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December 12, 2022

**Opportunities Exist for Disasters to be Closed and Remaining Funds Released Sooner and
for Disaster Emergency Fund Reporting to be Improved**

DENVER—The Colorado Office of the State Auditor (OSA) has issued a required performance audit of the State’s Disaster Emergency Fund, which was created by the General Assembly in 1992 to help ensure that funds are available to meet disaster emergencies in the state. Overall, auditors did not identify any expenses from the Disaster Emergency Fund that were not in compliance with statutory requirements or the relevant executive orders; however, auditors noted delays in closing out disasters once they were complete and releasing unused funding.

The Department of Public Safety (Department) is responsible for closing out disasters once all expenses have been paid and reimbursements received and notifying the Governor’s Office of State Planning and Budgeting (OSPB) that any remaining funds that had been allocated to the disaster can be released. OSPB is then responsible for releasing the funds.

Of the 50 disasters that were completed between Fiscal Years 2018 and 2022, auditors found that for 33 disasters, the Department took an average of 24 months after spending and federal reimbursements had concluded to inform OSPB that these disasters were complete and the \$14.2 million allocated to these disasters that had not been spent could be released. As of September 2022, the remaining 17 disasters had been open between 13 and 57 months after the Department had accounted for all expected spending and federal reimbursements. However, the Department had not closed the disasters and informed OSPB that the remaining funds could be released. These 17 disasters had \$11.8 million in remaining unspent funds. “When remaining funds are not released once spending is complete and a disaster is closed, that money is not as quickly available and

accessible to help address new disasters that may occur,” said Kate Shiroff, Legislative Audit Manager.

Auditors also found that OSPB’s quarterly reports on Disaster Emergency Fund expenses contained reporting errors, incomplete information, and areas that could be improved to provide a comprehensive picture of disaster spending in the state.

The audit makes four recommendations for improvements. The full audit report is available online at www.colorado.gov/auditor.

About the Office of the State Auditor

Under the direction of the State Auditor, the OSA’s nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of state agencies, departments, and institutions of higher education; conducting independent evaluations of the State’s tax expenditures (e.g., credits, exemptions, deductions); tracking about 4,000 Colorado local governments for compliance with the Local Government Audit Law; and operating a statewide fraud reporting hotline.

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