

REPORT HIGHLIGHTS



PANDEMIC RELIEF PROGRAMS – ADMINISTRATIVE EXPENSES PERFORMANCE AUDIT, SEPTEMBER 2021

Department of Education
Department of Human Services
Department of Local Affairs
Judicial Department
Governor’s Office of Economic
Development and International Trade

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.