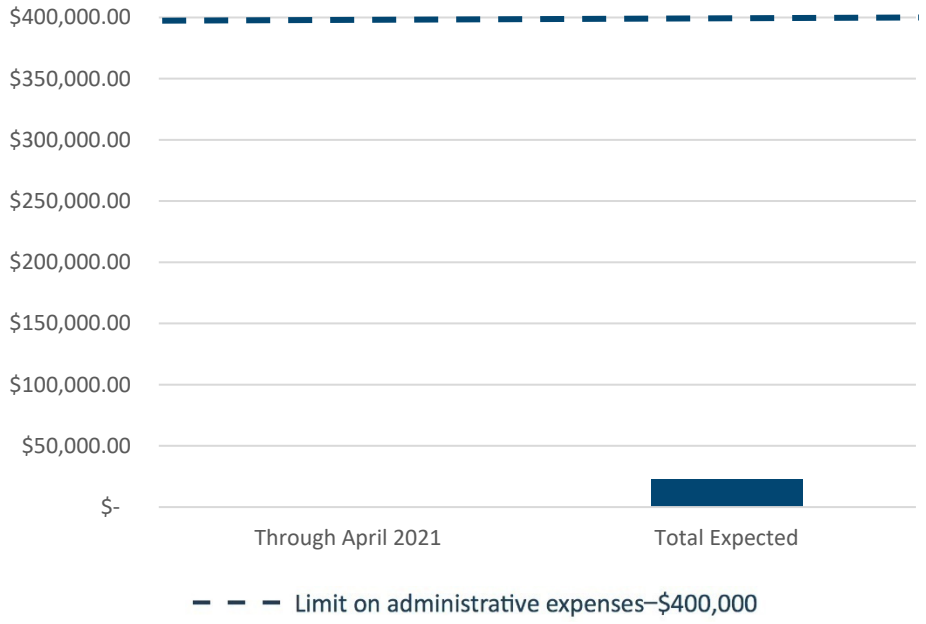
- Applicants could only request funds for 1 year, which limited the amount of funds that could be requested on the application;
- Some applicants were conservative in the amount of funding requested because they did not want to request too much in their application and be denied; and
- One application requesting approximately $3 million was denied because it was missing some of the required elements that the applicant was not able to provide by the February 1 deadline.

The Department reported that it distributed the remaining $7.2 million in program funds to local education providers by the revised statutory deadline of June 30, 2021.

ADMINISTRATIVE EXPENSES

Statute [Section 22-103-106(1)(b), C.R.S.] allowed the Department to use up to 2 percent of the awarded funds, or about $400,000, depending on award amounts, to administer the Program. However, the Department reported that it planned to use only about $22,600, or 0.11 percent, on administrative expenses. Specifically, as of April 2021, the date of our testing, the Department had not charged administrative costs to the Program, but the Department reported that it planned to expend approximately $22,600 on administration through the duration of the Program, in Fiscal Years 2021 and 2022, as shown in the following exhibit.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
CONNECTING COLORADO STUDENTS GRANT PROGRAM
EXPECTED ADMINISTRATIVE SPENDING
FISCAL YEARS 2021 AND 2022



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Education about additional expected spending.

The Department reported it expected its administrative expenses to be limited to payroll for three staff working on administering the Program. These staff created the application, reviewed and approved applications, and distributed awards to grantees. The Department told

us it expected that they would also be involved in monitoring grant agreements and reviewing grantees' reports.

The Department did not expect to expend program funds for indirect costs, and grantees are not allowed to use their awards on administration.

In addition, the Department reported that it would use non-pandemic, centrally-appropriated funding for about $5,000 in additional payroll costs related to the Program. Because this additional spending will not come from the program appropriation, it is not reflected in our graphics.

COLORADO ARTS RELIEF FUND

Governor's Office of Economic Development and International Trade – Creative Industries Division

A grant program designed to provide relief to arts and cultural organizations that have been impacted by the COVID-19 pandemic.

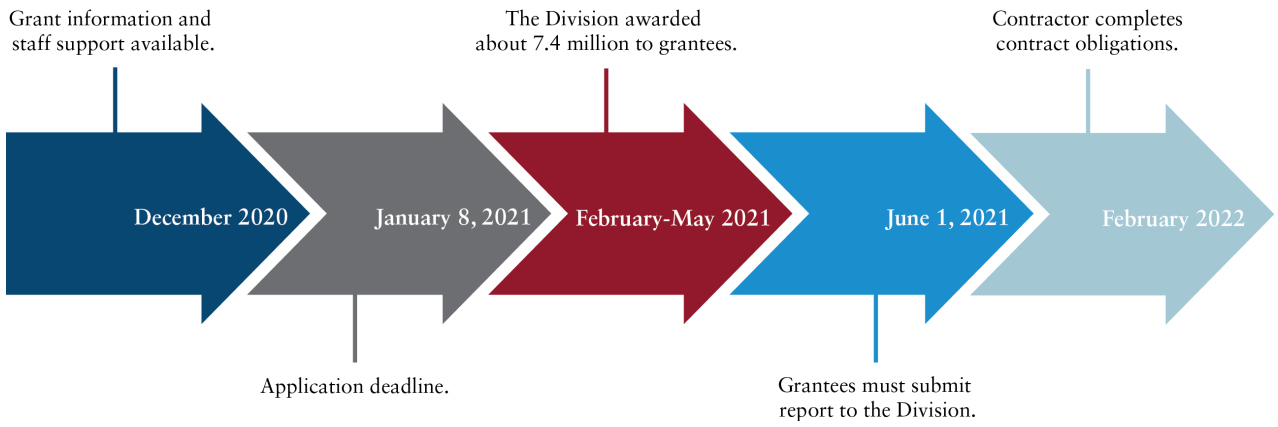
PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

Senate Bill 20B-001 appropriated $7.5 million in general funds to the Colorado Arts Relief Fund in Fiscal Year 2021 to provide relief payments to (1) artists and crew members who were experiencing income loss due to government-mandated closures and (2) organizations that were financially affected by venue closures during the pandemic. The program was administered by the Governor's Office of Economic Development and International Trade's Creative Industries Division (Division), with the assistance of a nonprofit contractor. The program's goal was to sustain a resilient economy by avoiding permanent business closures, retaining jobs, and preserving community cultural assets affected by the COVID-19 public health emergency.

Individuals, businesses, and organizations applied for funding starting in December 2020. The Division reviewed about 2,500 applications and announced funding decisions on January 31, 2021. The Division's contractor served as fiscal agent for processing the payments.

The following exhibit outlines key program implementation dates.

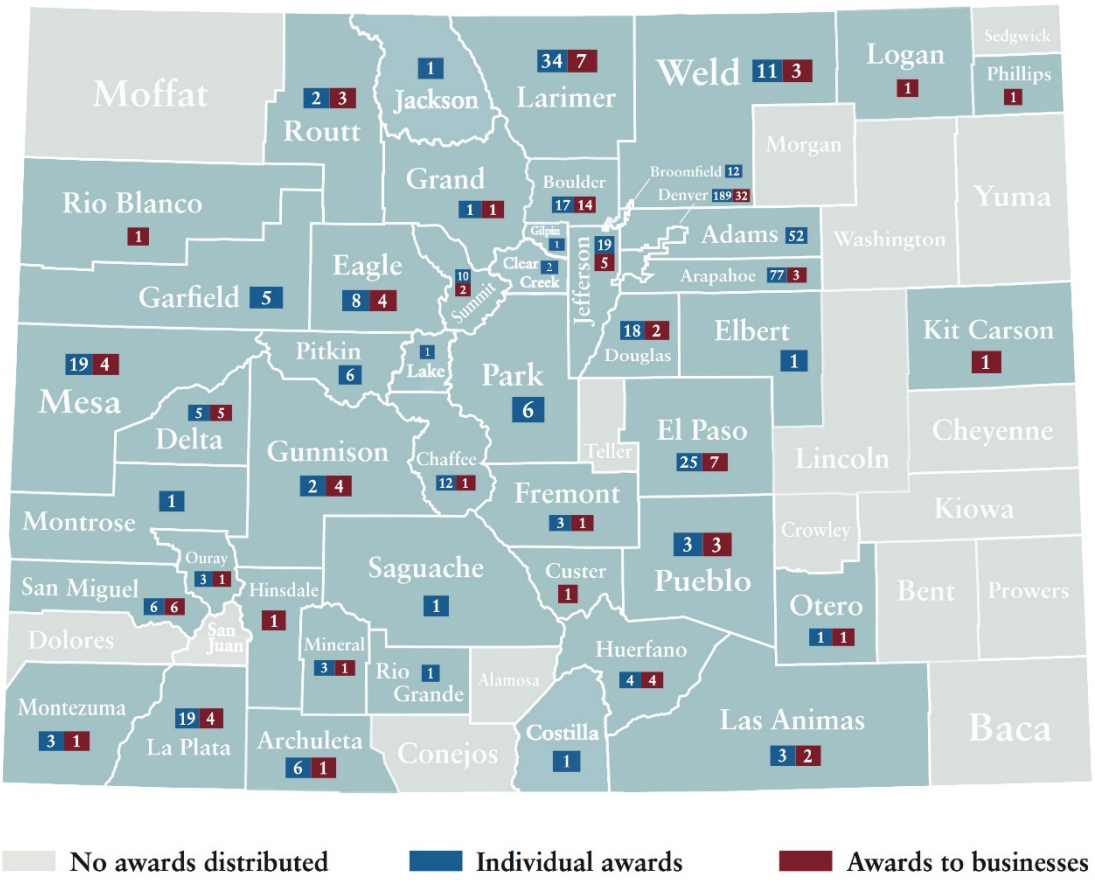
COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
COLORADO ARTS RELIEF FUND
IMPLEMENTATION TIMELINE



SOURCE: Office of the State Auditor analysis of information provided by the Governor's Office of Economic Development and International Trade.

The Division granted about $1.4 million in awards of $1,000 to $2,500 to 594 individuals and about $6 million in awards of $2,500 to $200,000 to 128 businesses and organizations. The amounts awarded to individuals were a one-time flat amount of up to $2,500 and the amounts awarded to businesses and organizations was based on the size of the organization and its cash operating revenue loss from 2019 to 2020. The following exhibit shows the total number of awards by county for the program.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
COLORADO ARTS RELIEF FUND
LOCATIONS OF GRANT RECIPIENTS
FISCAL YEAR 2021

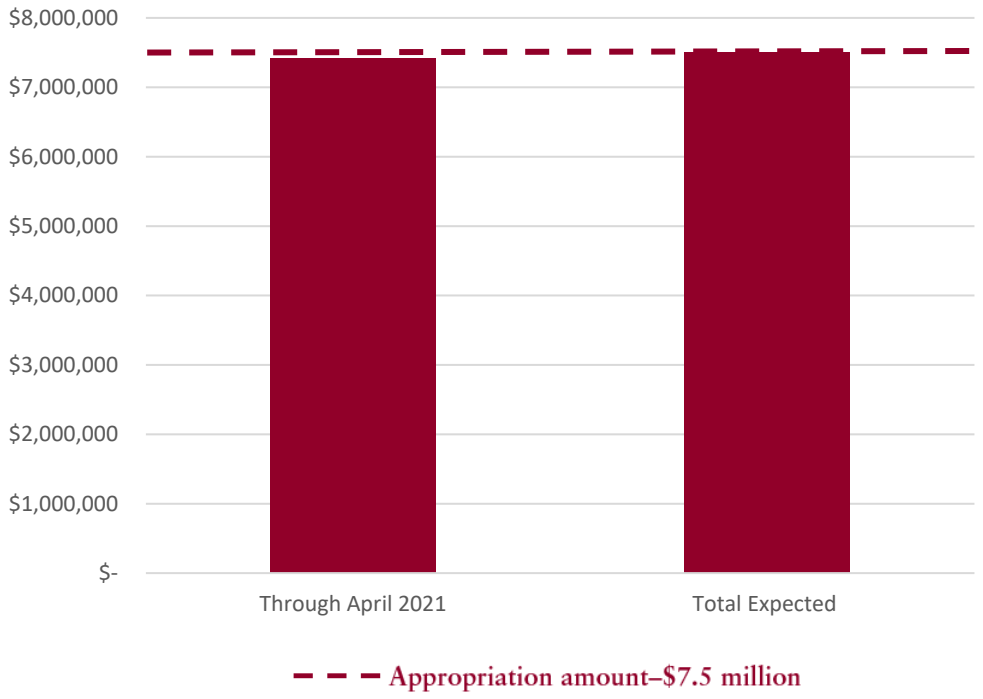


SOURCE: Office of the State Auditor analysis of information provided by the Governor's Office of Economic Development and International Trade.

PROGRAM SPENDING

The Division contracted with a nonprofit for the full $7.5 million appropriation to assist with administering the program. The contractor used most of the funds by April 2021, the date of testing, and reported it expected to use the full $7.5 million by December 2021, prior to the February 15, 2022, contract end date as shown in the follow exhibit.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
COLORADO ARTS RELIEF FUND
EXPECTED TOTAL SPENDING
FISCAL YEARS 2021 AND 2022



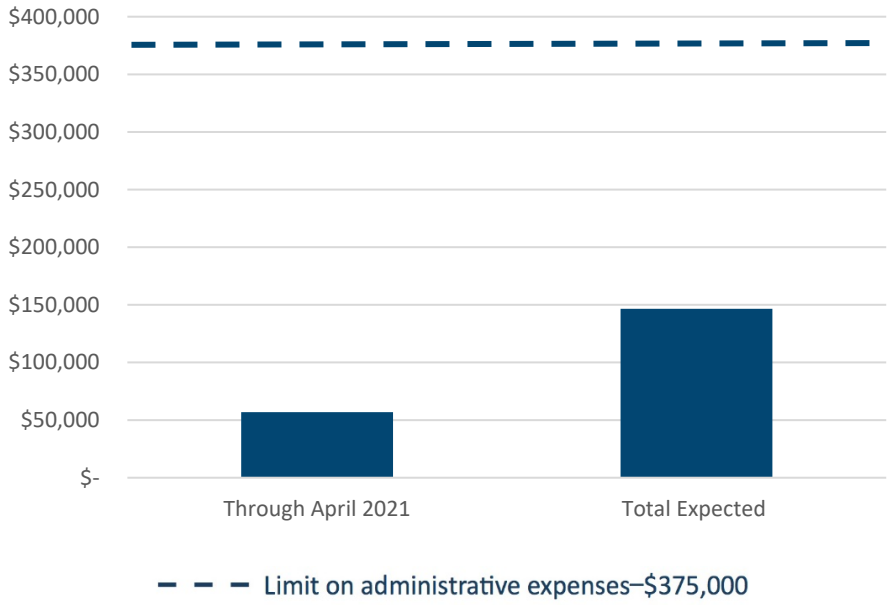
SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Governor's Office of Economic Development and International Trade about additional expected spending.

ADMINISTRATIVE EXPENSES

Statute [Section 24-48.5-316(3), C.R.S.] specified that the Division could use up to 5 percent, or $375,000, of the $7.5 million appropriation for its costs in administering the program, or contracting with a third party to administer the program. The Division agreed to compensate the contractor up to $150,000 included as part of the $7.5 million contract for its administrative costs in serving as fiscal agent for the program. As of April 2021, the date of our testing, the nonprofit had used $57,000 for its administrative costs, and reported it expected to use an additional $89,600 through the end of the program, for an expected total of $146,500 for administrative costs to cover support work during the application and evaluation process, oversight of the grant payments, and processing grantee documents such as end-of-year tax forms.

The following exhibit shows the total expected administrative spending for the program.

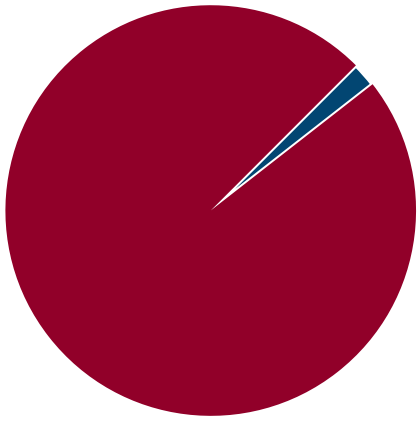
COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
COLORADO ARTS RELIEF FUND
EXPECTED ADMINISTRATIVE SPENDING
FISCAL YEARS 2021 AND 2022



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Governor's Office of Economic Development and International Trade about additional expected spending.

We estimate that less than 2 percent of the $7.5 million appropriated for the program will be used for administrative expenses, as shown in the exhibit below.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
COLORADO ARTS RELIEF FUND
BREAKOUT OF EXPECTED SPENDING
FISCAL YEARS 2021 AND 2022



Administrative Spending Relief Aid

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Governor's Office of Economic Development and International Trade about additional expected spending.

The Division reported that it did not incur departmental indirect costs, and that it had incurred costs associated with implementing the program, but used other non-pandemic program, existing funding sources to cover those costs. Specifically, the Division reported that it would use its central appropriation for its indirect expenses, rather than program funds. The Division also reported that it chose to retain no administrative fee for its role in administering the program, including staff's time spent on reviewing applications, selecting grantees, monitoring the contract with the fiscal agent, and reviewing grantee reports on how they spent the awards. The Division reported that it felt it was important to get as much of the relief funding out as possible and paid for these costs from its general operating budget. Because these costs were not covered by program funds, they are not reflected in our graphics above.

FOOD PANTRY ASSISTANCE GRANT PROGRAM

Department of Human Services
Office of Economic Security

Funding to provide critical resources for food pantries and food banks to meet increased demand due to the COVID-19 pandemic.

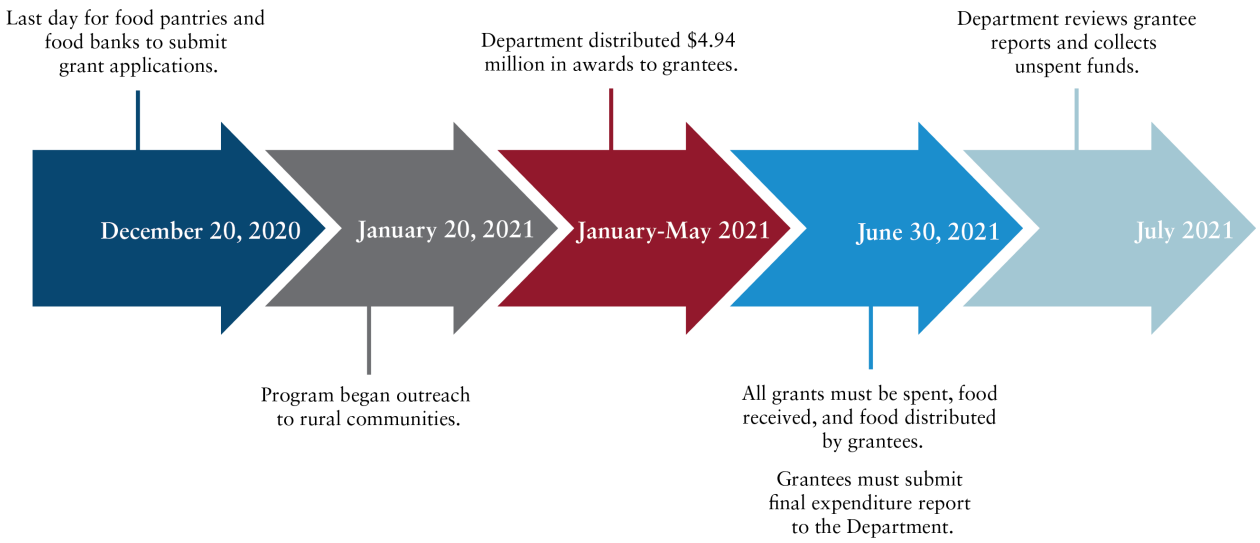
PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

House Bill 20B-1003 appropriated $5 million in general funds for Fiscal Year 2021 to be expended by July 31, 2021, to the Food Pantry Assistance Grant Program (Program) within the Department of Human Services' (Department) Office of Economic Security to "help people in communities throughout Colorado access nutritious food and support local economies as we enter the years-long economic impact of the COVID-19 public health emergency."

The Department granted awards from $2,500 to $200,000 to food pantries and food banks throughout the state to source, order, receive, store, and prepare purchased food for distribution. Food pantries and food banks applied for funding starting in December 2020, and the Department awarded funds on a rolling basis through May 2021 to 181 food pantries and food banks across 61 counties. Grantees must expend the funds by June 30, 2021, and return any unused funds to the Department by July 15, 2021.

The following exhibit outlines key program implementation dates.

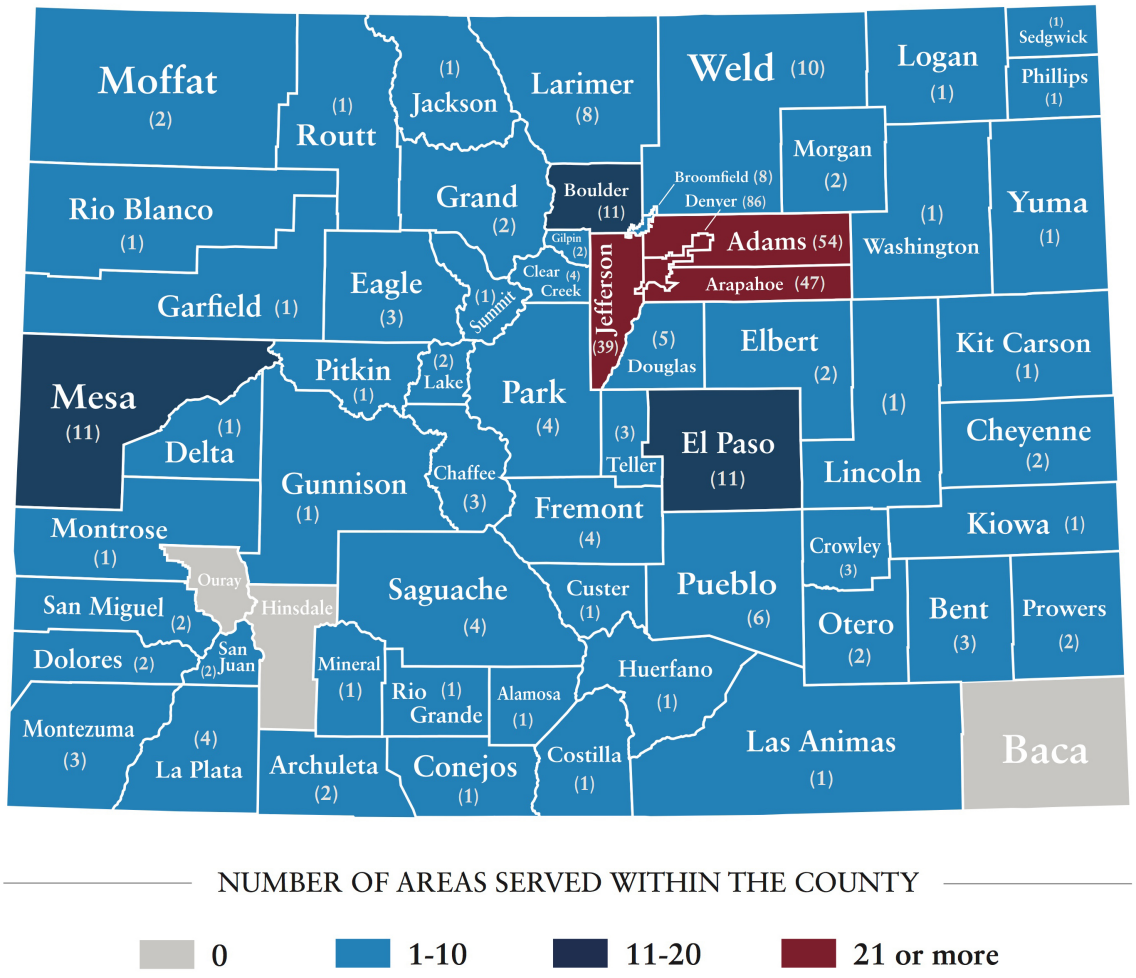
COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
FOOD PANTRY ASSISTANCE GRANT PROGRAM
IMPLEMENTATION TIMELINE



SOURCE: Office of the State Auditor analysis of information provided by the Department of Human Services.

As of April 2021, the date of our testing, the Department had distributed a total of about $4.823 million to 172 food pantries and food banks. The Department reported that it granted an additional $115,000 to nine food pantries and food banks before Fiscal Year 2021 end. The following exhibit demonstrates the number of areas served within each county for the Program.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
FOOD PANTRY ASSISTANCE GRANT PROGRAM
LOCATIONS OF GRANT RECIPIENTS
FISCAL YEAR 2021

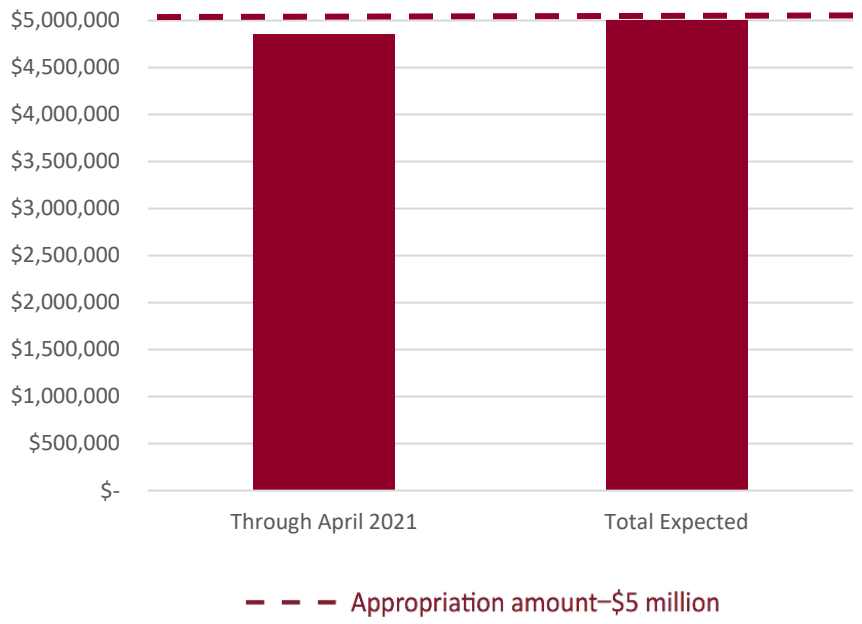


SOURCE: Office of the State Auditor analysis of information provided by the Department of Human Services.

PROGRAM SPENDING

At the time of our testing, the Department was expecting to spend the full $5 million appropriation for the Program by the July 31, 2021, statutory deadline. Specifically, the Department awarded a total of $4.938 million and was planning to have a total of about $62,000 in Department administrative expenses, as discussed in the next section.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
FOOD ASSISTANCE GRANT PROGRAM
EXPECTED TOTAL SPENDING
FISCAL YEARS 2021 AND 2022



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Human Services.

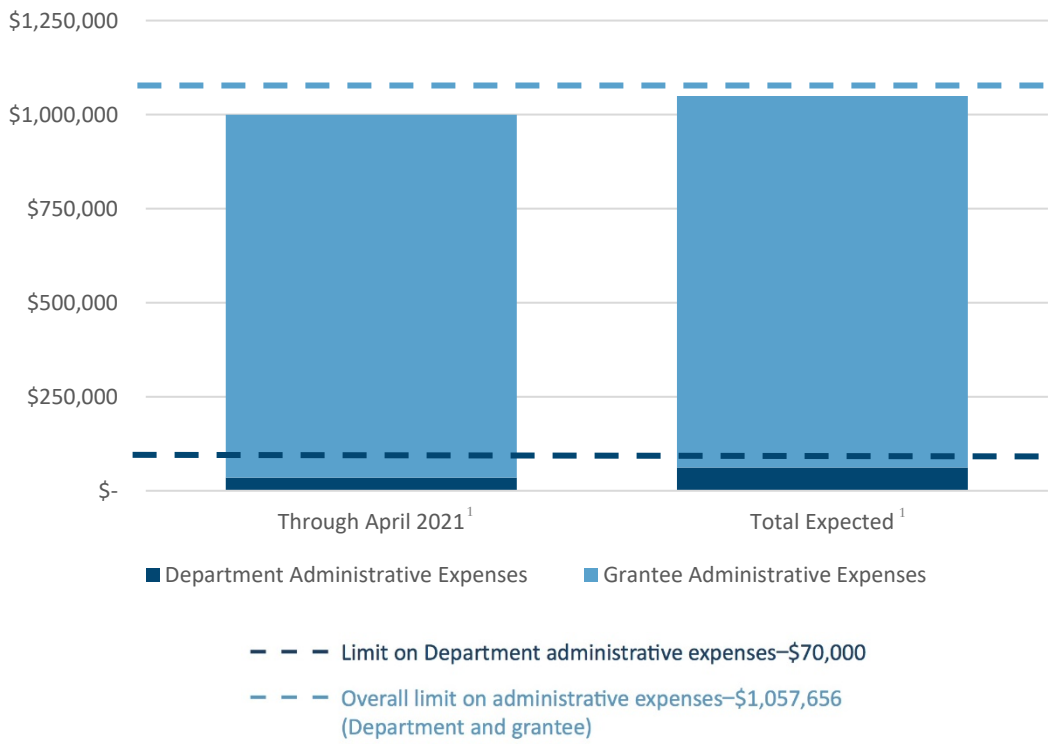
ADMINISTRATIVE EXPENSES

Statute [Sections 26-2-139(3) and (4), C.R.S.] allowed the Department to use up to $70,000 of the $5 million appropriation for the costs of administering and monitoring the Program, and allowed grant recipients to use up to 20 percent of their grant awards to cover the direct and indirect expenses associated with sourcing and distribution of food, including transportation, food delivery, expanding staff costs, refrigeration, and storage.

As of April 2021, the date of our testing, the Department had incurred about $35,000 in administrative expenses, and grantees had authority to use up to $964,656 of their awards for their administrative costs. The Department reported it expected to use an additional $26,700 for its costs in administering the Program by the statutory deadline of July 31, 2021, and that nine additional grantees received awards with authority to spend $23,000 for administration, by June 30, 2021. The exhibit below shows expected administrative spending, and reflects the full amounts that grantees were authorized to use for their administrative costs. Grant recipients were not required to report on their spending until June 2021, after our testing, but

Department staff anticipated that grant recipients' actual spending on administrative costs will be lower than 20 percent with the balance going toward food assistance or being returned to the Department.

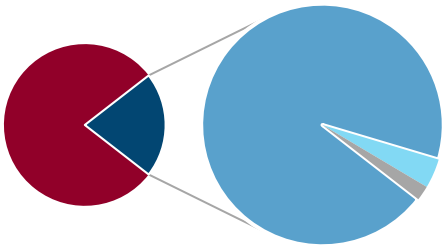
COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
FOOD ASSISTANCE GRANT PROGRAM
EXPECTED ADMINISTRATIVE SPENDING
FISCAL YEARS 2021 AND 2022



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Human Services.
[1] Figure represents total amount of administrative expenses allowed per grant agreements, not actual spending.

We estimate that the Department and grantees will use up to 21 percent of the expended funds on administration, with the Department using $61,700, and grantees using up to $987,656 for their administration. The following exhibit breaks out expected spending for the Program.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
FOOD PANTRY ASSISTANCE GRANT PROGRAM
BREAKOUT OF EXPECTED SPENDING[1]
FISCAL YEARS 2021 AND 2022



FOOD ASSISTANCE	$3,950,622
Allowable Grantee Administrative Expenses[2]	$987,656
Department Payroll	$41,121
Services obtained by the Department	$20,601
TOTAL ADMINISTRATIVE	$1,049,378
TOTAL	**$5,000,000**

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Department of Human Services about additional expected spending.

[1] Exhibit assumes grantees will use their full awards and not return funds to the Department. Grantees were required to return unused funds by July 15, 2021. At the time of our reporting, the Department anticipated that grantees may be returning approximately $40,000 in unused funds.

[2] Figure represents total amount of administrative expenses allowed per grant agreements, not actual spending.

Administrative expenses were expected to be in the following categories:

- **ALLOWABLE GRANTEE ADMINISTRATIVE EXPENSES**—As outlined in the legislation, grantees' administrative costs could include staff wages, storage, transportation costs, or equipment.

- **DEPARTMENT PAYROLL**—There were three staff working on administering the Program. These staff developed the Program, provided technical assistance to applicants, distributed grant awards, developed a report for grantees to report expenditures, and created a webinar, which grantees were required to attend.

- **SERVICES OBTAINED BY THE DEPARTMENT**—The Department obtained translation services for a survey via text message that grantees submit to the Department. In addition, the Program reported it planned to hire one temporary worker to review the reports that the grantees submit to the Department. The Department used $7,000 in special session funds for report preparation services to create the final report for the previous COVID-19 pandemic related Food Pantry Assistance Grant Program funded through House Bill 20-1422 that ended in December 2020. The Department reported that they charged

this expense to the special session funding because the spending authority for the previous program ran out, and that they interpreted this as an allowable cost because it was substantially the same program.

The Department reported that it did not incur departmental indirect costs, and that it had incurred costs associated with implementing the Program, but used other existing, non-pandemic program funding sources to cover those costs. Specifically, the Department reported that it would use its central appropriation for its indirect expenses, rather than Program funds. The Department also reported that it was aware that it would be receiving these Program funds prior to the end of the special session, and in order to get the Program started as soon as possible, Department staff began implementing the Program prior to receiving the appropriation and charged the payroll to the prior Food Pantry program that ended in December 2020. In addition, the Department anticipated that it would have to charge payroll costs for reviewing the grantee reports to other sources due to the Program's funding ending on July 31, 2021. The Department had not specifically quantified the amounts of the indirect and absorbed costs associated with the Program. Because these costs were not covered by Program funds, they are not reflected in our graphics above.

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DISPROPORTIONATELY IMPACTED BUSINESSES RELIEF PROGRAM

Governor's Office of Economic Development and International Trade

Funding to provide relief payments, grants, and loans, as well as technical assistance and consulting support, to businesses that have been disproportionately impacted by the COVID-19 pandemic.

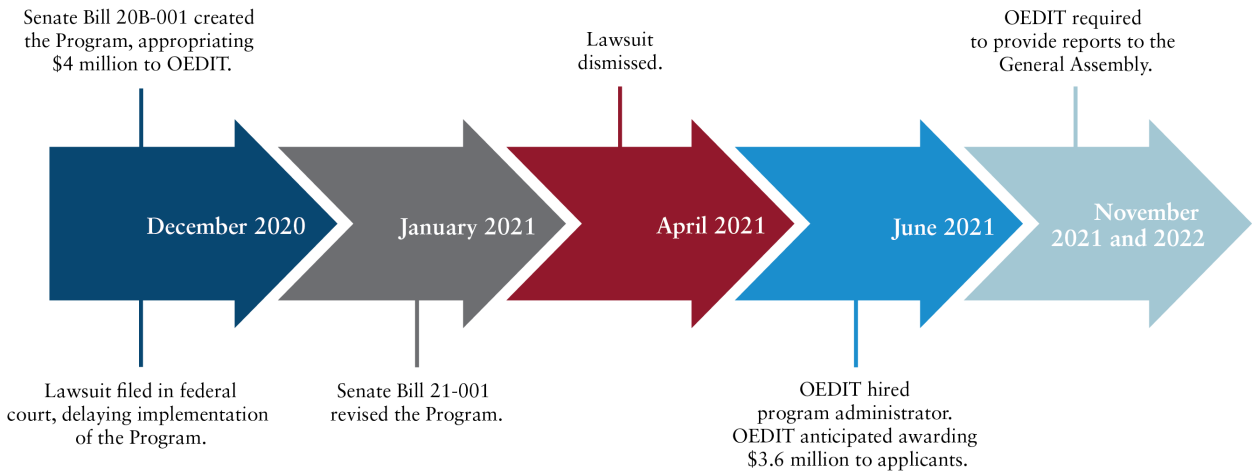
PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

Senate Bill 20B-001 created and appropriated $4 million in general funds for Fiscal Years 2021 and 2022 to the Relief for Minority Owned Businesses Program within the Governor's Office of Economic Development and International Trade (OEDIT). Senate Bill 21-001 modified the program by broadening its scope and eligibility parameters and renaming it to the Disproportionally Impacted Businesses Relief Program (Program). The Program provides relief funds to eligible businesses that meet one or more of the several criteria, including five or fewer employees, being a minority-owned, or being located in an economically distressed area.

In December 2020, a Colorado business owner filed a lawsuit in federal court claiming that the Program was discriminatory, and OEDIT delayed implementing the Program due to the pending litigation. With dismissal of the lawsuit in April 2021, OEDIT reported that it was moving forward with hiring a staff person in June 2020 and developing the Program.

The following exhibit outlines key program implementation dates.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS DISPROPORTIONATELY IMPACTED BUSINESSES RELIEF PROGRAM IMPLEMENTATION TIMELINE



SOURCE: Office of the State Auditor analysis of information provided by the Governor's Office of Economic Development and International Trade.

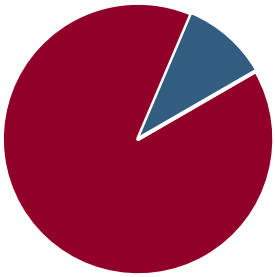
PROGRAM SPENDING AND ADMINISTRATIVE EXPENSES

As of June 2021, OEDIT had not awarded any grants to businesses or charged administrative costs to the Program due to the delay in getting it started. With the dismissal of the lawsuit that delayed the Program, OEDIT reported to be moving forward with implementing the Program, and has until June 30, 2022, to use the $4 million appropriation.

Statute [Sections 24-48.5-127(3) and (4), C.R.S.] required OEDIT to use a portion of the appropriated funds to administer the Program and provide technical assistance and consulting support, but did not specify an amount or cap on administrative spending. OEDIT reported that it expected to spend between $310,000, or 8 percent, and $410,000, or 10 percent of the $4 million appropriated for the Program on administrative expenses. OEDIT reported that it expected administrative costs to include payroll, marketing and outreach, consulting, program workshops, and possible legal fees.

The following exhibit breaks out how the $4 million special session funding was expected to be used.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
DISPROPORTIONATELY IMPACTED BUSINESSES RELIEF PROGRAM
TOTAL EXPECTED SPENDING
FISCAL YEARS 2021 AND 2022



EXPECTED RELIEF AID	$3,590,000
EXPECTED ADMINISTRATIVE EXPENSES	$410,000
TOTAL	**$4,000,000**

SOURCE: Office of the State Auditor analysis of financial information provided by the Governor's Office of Economic Development and International Trade.

OEDIT reported that it expected to have both indirect costs and absorbed costs associated with implementing the Program, but expected to use other existing, non-pandemic relief program funding sources to cover those costs. Specifically, OEDIT reported that it would use its central appropriation for its indirect expenses, and that it absorbed costs to set up and manage the Program paid for from its general operating budget. Because these costs were not expected to be covered by Program funds, they are not reflected in our graphic above.

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EVICTION LEGAL DEFENSE PROGRAM

Judicial Department
State Court Administrator's Office

Funding to award grants to organizations that provide legal services to individuals facing eviction due to financial hardships presented by the COVID-19 pandemic.

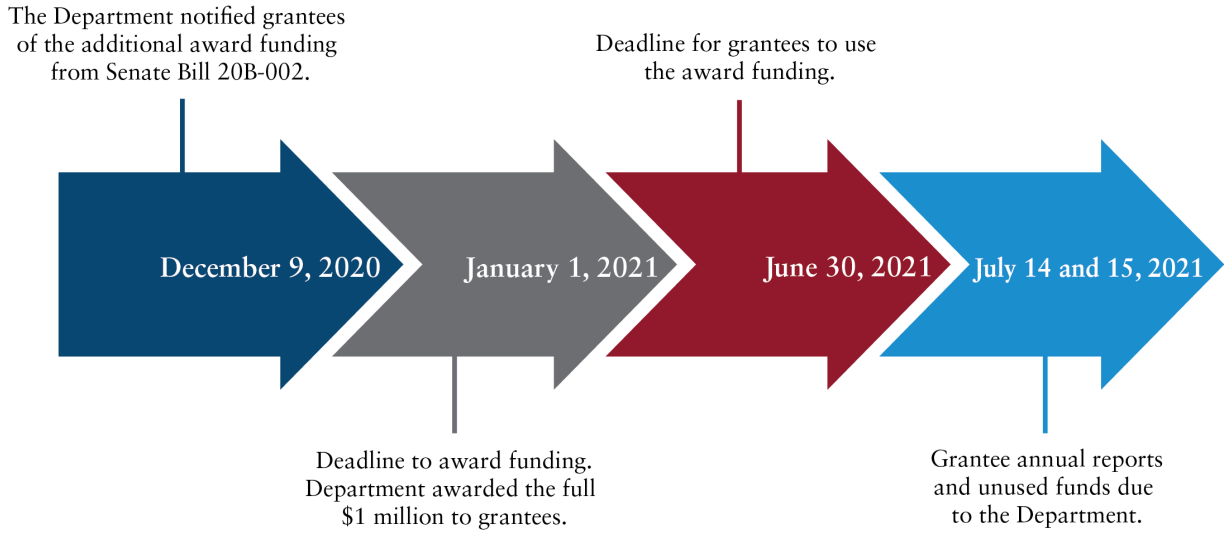
PURPOSE OF THE PROGRAM AND SERVICES PROVIDED

Senate Bill 20B-002 appropriated $1 million in general funds for Fiscal Year 2021 for the Eviction Legal Defense Program (Program), administered by the State Court Administrator's Office within the Judicial Department (Department). The Program was established in statute in 2019 and awards grants to organizations that provide civil legal services, including legal advice, counseling, and representation, to indigent clients experiencing or at risk of eviction [Section 13-40-127, C.R.S.].

The special session legislation required the Department to award the $1 million appropriation by January 1, 2021, to the six civil legal service organizations that had been awarded grants totaling $600,000 earlier in Fiscal Year 2021.

The following exhibit outlines key program implementation dates.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
EVICTION LEGAL DEFENSE PROGRAM
IMPLEMENTATION TIMELINE



SOURCE: Office of the State Auditor analysis of Section 13-40-127, C.R.S., and information provided by the Judicial Department.

The awards were distributed to the six grantees in proportion to the amount of the original grant they had received. The grantees were required to use the funds to expand the availability of legal services to indigent persons who were experiencing, or were at immediate risk of, eviction due to financial hardships, such as those presented by the COVID-19 pandemic. Services included:

- Providing legal representation to indigent tenants;
- Establishing clinics to educate and assist indigent tenants in eviction proceedings;
- Providing legal information and advice;
- Referring clients to appropriate persons or agencies for housing assistance; and
- Providing mediation services for disputes between landlords and tenants.

PROGRAM SPENDING

The Department awarded the full $1 million in grants to the organizations that provide civil legal services by the statutory deadline of January 1, 2021. The Department distributed the award funding to the organizations incrementally between January and April 2021.

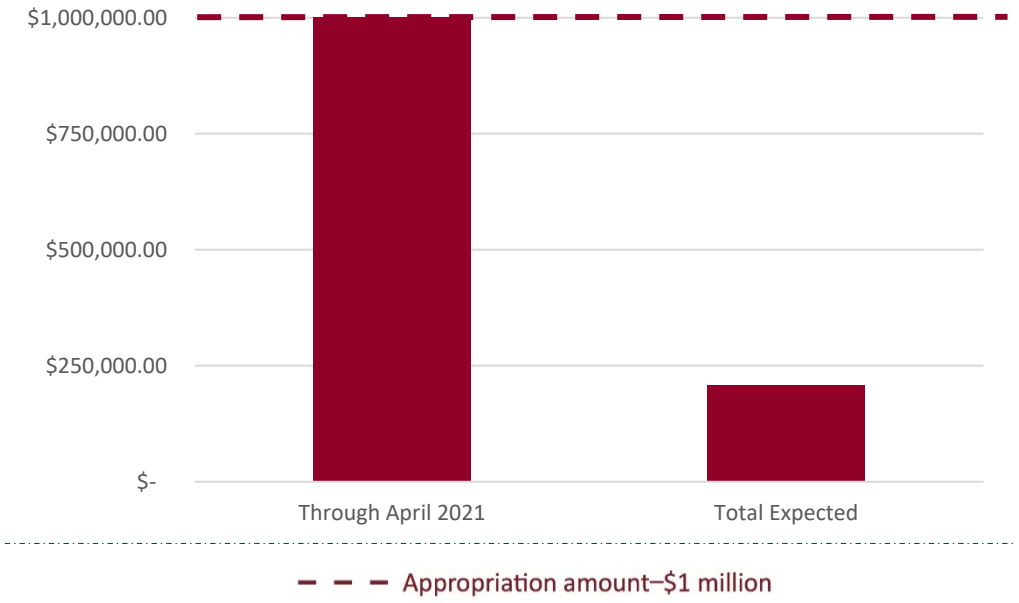
The following exhibit outlines how much each grantee received from the special session appropriation and the areas of the state in which they provide legal aid.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS EVICTION LEGAL DEFENSE PROGRAM GRANTEES AND AREAS SERVED FISCAL YEAR 2021		
	Senate Bill 20B-002 Award Amount	**Areas Served**
Grantee A	$819,382	Statewide
Grantee B	$81,466	Adams, Arapahoe, Boulder, Denver, Eagle, El Paso, Jefferson, Lake, Larimer, Weld, and Yuma counties
Grantee C	$43,699	Adams County and Denver Metro Area
Grantee D	$42,989	Adams, Arapahoe, Boulder, Broomfield, Denver, Jefferson, Larimer, and Weld counties
Grantee E	$7,128	Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel counties
Grantee F	$5,336	Eagle, Garfield, and Pitkin counties
Total	$1,000,000	

SOURCE: Office of the State Auditor analysis of grant agreements provided by the Judicial Department.

The Department reported that the organization awarded the $819,382 grant was unable to spend the full award by the grant award end date of June 30, 2021. Specifically, the grantee returned $791,514, or 97 percent, of the award to the Department in July 2021 because it was not able to staff the attorney and paralegal positions funded by the grant before the end of the fiscal year. The Department told us that the other five grantees reported spending their full awards by the grant award end date of June 30, 2021.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
EVICTION LEGAL DEFENSE PROGRAM
EXPECTED TOTAL SPENDING
FISCAL YEAR 2021



SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE), and information provided by the Judicial Department.

Section 13-40-127(5)(c), C.R.S. requires the returned funds, which account for 79 percent of the $1 million special session appropriation, to remain in the Program's Eviction Legal Defense Fund. The Department reports that it plans to use the funds for the Fiscal Year 2022 Eviction Legal Defense Program grants in accordance with the Department's spending authority for the fund.

ADMINISTRATIVE EXPENSES

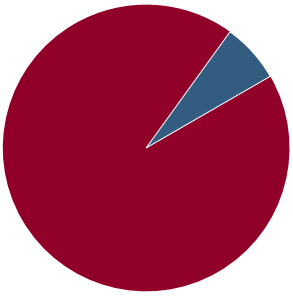
Senate Bill 20B-002 did not place a cap on administrative expenses for the Department's work to administer the funds, and the Department did not spend any of the funds on administrative expenses. The Department told us that it used existing, non-pandemic program resources to distribute the special session funding to grantees.

When considering the amount of the funds used by grantees on administrative expenses, we estimate that about 6.7 percent of the $208,486 expected to be spent would be spent on administrative expenses. Specifically, the grant agreements indicated that some grantees planned to use the grant awards for administrative expenses. Since the grant agreements did not require grant recipients to report final spending to the Department until July 2021, which

was after our testing period, we reviewed the grantees' proposed budgets in the grant agreements. We found that three grantees projected spending a total of about $14,000 on administrative expenses such as office space rental, supplies, accounting services, continuing education courses, dues and subscriptions, staff parking passes, and a portion of the executive director's salary. The other three grantees, including the grantee that returned the majority of its award, indicated that they would use the full award for providing legal aid.

The following exhibit breaks out how the $208,486 in special session funding was expected to be used.

COVID-19 PANDEMIC RELIEF SPECIAL SESSION FUNDS
EVICTION LEGAL DEFENSE PROGRAM
TOTAL EXPECTED SPENDING
FISCAL YEAR 2021



Eviction Legal Defense Assistance	$194,486
Expected Grantee Administrative Expenses[1]	$14,000
Total	**$208,486**

SOURCE: Office of the State Auditor analysis of financial information through April 2021 (Period 10) from the Colorado Operations Resource Engine (CORE) and information provided by the Judicial Department.

[1] Figure represents the estimated amount of administrative expenses noted in the proposed budgets in the grant agreements.

The Department reported that it had absorbed costs associated with distributing the Eviction Legal Defense Program award funds to grantees, but used other existing, non-pandemic program funding sources to cover those costs. Specifically, the Department reported that it used staff whose salaries were fully covered by other funding sources to help calculate the award amounts, communicate with grantees, review budget amendments, and draft and review grant addendums. The Department did not quantify the amount of the absorbed costs associated with the Eviction Legal Defense Program, but estimated the staff spent 30 to 40 hours on tasks related to distributing the special session appropriation. Since these absorbed costs were not covered by special session appropriation, they are not reflected in our graphics above.

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APPENDIX B

COLORADO
Department of Education

August 16, 2021

Ms. Kerri Hunter
State Auditor
Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, Colorado 80203

Dear Auditor Hunter:

The Colorado Department of Education has completed its review of the Pandemic Relief Programs-Administrative Expenses Performance Audit. The Department appreciates that the information provided in the performance audit report accurately reflect the Connecting Colorado Students Grant Program.

Many communities across Colorado do not have access to reliable internet service. The lack of internet access adversely impacted school districts' ability to provide remote learning during the COVID-19 pandemic. The funding provided through the Connecting Colorado Students Grant Program was instrumental in increasing internet access for students and educators in many areas across the state, particularly benefiting low income and other at-risk students.

The Department appreciates the extension for distribution of these funds made possible through House Bill 21-1289. We agree with the audit's observations and conclusions that the administrative expenses associated with these funds were reasonable and necessary. Further, the Department managed the Connecting Colorado Students Grant Program efficiently. As stated in the audit, the Department used far less in administrative expenses than allowed by statute, thus maximizing the amount of funds to be awarded and distributed.

Sincerely,

Katy Anthes

Katy Anthes, Ph.D.
Commissioner
Colorado Department of Education

201 East Colfax Avenue, Room 206, Denver, CO 80203-1799 P 303.866.6141 F 303.866.6663
Katy Anthes, Ph.D., Commissioner of Education | www.cde.state.co.us

COLORADO
Department of Human Services

August 16, 2021

Kerri Hunter, State Auditor
Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, Colorado 80203

Dear Auditor Hunter:

The Colorado Department of Human Services has completed its review of the Pandemic Relief Programs-Administrative Expenses Performance Audit and appreciates the Office of the State Auditor's thoughtful analysis of these programs. The Department was responsible for three of the programs included in this review:

- The Food Pantry Assistance Grant Program;
- The Child Care Sustainability Grant Program; and,
- The Emerging and Expanding Child Care Grant Program.

The Food Pantry Assistance Grant expanded the purchasing power of food pantries and food banks across Colorado during the COVID pandemic. Food pantries and banks expressed gratitude for the opportunity to purchase high-quality food based on the local needs. They found the 20% administrative allowance very helpful along with the simple application and reporting requirements. There was also consistent feedback wishing the grant period was extended.

The Child Care Sustainability Grant provided direct financial support to licensed child care providers and neighborhood youth organizations during the COVID pandemic. These funds supported providers and youth organizations by: offsetting increased costs necessary to respond to the pandemic;backfilling lost revenue due to pandemic-related closures and reduced enrollment; or both. A total of 3,907 child care providers and 12 neighborhood youth organizations received grants. The providers expressed appreciation for flexible financial assistance that allowed them to meet their specific needs during this difficult time.

The Emerging and Expanding Child Care Grant expanded access and availability of licensed child care throughout Colorado by granting funds to currently licensed child care providers to expand their capacity and to applicants pursuing new child care licenses. These funds supported child care providers by paying for:coaching services, professional development, learning and classroom materials, and the cost of capital improvements to develop new or expanded space. The grant program has benefited communities across Colorado by increasing the number of available child care slots, particularly in areas with high need for additional child care. This program will continue to accept applications and grant funds through June 2022.

CDHS believes that this audit report provides valuable information for the public and policy makers and highlights the many ways in which the state responded to help Coloradans during the COVID pandemic.

Sincerely,

Michelle Barnes Digitally signed by Michelle Barnes
Date: 2021.08.17 09:18:46 -06'00'

Michelle Barnes
Executive Director

COLORADO
Department of Local Affairs
Office of the Executive Director

August 16, 2021

Ms. Kerri Hunter
State Auditor
Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, Colorado 80203

Dear Auditor Hunter:

The Colorado Department of Local Affairs has completed its review of the Pandemic Relief Programs-Administrative Expenses Performance Audit.

It is the view of responsible officials of the Department of Local Affairs, the Division of Housing and the Division of Local Government that the findings and conclusions reflected in the audit report accurately and fairly represent the departmental activities undertaken in administering the relief programs established by the actions of the Extraordinary Session.

The Department of Local Affairs has worked diligently to support local governments in pandemic relief efforts, addressing the needs of disproportionately impacted businesses and individuals at a highly vulnerable time. Sensitive to the extraordinary needs resulting from the pandemic toll, staff responded by expediting performance in the roll-out of multiple new programs designed to bring aid and keep Coloradans housed and small businesses operational during the public health crisis.

We are pleased for the citizens of Colorado to receive assurance that, in the face of the extraordinary challenges of an extraordinary time, these programs were administered responsibly and effectively as reflected in the outcomes of this administrative expenses audit of the pandemic relief programs.

Sincerely,

Rick M. Garcia
Executive Director

OFFICE OF THE STATE COURT ADMINISTRATOR

Steven Vasconcellos
State Court Administrator

Terri Morrison
Judicial Legal Counsel

DIRECTORS

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Probation Services

August 13, 2021

Ms. Kerri Hunter
State Auditor
Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, Colorado 80203

Dear Auditor Hunter:

The Judicial Department has completed its review of the Pandemic Relief Programs-Administrative Expenses Performance Audit.

The Department takes the fiduciary responsibility for administering grants under the Eviction Legal Defense Program seriously, and as reported, did not utilize any of the funds provided by Senate Bill 20B-002 to cover the Department's costs in administering the additional funds to grantees.

The Department would like to thank the Office of the State Auditor for their work on this performance audit.

Sincerely,

Steven Vasconcellos
State Court Administrator

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COLORADO
Office of Economic Development
& International Trade

Colorado Office of Economic
Development and International Trade
1600 Broadway, Suite 2500
Denver, CO 80202

August 13, 2021

Ms. Kerri Hunter
State Auditor
Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, Colorado 80203

Dear Auditor Hunter:

The Colorado Office of Economic Development and International Trade (OEDIT) has completed its review of the Pandemic Relief Programs-Administrative Expenses Performance Audit.

The OEDIT programs included in the review were the Colorado Arts Relief Program which provides financial relief to arts and cultural organizations that experienced financial loss due to the COVID-19 pandemic and the Disproportionately Impacted Businesses Relief Program which provides financial assistance and professional development services to small businesses meeting certain criteria, such as being minority-owned or located in an economically distressed area.

The review reported no findings or recommendations on these programs. OEDIT agrees with the conclusion of the report and appreciates the effort of the OSA staff in conducting the audit.

Sincerely,

Patrick Meyers
Executive Director
Colorado Office of Economic Development and International Trade