

Audit at a glance



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Coronavirus Relief Funding

JULY 2021

ABOUT | In April 2020, the City and County of Denver received \$127 million from the Coronavirus Relief Fund. Congress established the fund as part of the CARES Act to help territories, states, and local and tribal governments respond to the COVID-19 pandemic.

Federal aid from the CARES Act and other sources helped Denver pay for a wide array of unexpected costs related to its pandemic response efforts at the same time the city saw drastic declines in its sales, use, and lodgers tax revenue. For instance, some of Denver's aid went toward sheltering individuals experiencing homelessness.

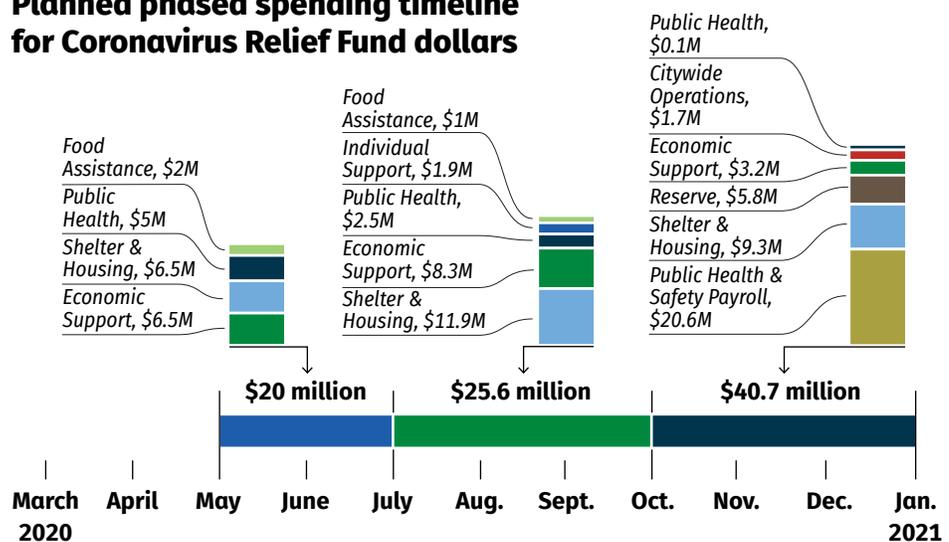
Ensuring the city uses its relief funds appropriately will maximize their benefit to Denver residents and businesses.

In the report

FINDING 1: The Department of Finance Sufficiently Managed the City's Process for Spending Federal Aid from the Coronavirus Relief Fund, but It Could Offer Better Guidance to Agencies on How to Document Individual Transactions

- As far as planning for and monitoring the money, we found the city did a lot of things well — especially considering federal guidance continued to change throughout 2020 even as communities were already spending their share of the federal aid.
- Denver's Finance Department:
 - Formed a federal funding committee to guide decision-making.
 - Implemented a phased spending plan to determine which projects would get funding.
 - Submitted required federal reports on time.

Planned phased spending timeline for Coronavirus Relief Fund dollars



Source: Auditor's Office analysis of Department of Finance documents.

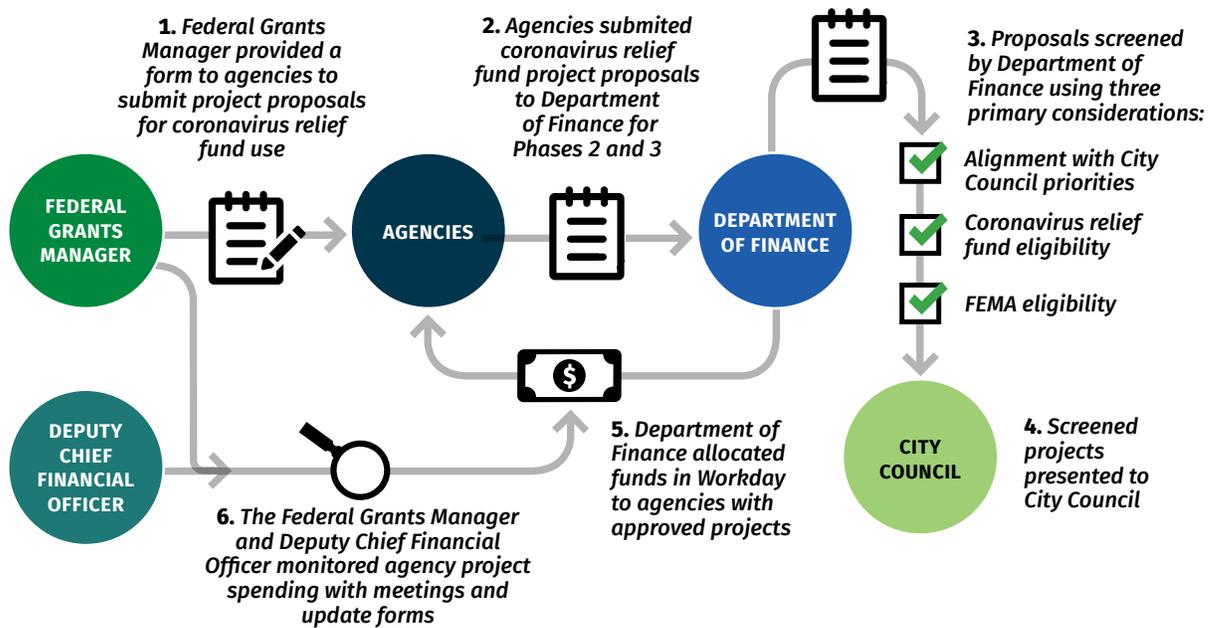
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The city's funding decision-making process



Note: Workday is the city's system of record.

Source: Auditor's Office analysis based on interviews with Department of Finance staff and audit evidence. Form icon by Adrien Coquet for the Noun Project.

- Based on our testing results, the city also did a good job of identifying and labeling pandemic-related expenses so the city could later seek reimbursement from its various emergency funding sources (e.g., coronavirus relief funding, FEMA funding, state funding, or otherwise).
- However, we found some expenses did not have the proper documentation to fully support how they were related to the city's pandemic response. A lack of documentation can cast doubt on an expense's eligibility and prevents the city from overseeing and confirming the appropriateness of the expense.
- We recommended the Finance Department provide more detailed guidance to city agencies about what is acceptable supporting documentation to substantiate pandemic-related transactions.

FINDING 2: The Department of Finance Failed to Properly Track and Review Interest for Coronavirus Relief Funds

- We discovered city finance staff had not posted interest earned on the city's \$127 million in coronavirus relief funds for several months in 2020. They also were not reconciling bank statements in a timely manner, which would have alerted them to the accounting error.
- Ultimately, that meant around \$1.8 million in interest earnings was not available as pandemic-related projects were being planned. This potentially reduced the available pandemic relief the city could have provided to Denver residents in 2020.
- We recommended the Department of Finance:
 - Cross-train employees.
 - Ensure staff perform bank reconciliations on a monthly basis.
 - Implement procedures to post interest accurately and on time.
 - Monitor interest earned on grants.

