

Department of Public Safety
Governor's Office of State Planning and Budgeting

The Disaster Emergency Fund

Performance Audit
December 2022
2163P



LEGISLATIVE AUDIT COMMITTEE

Senator Jim Smallwood Chair	Senator Robert Rodriguez Vice Chair
Representative Rod Bockenfeld Senator Jeff Bridges Representative Colin Larson	Representative Dafna Michaelson Jenet Representative Dylan Roberts Senator Rob Woodward

OFFICE OF THE STATE AUDITOR

State Auditor	Kerri L. Hunter
Deputy State Auditor	Michelle Colin
Audit Manager	Kate Shiroff
Team Leader	Heidi Wagner
Auditor	Riley Staples
Other Contributors	Annalisa Triola



OFFICE OF THE STATE AUDITOR

C O L O R A D O

Working to improve government for the people of Colorado.



OFFICE OF THE STATE AUDITOR
KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

December 1, 2022

Members of the Legislative Audit Committee:

This report contains the results of a performance audit of the Disaster Emergency Fund. The audit was conducted pursuant to Section 24-33.5-706(8), C.R.S., which states: “The state auditor shall conduct... a performance audit of the fund that is completed on December 1, 2022” and Section 2-7-204(5), C.R.S., which requires the State Auditor to annually conduct performance audits of one or more specific programs or services in at least two departments for purposes of the SMART Government Act. The report presents our findings, conclusions, and recommendations, and the responses of the Department of Public Safety and the Governor’s Office of State Planning and Budgeting.



Contents

Report Highlights	1
Chapter 1	
<i>Overview</i>	3
Disaster Emergency Fund	5
Revenue	5
Expenses and Transfers	9
Colorado Department of Public Safety	10
The Governor’s Office of State Planning and Budgeting	11
Audit Purpose, Scope, and Methodology	11
Chapter 2	
<i>Disaster Closure and Public Reporting</i>	15
Finding 1—Disaster Emergency Fund Money Obligated for Disasters	15
Recommendation 1	21
Finding 2—Reporting on the Disaster Emergency Fund	23
Recommendation 2	31
Appendix	
Expenses by Disaster for All State Agencies Allocated Funds Fiscal Years 2018 through 2022	A-1



Report Highlights

Disaster Emergency Fund

Department of Public Safety • Governor’s Office of State Planning and Budgeting
Performance Audit • December 2022 • 2163P



OFFICE OF THE STATE AUDITOR

C O L O R A D O

Key Conclusions

We did not identify any Disaster Emergency Fund expenses made by the Department of Public Safety (Department) or the Governor’s Office of State Planning and Budgeting (OSPB) that were not in compliance with statutory requirements or the relevant executive orders. We did find that the Department has taken an average of 24 months to close disasters after all spending and reimbursements have concluded and had not closed others as of the time of our audit, which means that any remaining funds allocated to those disasters has not been released for use on other disasters. We also found that OSPB’s quarterly reports on Disaster Emergency Fund expenses have contained reporting errors, incomplete information, and areas that could be improved to provide a comprehensive picture of disaster spending in the State.

Key Findings

- Of the 50 disasters that were completed between Fiscal Years 2018 and 2022, we found that:
 - For 33 disasters, the Department took an average of 24 months after spending and reimbursements had concluded for it to inform OSPB that these disasters were complete and the \$14.2 million in remaining funds could be unencumbered.
 - For 17 disasters, the Department had not informed OSPB that they were complete. As of September 2022, these disasters had been open between 13 and 57 months after the spending and reimbursements had concluded; these disasters had \$11.8 million that had been encumbered but not spent, and had not been released for use on other disasters.
- We found that OSPB’s Calendar Year 2021 quarterly Disaster Emergency Fund reports had errors in the encumbrance, unspent encumbrance, transfer, and expenditure amounts reported, and did not include complete information on transfers made for federal reimbursements.
- We identified four areas where OSPB should change the format of its quarterly reports to improve the usefulness and quality of the information for the General Assembly. These format changes include: 1) consistently reporting disaster expenses by the same name; 2) more explicitly distinguishing expenditures and transfers; 3) reporting ongoing expenditure totals by disaster; and 4) clearly distinguishing state and federal dollars.

Background

- The State’s Disaster Emergency Fund was created by the General Assembly in 1992 to help ensure that funds are available to meet disaster emergencies in the state. The Governor can make money available to state and local agencies from the Fund to help pay for disasters when the costs become too high.
- During Fiscal Years 2018 through 2022, the Governor declared 51 disaster emergencies in Colorado.
- The Department of Public Safety has two divisions responsible for administering and monitoring the use of Disaster Emergency Fund money—the Division of Homeland Security & Emergency Management and Division of Fire Prevention & Control. They are responsible for oversight of response and recovery efforts for disasters, which includes reimbursing local governments for their response and recovery efforts.

Recommendations Made

4

Responses

Agree: 4
Partially Agree: 0
Disagree: 0



Chapter 1

Overview

Statute defines a disaster as the “occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or cause of human origin... existing in the state or in any county, city, town, or district in the state” [Section 24-33.5-703(3), C.R.S.]. Statute further defines an emergency as an “unexpected event that places life or property in danger and requires an immediate response through the use of state and community resources and procedures” [Section 24-33.5-703(3.5), C.R.S.]. Disaster emergencies include floods, wildfires, and the COVID-19 Pandemic. Federal, state, and local governments all play a role in Colorado’s disaster response system.

The State’s Disaster Emergency Fund was created by the General Assembly in 1992 through Senate Bill 92-036. The General Assembly outlines the intent of the Disaster Emergency Fund in statute, “It is the intent of the general assembly and declared to be the policy of the state that funds to meet disaster emergencies shall always be available” [Section 24-33.5-706(1), C.R.S.]. Statute further states that, in order to respond to and recover from emergencies, “It is the legislative intent that first recourse be to money regularly appropriated to state and local agencies. If the [g]overnor finds that the demands placed upon this money in coping with a particular disaster are unreasonably great, the Governor may make money available from the disaster emergency fund” [Section 24-33.5-706(4)(a), C.R.S.]. Pursuant to statute, the Governor is responsible for addressing the dangers to the State and its people caused by disasters by declaring a disaster emergency through an executive order [Section 24-33.5-704, C.R.S.].

Local government agencies are typically the first responders to an incident and those agencies operate under their own local emergency plan. Statute requires each county to maintain an emergency management agency or participate in a local or inter-jurisdictional emergency management agency that has jurisdiction over and serves the entire county [Section 24-33.5-707(2), C.R.S.]. Statute also requires each emergency management agency to have an emergency management plan for its area, including provisions for the preparation, prevention, mitigation, response, and recovery from emergencies and disasters [Section 24-33.5-707(8), C.R.S.]. The Department of Public Safety (Department) is required to help develop and revise these plans [Section 24-33.5-705(3), C.R.S.]. If a disaster depletes and exceeds local resources, the local emergency management agency declares a local disaster and requests help from the State by submitting a resource mobilization request to the Division of Homeland Security & Emergency Management within the Department. If the Division of Homeland Security & Emergency Management approves the request, it goes to the Governor for review. The Governor then

determines whether to declare a disaster and issue an executive order. The executive order must indicate the nature of the disaster, the area threatened, and the conditions that brought it about or that make it possible to end the disaster emergency [Section 24-33.5-704(4), C.R.S.]. The disaster emergency continues until the Governor finds that the threat of danger has passed or that the disaster has been dealt with to the extent that emergency conditions no longer exist. Pursuant to statute, no state of disaster emergency may continue for longer than 30 days unless renewed by the Governor [Section 24-33.5-704(4), C.R.S.]. The General Assembly, by joint resolution, may terminate a state of disaster emergency at any time.

Most disaster emergencies in Colorado are related to fires. Exhibit 1.1 shows the number of disasters declared in Colorado for Fiscal Years 2018 through 2022, by disaster type.

Exhibit 1.1
State Disaster Emergencies Declared
Fiscal Years 2018 through 2022

Disaster Type	2018	2019	2020	2021	2022	Total
Fire	5	11	2	10	5	33
Flood	1	1			1	3
Blizzard		2	1	1		4
COVID-19 Pandemic			2 ¹	1 ¹		3
Cybersecurity	1					1
Civil Unrest			1	1		2
Other ²	2	1			2	5
Total	9	15	6	13	8	51

Source: Office of the State Auditor analysis of the Governor’s Executive Orders.

¹The COVID-19 Pandemic disasters include the original executive order declaring the disaster, one unemployment disaster, and one housing disaster related to the COVID-19 Pandemic.

²These declared disasters include:

- Executive Order D 2017-020, National Guard assistance with traffic due to the solar eclipse
- Executive Order D 2017-029, Colorado personnel assisting Puerto Rico with the Hurricane Maria response
- Executive Order D 2019-002, Breaks in the Town of Paonia municipal water lines
- Executive Order D 2022-021, The infant formula shortage
- Executive Order D 2022-022, Avian Influenza

Disaster Emergency Fund

The Disaster Emergency Fund balance comprises all revenue transferred into the Fund, less any disaster expenses paid for with Fund moneys and any monies transferred out of the Fund by the Governor or General Assembly. Exhibit 1.2 shows the Disaster Emergency Fund balances for the past 5 fiscal years.

Exhibit 1.2 Disaster Emergency Fund Balance Fiscal Years 2018 through 2022

Disaster Emergency Fund	2018	2019	2020	2021	2022
Beginning Balance	\$55,848,000	\$59,878,000	\$94,723,000	\$48,304,000	\$56,676,000
Revenue	\$58,817,000	\$59,421,000	\$66,659,000	\$404,618,000	\$118,698,000
Expenses	(\$54,787,000)	(\$24,576,000)	(\$112,315,000)	(\$396,246,000)	(\$99,627,000)
Transfers Out	(\$0)	(\$0)	(\$763,000) ¹	(\$0)	(\$23,817,000) ²
Ending Balance	\$59,878,000	\$94,723,000	\$48,304,000	\$56,676,000	\$51,930,000

Source: Office of the State Auditor's analysis of the Colorado Operating Resource Engine (CORE).

¹Executive Order D 2020-072 transferred \$763,000 to the Wildfire Emergency Response Fund.

²The General Assembly transferred \$8,317,000 of the Disaster Emergency Fund 2013 Flood Subaccount pursuant to Section 24-33.5-706(2.5)(c), C.R.S., as well as \$15,500,000 to the Colorado Firefighting Air Corps Fund created in Section 24-33.5-1228(3)(a), C.R.S., as part of a newly created disaster preparedness program. This is detailed in Exhibit 1.5.

Revenue

Disaster Emergency Fund revenue is made up of money transferred into the Fund by the Governor from the State Emergency Reserve, money appropriated by the General Assembly, and money reimbursed by federal agencies, primarily the Federal Emergency Management Agency (FEMA),

State Emergency Reserve. When the Governor determines that money in the Disaster Emergency Fund is insufficient to address a disaster, the Governor can use the State Emergency Reserve (Reserve) to cover the deficiency. Under the Taxpayer's Bill of Rights (TABOR) state constitutional amendment and the implementing legislation, the State is required to maintain an emergency reserve of 3 percent of the State's annual budget, minus the annual bonded debt service, to be used for declared emergencies. The Joint Budget Committee (JBC) designates portions of money in existing cash funds and some capital assets as the Reserve during each annual budget cycle. The JBC calculates the amount that needs to be designated as part of the Reserve each year by using revenue forecasts from the Legislative Council. The designation is included in the annual appropriations bill that sets the budget for the State each fiscal year. For example, for the Fiscal Year 2022 budget, the JBC designated portions of money in the Major Medical Insurance Fund, the Marijuana Tax Cash Fund, and the Colorado Water Conservation Board Construction Fund in addition to others, to constitute the Reserve. Statute outlines that the Reserve may be expended in any given fiscal year

upon the declaration of a state of emergency by the General Assembly or a Governor’s executive order [Section 24-77-104(3), C.R.S.]. For example, the Governor issued Executive Order D 2020-032 on April 8, 2020, for the COVID-19 Pandemic and transferred \$23 million from the Controlled Maintenance Trust Fund, designated as part of the Reserve for Fiscal Year 2020, to the Disaster Emergency Fund to help cover state expenses related to the pandemic. Exhibit 1.3 shows the amount of money transferred from the Reserve to the Disaster Emergency Fund during Fiscal Years 2018 through 2022.

Exhibit 1.3
Money Transferred from State Emergency Reserves to the Disaster Emergency Fund
Fiscal Years 2018 through 2022

Fund Source	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Total State Emergency Reserve Designation	\$416,800,000	\$433,268,000	\$449,687,000	\$409,000,000	\$475,000,000
Transfers to the Disaster Emergency Fund	\$8,540,000	\$38,970,000	\$23,000,000	\$76,048,000	\$118,698,000
Percentage of State Emergency Reserve Transferred to the Disaster Emergency Fund	2%	9%	5%	19%	25%

Source: Office of the State Auditor analysis of CORE.

General Assembly Appropriations. Money in the Disaster Emergency Fund is continually appropriated, meaning that funds do not go through the routine budget process in which the Governor and state departments request an amount of money and the General Assembly approves the final appropriation through the Long Bill. Money in the Disaster Emergency Fund can be used over multiple fiscal years to respond to and recover from disasters. However, the General Assembly, pursuant to Section 24-33.5-706(2)(a), C.R.S., has the authority to appropriate money to the Disaster Emergency Fund. Since Fiscal Year 2018, the General Assembly has only transferred money to the fund for one disaster—the 2013 Flood Disaster. In April 2017, the General Assembly, through Senate Bill 17-261, created a subaccount in the Disaster Emergency Fund and made the first appropriation to the subaccount, totaling \$12.5 million for Fiscal Year 2018; statute required the money to only be used for the 2013 Flood Disaster. The bill also specified that the subaccount would expire June 30, 2021 and that any unused appropriations would be transferred back to the General Fund. The General Assembly appropriated additional money to the subaccount for the flood during Fiscal Years 2019 through 2021, for a total of \$40 million. In Fiscal Year 2022, the State Treasurer transferred the unspent balance of \$8.3 million back to the General Fund.

Federal Funds

- **Federal reimbursements.** When the State determines that it cannot meet the response and recovery needs for a disaster with state and local resources, the State can request a national emergency declaration and, once approved, the federal government—typically FEMA—shares the disaster costs with the state and local governments. Under the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act, governors can request that the U.S. President declare that a state disaster is severe enough to be classified as a national disaster and make federal funding available. For example, the Marshall Fire started on December 30, 2021, and President Biden declared it a national disaster on December 31, 2021. The State is also eligible for federal grants that reimburse states for fire response expenses, without the President declaring a national disaster. For example, the Lake Christine Fire started in Eagle County on July 3, 2018. Because of the severity of the fire, the Division of Fire Prevention & Control requested a federal grant and FEMA approved the grant request the next day, July 4, 2018.

After a federal emergency is declared, FEMA conducts assessments of local needs prior to asking the Division of Homeland Security & Emergency Management to create a written grant agreement for federal support. Using the assessment information, the Division of Homeland Security & Emergency Management creates a grant agreement that describes the local capability and total expenditures for the response. FEMA reviews the quarterly financial reports that the Division of Homeland Security & Emergency Management submits until the emergency is declared over and reimburses the State for disaster expenses. The Division of Homeland Security & Emergency Management reimburses local governments for disaster expenses. If the disaster is a fire, FEMA does two additional reviews of Division of Fire Prevention & Control and Division of Homeland Security & Emergency Management documentation, one 6 to 8 months after the fire is extinguished and another 12 to 18 months after the fire, because it takes longer to complete all response and recovery actions related to a fire. Federal reports estimate that FEMA may reimburse the State up to 75 percent of disaster costs. The Division of Homeland Security & Emergency Management directs most of the federal funds that it receives during a disaster emergency to directly reimburse local governments and does not run the funds through the Disaster Emergency Fund; however, the Department will sometimes transfer federal funds to the Disaster Emergency Fund in order to reimburse state funds that were used to support immediate response or recovery actions that are covered by federal funds. During the closing phase of a disaster, the Division of Homeland Security & Emergency Management works with the Governor's Office to reconcile state spending in the Disaster Emergency Fund with expected federal spending to ensure the State pays for its required percentage of the cost share, which typically ranges from 12.5 to 25 percent.

- **Federal appropriations.** The federal Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act) created the Coronavirus Relief Fund, which provides payments to states impacted by the COVID-19 Pandemic and grants the Governor the authority to direct the expenditure of these federal funds. In Executive Order D 2020-070 issued in May 2020,

Governor Polis transferred \$205 million of the State’s CARES Act Funds to the Disaster Emergency Fund.

Historically, money transferred or reimbursed to the Disaster Emergency Fund has remained in the Fund after responding to a disaster. Statute states, “Money in the disaster emergency fund shall remain in the fund until expended...” [Section 24-33.5-706(2)(a), C.R.S.]. However, in 2013, House Bill 13-1282, amended this provision to state that money in the Disaster Emergency Fund remains in the Fund until expended or transferred by the Governor to the original sources of the money in the Reserve. In addition, starting July 1, 2021, Senate Bill 21-227 requires the Governor to transfer all federal reimbursements for disaster expenses that are deposited into the Disaster Emergency Fund to the Reserve. Prior to this new requirement, when the State received federal reimbursements from FEMA for state money spent on disasters, the reimbursements remained in the Disaster Emergency Fund for future disaster response. Senate Bill 21-227 specifies that the Governor does not have to transfer state money back to the Reserve if the disaster emergency ends up costing less than the original estimates; the requirement only relates to federal reimbursements.

Exhibit 1.4 details the amount of revenue transferred into the Disaster Emergency Fund from the different funding sources during Fiscal Years 2018 through 2022.

Exhibit 1.4
Disaster Emergency Fund Revenue by Source
Fiscal Years 2018 through 2022

Fund Source	2018	2019	2020	2021	2022
State Emergency Reserve Transfers by Governor Executive Order	\$8,540,000	\$38,970,000	\$23,000,000	\$76,048,000	\$118,698,000
General Assembly Appropriations to the 2013 Flood Disaster	\$12,500,000	\$12,500,000	\$11,000,000	\$3,658,000	\$0
Federal Reimbursements for Disaster Emergency Fund Spending	\$37,777,000	\$7,951,000	\$3,059,000	\$612,000	\$0
Federal Coronavirus Relief Fund Transfers by Governor Executive Order	\$0	\$0	\$29,600,000	\$175,400,000	\$0
General Fund Transfers by Governor Executive Order	\$0	\$0	\$0	\$148,900,000	\$0
Total	\$58,817,000	\$59,421,000	\$66,659,000	\$404,618,000	\$118,698,000

Source: Office of the State Auditor’s analysis of CORE.

Expenses and Transfers

The Governor's executive orders make Disaster Emergency Fund money available to respond to and recover from disasters. Response and recovery efforts are defined in statute as follows:

- **Response:** "Actions taken directly following the onset of an emergency or disaster to provide immediate assistance to maintain life, improve health, protect property, restore essential functions, and ensure the security of the affected population." [Section 24-33.5-703(7.7), C.R.S.]
- **Recovery:** "Short, immediate, and long-term actions taken to restore community functions, services, vital resources, facilities, programs, continuity of local government services and functions, and infrastructure to the affected area." [Section 24-33.5-703(7.3), C.R.S.]

Examples of disaster expenditures include instances such as the Department reimbursing a city that hired construction companies to restructure river sides to slow the water flow and prevent soil erosion after a flood. Or in the case of fires, local agencies that respond to the fires will apply for Disaster Emergency Fund reimbursement from the Department's Division of Fire Prevention & Control. The Department, or other state agencies, may also enter into contracts with businesses to help respond to a disaster if the local government does not have the capacity to coordinate and obtain some services.

There are also instances in which other state agencies expend Disaster Emergency Fund money. In response to the COVID-19 Pandemic, state departments received Disaster Emergency Fund money and provided the services themselves in some cases. For example, the Colorado Department of Public Health and Environment received Disaster Emergency Fund money to provide testing sites around the State to help respond to the COVID-19 Pandemic.

Some money in the Disaster Emergency Fund was not spent directly on disaster response and recovery, but transferred out as allowed by statute. The Disaster Emergency Fund statute permits the Governor to transfer money out of the Fund to the Resource Mobilization Fund, created in Section 24-33.5-705.4(6), C.R.S., and the Wildfire Emergency Response Fund, created in Section 24-33.5-1226(1), C.R.S. Through Executive Order D 2020-072, the Governor transferred \$763,000 to the Wildfire Emergency Response Fund. In addition, a statute passed by the General Assembly in 2017 required the Governor's Office to move any money it appropriated for the 2013 Flood that was not spent by June 30, 2021 back to the General Fund. Most recently, the General Assembly transferred money out of the Disaster Emergency Fund to the Colorado Firefighting Air Corps Fund created in Section 24-33.5-1228(3)(a), C.R.S., for use by the Division of Fire Prevention & Control to implement a statewide fire dispatch center and leasing of aviation resources for wildfire suppression.

Exhibit 1.5 details total disaster expenditures and transfers out of the Disaster Emergency Fund by fiscal year, and Appendix A provides a detailed breakdown of disaster expenditures by the Governor’s Executive Orders for Fiscal Years 2018 through 2022.

**Exhibit 1.5
Disaster Emergency Fund Expenses and Transfers out of the Fund
Fiscal Years 2018 through 2022**

Disaster Type	2018	2019	2020	2021	2022
Fire	\$30,472,000	\$15,184,000	\$9,576,000	\$14,089,000	\$20,218,000
Flood	\$23,857,000	\$9,209,000	\$7,789,000	\$3,294,000	(\$526,000) ¹
Blizzard	\$0	\$49,000	\$18,000	\$22,000	\$70,000
COVID-19 Pandemic Related	\$0	\$0	\$94,773,000	\$378,765,000	\$79,757,000
Cybersecurity	\$380,000	\$128,000	\$0	\$8,000	\$0
Civil Unrest	\$0	\$0	\$143,000	\$67,000	(\$2,000) ¹
Other ²	\$78,000	\$6,000	\$16,000	\$0	\$110,000
Total Expenses	\$54,787,000	\$24,576,000	\$112,315,000	\$396,246,000	\$99,627,000
Transfers					
Executive Order D 2020-072, Transfer to Wildfire Emergency Response Fund	\$0	\$0	\$763,000	\$0	\$0
Senate Bill 17-261, Transfer 2013 Flood Disaster Subaccount Balance to General Fund	\$0	\$0	\$0	\$0	\$8,317,000
Senate Bill 22-206, Transfer to the Colorado Firefighting Air Corps Fund	\$0	\$0	\$0	\$0	\$15,500,000
Total Transfers	\$0	\$0	\$763,000	\$0	\$23,817,000
Total Expenses and Transfers	\$54,787,000	\$24,576,000	\$113,078,000	\$396,246,000	\$123,444,000

Source: Office of the State Auditor analysis of CORE.

¹ Reduction of expenses through accounting adjustments for prior year errors identified in the current year.

² Executive Order D 2017-020, National Guard assistance with traffic due to the solar eclipse
 Executive Order D 2017-029, Colorado personnel assisting Puerto Rico with the Hurricane Maria response
 Executive Order D 2019-002, Breaks in the Town of Paonia municipal water lines
 Executive Order D 2022-022, Avian Influenza

Colorado Department of Public Safety

At the Department, there are two divisions responsible for administering and monitoring the use of Disaster Emergency Fund money, the Division of Homeland Security & Emergency Management and Division of Fire Prevention & Control. The Division of Homeland Security & Emergency Management is responsible for oversight of response efforts for non-fire disasters, and recovery efforts for fire and non-fire disasters, while the Division of Fire Prevention & Control is responsible

for oversight of response efforts during fire disasters. Both divisions are also responsible for reimbursing local governments for their spending during a disaster.

The Governor’s Office of State Planning and Budgeting

The Governor’s Office of State Planning and Budgeting (OSPB) is responsible for ensuring that there is sufficient money in the Disaster Emergency Fund to cover known costs and future estimates for disasters the State is responding to, and that federal reimbursements are transferred back to the originating fund. In addition, OSPB is responsible for unencumbering any remaining funds that have been allocated to a disaster after receiving notification from the Department that it has closed the disaster because all expenses have been paid and reimbursements received. Lastly, OSPB is required by statute to report on Disaster Emergency Fund expenditures each quarter, as we discuss in more detail in Chapter 2 [Section 24-33.5-706(7), C.R.S.].

Audit Purpose, Scope, and Methodology

We conducted this performance audit pursuant to Section 24-33.5-706(8), C.R.S., which states: “The state auditor shall conduct... a performance audit of the fund that is completed on December 1, 2022,” and the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act [Section 2-7-204(5), C.R.S.]. Audit work was performed from December 2021 through November 2022. We appreciate the cooperation and assistance provided by the Department and OSPB during this audit.

We conducted the audit in accordance with generally accepted government auditing standards (GAGAS). 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 objectives of this audit were to determine whether (1) the Department has adequate controls to ensure that Disaster Emergency Fund expenditures are documented, and for the purposes outlined in statute and executive order, and that federal reimbursements are transferred in accordance with statutory requirements; and (2) OSPB is producing Disaster Emergency Fund reports that accurately and completely track disaster spending in the State and are compliant with statute, and whether there is additional information that may be added to the Disaster Emergency Fund reports to increase their usefulness and transparency.

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

- Reviewed relevant state laws, Department guidance, and OSPB guidance.

- Interviewed Department, OSPB, and JBC staff and management.
- Analyzed Disaster Emergency Fund expense data from the State’s accounting system— CORE for Fiscal Years 2018 through 2022 and worked with Department and Governor’s Office staff to determine disaster emergency costs and budgets.
- Reviewed the Governor’s Executive Orders for Fiscal Years 2018 through 2022 to identify the number of disasters and amounts of appropriations and transfers to the Disaster Emergency Fund in the executive order directives.
- Reviewed a Department-provided list of disasters where the Disaster Emergency Fund spending and FEMA reimbursement processes were complete. We reviewed the 50 disasters that were completed in Fiscal Years 2018 through 2022 to measure the time it took to unencumber any unspent Disaster Emergency Funds allocated to the disasters.
- Reviewed Disaster Emergency Fund reports published by OSPB on September 21, 2020 and from July 2, 2021 through March 21, 2022 and compared information in the reports to data in CORE.
- Reviewed agendas, presentations, meeting minutes, and other documents produced by the Legislative Council, JBC, OSPB, and Department on emergency disasters, as well as listened to audio recordings from JBC, Executive Committee of Legislative Council, and Wildfire Matters Review Committee hearings for discussions on legislation related to the Disaster Emergency Fund.

We relied on sampling techniques to support our audit work. The purpose of the sample was to determine if Disaster Emergency Fund expenses were compliant with (1) response and recovery as defined in statute [Section 24-33.5-703, C.R.S.], (2) the Executive Order issued for the disaster, and (3) the Disaster Emergency Fund statute [Section 24-33.5-706, C.R.S.]. We pulled reports from CORE to identify all Disaster Emergency Fund expenses incurred during our testing period—July 2019 to December 2021. Within those years, we identified the four disasters with the highest amount of expenses—the 2013 Flood Disaster, the Junkins Fire, the Cameron Peak Fire, and the COVID-19 Pandemic disasters.

We selected a statistical random sample of expenses incurred between July 2019 to December 2021 from each of the four disasters. Our sample consisted of 130 disaster expenses paid using the Disaster Emergency Fund across the four disasters. Specifically, we tested 38 expenses from the 2013 Floods, 4 Junkins Fire expenses, 58 Cameron Peak Fire expenses, and 30 COVID-19 Pandemic expenses recorded in CORE.

As required by GAGAS, we planned our audit work to assess the effectiveness of internal controls significant to our audit objectives. The sample results, along with our other audit work performed,

provide sufficient, reliable evidence as the basis for our findings, conclusions, and recommendations. Details about the audit work supporting our findings and conclusions, including any deficiencies in internal control that were significant to our audit objectives, are described in the remainder of this report.

We communicated an operational matter that was not significant to the objectives of the audit but warranted the Department management's attention in a separate letter dated November 21, 2022.

A draft of this report was reviewed by the Department and OSPB, and we have incorporated their comments into the report, where relevant. The written responses to the recommendations and the related implementation dates are the sole responsibility of the Department and OSPB.



Chapter 2

Disaster Closure and Public Reporting

Disaster response and recovery funding in Colorado typically goes through the Disaster Emergency Fund and involves the coordination of two state entities—the Department of Public Safety (Department) and the Governor’s Office of State Planning and Budgeting (OSPB). When a disaster occurs, the Governor declares a disaster in an executive order and then the Department spends Disaster Emergency Fund money for response and recovery. After all disaster expenses have been paid and federal reimbursements received, the Department told us that it reconciles the accounts so that the disaster can be closed. OSPB is then responsible for unobligating any remaining money that has been allocated to the disaster so that it can be used for future disasters. Lastly, OSPB is required to report quarterly to the General Assembly on the Disaster Emergency Fund expenditures.

Our audit assessed Disaster Emergency Fund spending that occurred between July 2019 to December 2021 to determine whether it aligned with the executive orders for the disasters, the Disaster Emergency Fund statute [Section 24-33.5-706, C.R.S.], and the statutory definitions of “response” [Section 24-33.5-703(7.7), C.R.S.] and “recovery” [Section 24-33.5-703(7.3), C.R.S.]. We did not identify any improper expenditures or expenses that were not in compliance with statutory requirements or the relevant executive orders. However, we identified one area where the Department could make improvements related to closing disasters when spending is complete. In addition, our review of OSPB’s reporting on Disaster Emergency Fund expenditures identified areas for improvement to ensure the accuracy, completeness, and usefulness of the reports for the General Assembly and the public. The remainder of this chapter includes our findings and recommendations for the Department and OSPB.

Finding 1—Disaster Emergency Fund Money Obligated for Disasters

When a disaster strikes the state, the Governor declares an emergency and the Department, in conjunction with OSPB, works to estimate how much money the State needs to address the disaster. The Governor’s executive order disaster declaration includes the specific amount of Disaster Emergency Fund money that will be budgeted, or encumbered, for the disaster and how long funding will be available to address the disaster. If the Governor determines that the amount of money available in the Disaster Emergency Fund is insufficient to cover the amount budgeted for expenses associated with the disaster, the Governor can transfer money to the Disaster Emergency Fund from other sources to cover the difference. In the executive order declaring the disaster, the Governor will state how much money the State Treasurer or Governor’s Office accounting staff

should transfer from funds designated by the General Assembly as the State Emergency Reserve, or other appropriation, to the Disaster Emergency Fund [Section 24-33.5-706(4)(b), C.R.S.]. During Fiscal Years 2018 through 2022, the Governor transferred \$265.3 million from the State Emergency Reserve and \$148.9 million from the General Fund into the Disaster Emergency Fund to cover disaster expenses. The General Assembly is also authorized to transfer General Fund money into the Disaster Emergency Fund [Section 24-33.5-706(2)(a), C.R.S.] when needed. During Fiscal Years 2018 through 2022, the General Assembly transferred an additional \$40 million from the General Fund to the Disaster Emergency Fund.

Typically, local and state governments are the initial source of money for disaster responses. However, when the scale of destruction and costs increase, the State can request a federal disaster or emergency declaration to help cover the costs. The Department can apply to federal agencies for reimbursement; the Federal Emergency Management Agency (FEMA) is the largest provider of these reimbursements. Once approved, FEMA shares the disaster costs with the state and local governments. In Colorado, FEMA reimbursed a portion of the Disaster Emergency Fund costs of several wildfires and the 2013 Flood. After a disaster, the Department submits reimbursement requests to FEMA for the Disaster Emergency Fund money it spent on the disaster. FEMA determines the amount eligible for reimbursement.

The Department tracks disaster spending against the encumbrance amount and accounts for any reimbursements received from FEMA, which are deposited into the Disaster Emergency Fund. The Department told us that response and recovery and associated administration for disasters can be complicated and lengthy. Impacted jurisdictions may need to conduct extensive detailed scoping prior to implementing projects and seeking reimbursement for eligible costs from the State. According to OSPB staff, they will unencumber any remaining funds for disasters once they are notified by the Department that the spending and reimbursements for the disaster are complete. OSPB reports that it will wait for the Department's notification even if the end date listed in the executive order declaring the disaster has passed. Once OSPB closes the disaster, any unspent money that was allocated to the disaster and that was transferred into the Disaster Emergency Fund for that disaster from other sources (e.g., State Emergency Reserve or General Fund), remains in the Disaster Emergency Fund and is unencumbered and made available to address future disasters.

What audit work was performed, what was the purpose, and how were the results of the audit work measured?

We reviewed the Department's processes for tracking disaster spending and federal reimbursements. We also analyzed the Disaster Emergency Fund balance in the State's accounting system—the Colorado Operations Resource Engine (CORE)—to determine the amount of money encumbered and spent for each of the 50 disasters that were completed during Fiscal Years 2018 through 2022. A complete disaster means that all the spending is done and any FEMA reimbursements are deposited. The purpose of our audit work was to determine how long it took the Department to close out

disasters that were no longer incurring expenses and for which it had received all federal reimbursements, and notify OSPB to unencumber Disaster Emergency Funds.

The Office of the State Controller (OSC) has adopted the *Standards for Internal Control in the Federal Government* (Green Book) as the state standard for internal controls, which all state agencies must follow. Under Principle 10 of the Green Book, state agencies should design and implement internal control activities to achieve their objectives. The Green Book states, “Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records.” OSPB has the responsibility to close encumbrances on disasters in CORE, but relies on the Department for information about when the State has completed spending for a disaster before it does so. Under Principle 15 of the Green Book, the Department has the responsibility to communicate, “[q]uality information externally through reporting lines so that external parties can help the entity achieve its objectives...”

The Department developed a draft *Disaster Emergency Fund Management Process Guide (Draft Guide)* in June 2017, but according to the Department, it had not formally adopted it as of October 2022. The *Draft Guide* is meant to document the Department’s Finance Unit’s role in managing the Disaster Emergency Fund. For disaster closures it states, “When all expenses for the disaster recovery have been accounted for and paid, including all subrecipient reimbursements, [the Division of Homeland Security & Emergency Management] initiates the closure of the Executive Order.” It has slightly different processes outlined for fires, stating, “When all fire expenditures are paid and all Federal reimbursement cash is drawn down, [the Division of Fire Prevention & Control] issues a notice to close out the fire.”

The *Draft Guide* further outlines the steps for closing disaster incidents. It states that, “an executive order for a disaster is closed when all of the disaster’s expenditures have been paid out and all applicable reimbursements have been drawn down. When this is confirmed, [the Division of Homeland Security & Emergency Management or Division of Fire Prevention & Control] (depending on whether the disaster is a fire or a different type) initiates the executive order’s closure and [the Department’s Budget Office] is one of the parties that receives this notice of closure. After the [Division of Homeland Security & Emergency Management’s or Division of Fire Prevention & Control’s] closure notice, the Governor’s Office primarily handles executive order closure functions. [The Department’s Budget Office] however coordinates with OSPB to move the executive order’s unspent funds. [The Department’s Budget Office] notifies OSPB of the ending balance for that disaster’s spending authority.” For the purposes of this report, we use the term completed to mean when all the expenses are paid and reimbursements received, as defined in the Department’s *Draft Guide*.

What problem did the audit work identify?

Overall, after all spending and reimbursements on disasters have concluded, we found that the Department has taken months to close out the disasters and inform OSPB that any remaining funds allocated to the disasters can be unencumbered. Specifically, for the 50 disasters that were completed between Fiscal Years 2018 and 2022, we found:

- For 33 (66 percent) disasters, the Department took an average of 24 months after spending and reimbursements had concluded to inform OSPB that these disasters were complete and the \$14.2 million in remaining funds could be unencumbered. Further, the Department only notified OSPB that these 33 disasters could be closed after the Governor's Office requested that the Department provide it the status of all open disasters.
- For 17 (34 percent) disasters, the Department had not informed OSPB that they were complete as of the time of our audit testing. As of September 2022, these 17 disasters had been open between 13 and 57 months after the spending and reimbursements for each of them had concluded. In total, these 17 disasters had \$11.8 million that had been encumbered but had not been spent, and therefore, was not available to be allocated to subsequent disasters. According to the Department, it does not close disasters if the State is waiting for FEMA reimbursements, even if spending on the disaster is complete. However, we found that none of the 17 disasters that we identified were still open because the State was waiting for a FEMA reimbursement. The Department reported that 15 of the 17 disasters were not eligible for FEMA reimbursement and our analysis of CORE showed that for the remaining two disasters, the State had received all of its FEMA reimbursements before state spending on the disasters was complete. In Exhibit 2.1, we show how long each of these 17 completed disasters had been open as of September 2022.

We also measured the time between when each disaster was complete (i.e., all expenses had been paid and reimbursements received) and the funding expiration date for the nine disasters in Exhibit 2.1 that had executive orders still in effect as of September 2022. If these disasters remain open until their executive order expiration dates, the remaining funds for each disaster will be encumbered for an average of 38 months after spending has concluded. This means that the \$4.6 million left for these disasters would, on average, remain encumbered for more than 3 years after the Department has finished spending money on the disasters and would not be available to be allocated to any new disasters that occur. According to the Department, it can be difficult to determine when spending on a disaster is complete because the Department waits for reimbursement requests from impacted jurisdictions, whose first priority is not completing paperwork for the Department, but addressing the disaster at hand. As a result, local jurisdictions can submit reimbursement requests years after a disaster occurs. However, the Department confirmed that none of the 17 disasters listed below had outstanding expenses or reimbursement requests, as of the time of our test work, and no further known reimbursement requests are expected.

Exhibit 2.1

Disaster Emergency Fund – Completed Disasters as of September 2022

	Disaster	Executive Order Date	Funding Expiration in Executive Order	Months to Complete	Months Open After Completion	Encumbered Unspent Funds
1	Hayden Pass Fire	7/20/2016	5/12/2020	48	25	\$6,889,000
2	Junkins Fire	10/17/2016	10/17/2020	52	19	\$0
3	Starwood Fire	12/15/2016	9/4/2019	47	21	\$152,000
4	May 2017 Storms & Floods	5/26/2017	5/26/2022	6	57	\$0
5	Solar Eclipse Traffic Control	9/11/2017	9/11/2022	11	49	\$26,000
6	Pine Tree Fire	9/15/2017	9/15/2022	30	29	\$529,000
7	Deep Creek Fire	10/20/2017	10/20/2022	9	49	\$1,844,000
8	Winter Valley Fire	10/20/2017	10/20/2022	29	29	\$765,000
9	CDOT ¹ Cybersecurity	3/30/2018	3/30/2023	34	19	\$1,484,000
10	“416” Fire	6/15/2018	6/15/2023	38	13	\$0
11	Delta County Water Supply	3/18/2019	3/18/2024	10	31	\$0
12	April 2019 Blizzard	4/3/2019	4/3/2024	9	31	\$0
13	April 2019 Blizzard Additional Counties	4/30/2019	10/30/2019	3	37	\$0
14	Hinsdale Flooding Risk	5/31/2019	6/5/2024	25	14	\$0
15	Shawnee Peak Fire	9/17/2019	9/27/2020	4	32	\$0
16	November 2019 Blizzard	12/20/2019	6/20/2020	4	28	\$0
17	2021 Inauguration Civil Unrest	1/19/2021	7/19/2021	7	13	\$83,000
Average Months Open After Complete/Total Unspent					29	\$11,772,000

Source: Office of the State Auditor analysis of accounting data in CORE, Office of State Planning and Budgeting data, and Department of Public Safety data.

¹ Colorado Department of Transportation.

Disaster Emergency Fund money is made available for a specific period of time that is defined in the applicable executive order. The Department reports that it recommends a funding expiration date to the Governor based on an estimate developed by the Department using past disasters as a guide and how long the Department estimates it will take to respond to the disaster. The Department cannot pay for any expenses occurring after the expiration date so the disaster effectively closes at that time. However, OSPB reported to us that it does not unencumber funds budgeted for a disaster until the Department notifies it that all disaster spending is complete even if the executive order expiration date has passed. This is because expenses incurred before the expiration date may not be billed until

after the date. This occurred for 4 of the 8 disasters included in Exhibit 2.1 for which the expiration date had passed. In some instances, it might make sense to wait to close a disaster based on the expiration date in the executive order. However, as shown in Exhibit 2.1, in other instances, using the executive order expiration date as the closure date may not make sense because for many disasters, all spending and reimbursements, including those at the local level, have concluded well before the expiration of the executive order.

Why did this problem occur?

Although the Department developed the *Draft Guide* in June 2017, which included processes for managing and tracking disasters, staff report that the Department has only partially implemented some of the processes included in the document. According to the Department, it has not implemented the *Draft Guide* due to staffing changes and COVID-19 Pandemic-related delays. In addition, the *Draft Guide* does not fully address the issues identified above because it does not include direction on a timeframe for when the Department should close out a disaster once spending has ceased and all FEMA reimbursements have been received, and when it should inform OSPB that funds should be unencumbered in the Disaster Emergency Fund.

Why does this problem matter?

Lack of accurate information for budgeting and planning. When the Department does not communicate to OSPB about the status of disasters, OSPB does not have accurate and complete information about how much money the State has available to address future disasters. To prevent funds from sitting in the Disaster Emergency Fund—encumbered, but unspent—OSPB reports that since it does not anticipate that all disaster spending will occur immediately, it will only transfer money into the Disaster Emergency Fund via executive order when needed to ensure that the money in the Disaster Emergency Fund remains as low as possible, while still addressing the Department’s and the State’s disaster needs. As shown in Exhibit 2.2, the amounts encumbered for disasters during Fiscal Years 2018 through 2022 exceeded the amount available in the Disaster Emergency Fund for the last 5 fiscal years. The amount available in the Disaster Emergency Fund is the fund balance rolled over from the prior year, plus all money transferred into the fund for each fiscal year.

Exhibit 2.2
Disaster Emergency Fund Balance and Amount Encumbered for Disasters
Fiscal Years 2018 through 2022 (in Millions)

	2018	2019	2020	2021	2022
Funds Available	\$114.7	\$119.3	\$161.4	\$452.9	\$175.4
Encumbrance Total	\$138.9	\$145.2	\$234.5	\$537.2	\$265
Difference	(\$24.2)	(\$25.9)	(\$73.1)	(\$84.3)	(\$89.6)

Source: Office of the State Auditor analysis of accounting data in CORE.

If the Department needs more money to cover disaster costs than is available in the Disaster Emergency Fund, OSPB will transfer money from the State Emergency Reserve. For Fiscal Years 2018 through 2022, the disaster-related expenses have not exceeded the funds available in the Disaster Emergency Fund.

Although OSPB's decision to transfer less money into the Disaster Emergency Fund than is encumbered for some disasters has helped to reduce the amount of money sitting unused in the Disaster Emergency Fund, if the Department closed out disasters once all spending and reimbursements were complete and, at that time, informed OSPB that any remaining funds could be unencumbered, it could potentially decrease the amount of money sitting in the Disaster Emergency Fund unused for years and free up those funds for other uses.

In addition, when the Department does not inform OSPB of closed disasters, OSPB cannot include that information in its reports to the General Assembly, which are discussed in our second finding, and the General Assembly does not have the information when making budgeting decisions. This lack of information means the General Assembly does not have a clear picture of how much money is available in the Disaster Emergency Fund for future disasters or how many disasters are currently active and spending money, or waiting for FEMA closeout.

The State cannot maximize its available funding. When the Department does not inform OSPB when spending is complete and a disaster is closed, the State cannot use that money to address new disasters that occur. Instead, the State has to transfer money from the State Emergency Reserve, General Fund, or other sources to cover any deficits in the Disaster Emergency Fund. However, once money is transferred to the Disaster Emergency Fund, it stays in the Disaster Emergency Fund even if it is not used for the disaster it was originally transferred to cover. Although these funds can be used for future disasters, the State has diverted money away from other funding sources that may have had a more immediate need.

Recommendation 1

The Department of Public Safety should ensure that money in the Disaster Emergency Fund is used efficiently and that information provided on the Disaster Emergency Fund is accurate by:

- A. Revising the *Disaster Emergency Fund Management Process Guide* draft (*Draft Guide*) to include a definition of and process for assessing when a disaster is complete and should be closed; specific timelines for disaster closure after it is complete; and a requirement for notification to the Governor's Office of State Planning and Budgeting when closure is complete—then implementing all of the processes included in the *Draft Guide*.
- B. Closing all open disasters identified in the audit where spending and reimbursements are complete.

Response

Department of Public Safety

A. Agree

Implementation Date: June 2023

The Colorado Department of Public Safety will review, revise, and finalize the draft Disaster Emergency Fund Management Process Guide. A disaster is considered complete and closed once the Executive Order expires and all transactions have been accounted for, unless deemed appropriate to close sooner by the Department and in consultation with the Governor's Office. We will establish a process for assessing each disaster to determine when it would be appropriate to close a disaster prior to the Executive Order date and establish timelines for closing disasters once they are complete. Executive orders and the associated funding are intended to address immediate response, recovery, and mitigation against similar future events. While defining the conclusion of response and associated reimbursements may seem relatively straight-forward, recovery and mitigation are longer-term efforts. Expenses associated with recovery and mitigation are often not fully known as quickly as for response. Projects may require extensive, detailed scoping by the impacted jurisdictions prior to project implementation and seeking reimbursement from the state for eligible costs. If jurisdictions are under the impression they have a specified timeframe to pursue projects and be eligible for reimbursement and we take action to close the executive order sooner, it places them in a financially precarious position. The length of time to reopen the executive order could range from one week to a month, and closing the executive order could place limitations or hardship on jurisdictions. Funding periods for executive orders are developed based upon the knowledge and experience of the Department's leadership, and State Emergency Operations Center Manager and with the Governor's Office as appropriate. The Department will outline a requirement for notification to the Governor's Office of State Planning and Budgeting when closure is complete and will implement the processes included in the Guide.

B. Agree

Implementation Date: June 2023

The Colorado Department of Public Safety will close the 17 disasters listed in the audit because all transactions have been accounted for by the Department and the Governor's Office and therefore have deemed it appropriate to close sooner than the stated Executive Order expiration date due. Local jurisdictions may believe that they have a specified timeframe as stated by the EO to pursue projects and be eligible for reimbursement. If disasters are closed too early, it places local communities in a financially precarious position. CDPS will assess future disasters for closure based on what is in the best interest of the local affected community.

Finding 2—Reporting on the Disaster Emergency Fund

In July 2020, the General Assembly passed House Bill 20-1426 requiring OSPB to produce routine reports on the status of Disaster Emergency Fund encumbrances, transfers, and expenses. Pursuant to statute [Section 24-33.5-706(7)(a), C.R.S.], OSPB was required to submit a report to the General Assembly on expenditures from the Disaster Emergency Fund no later than September 20, 2020, for the last 12 months. In order to align the reports with the fiscal year, OSPB produced a report covering the 12 months of Fiscal Year 2020, and provided the report to the General Assembly in September 2020. Further, statute [Section 24-33.5-706(7)(a), C.R.S.] requires OSPB to produce a report—starting on the date of the first Disaster Emergency Fund report—by the twentieth day of every third month. OSPB started releasing reports in December 2020 and every third month following that date, which covered the activity since the last report. The General Assembly amended the law in June 2021, when Senate Bill 21-288 removed some reporting requirements for OSPB. The bill required that the Office of the State Controller, rather than OSPB, report annually on all federal disaster spending in the State and all disaster spending outside the Disaster Emergency Fund.

How were the results of the audit work measured?

Statute requires OSPB to report on Disaster Emergency Fund expenses and to, “separately identify expenditures by disaster... and, for each disaster, [OSPB] shall identify: (I) Amounts and sources of any money transferred to the fund related to the disaster; (II) Total encumbrances for disasters at the time of the disaster emergency declaration; (III) State agencies that received funds and amounts received; (IV) Total expenditures by state agency; and (V) A breakdown of expenditures” [Section 24-33.5-706(7)(a), C.R.S.].

OSPB is responsible for producing reports that meet the following state information standards:

- Section 24-17-102(1), C.R.S., requires each state agency to institute and maintain systems of internal accounting and administrative control, and in 2016, the OSC directed all state agencies to begin following the *Standards for Internal Control in the Federal Government* (Green Book). According to Principle 13 of the Green Book, 13.05, “Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information... Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information.”
- The Colorado Information Coordination Act [Section 24-1-136(1)(a), C.R.S.] states that, “The operational reports of the executive agencies should provide complete...and useful information about executive operations to the governor and the [G]eneral [A]ssembly.”

What audit work was performed, what was the purpose, and what problems did the audit work identify?

We reviewed OSPB's Fiscal Year 2020 report and the quarterly reports issued for Calendar Year 2021 and compared the information in the reports with information in CORE. The purpose of our audit work was to determine if OSPB's reports to the General Assembly on the Disaster Emergency Fund were accurate, complete, and in compliance with statutory requirements. We also assessed the reports to determine if there were improvements that OSPB could make to increase their usefulness for the General Assembly.

Overall, we found that OSPB's reports contained most of the information required by statute. However, we identified reporting errors, incomplete information, and areas of the reports that OSPB could improve so that the General Assembly has a comprehensive picture of disaster spending in the State that can be used when making decisions about budgeting for future disasters.

Reporting Errors. We found that certain information related to encumbrances, transfers, and expense data in the four reports covering Calendar Year 2021 was not accurate. First, we compared the encumbrance and transfer amounts OSPB reported for disasters in Calendar Year 2021 to CORE and identified discrepancies. For the encumbrances, we found that the Disaster Emergency Fund encumbrance amounts that OSPB included in its quarterly reports for Calendar Year 2021 were not consistent with the amounts recorded in CORE for four disasters, as shown in Exhibit 2.3. For the COVID-19 Pandemic, OSPB did not report encumbrance amounts for the correct quarter, and reported federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) money twice. For the 2018 Spring Creek Fire, OSPB did not report the correct amount of money encumbered in the second quarterly report and did not catch the error in the subsequent reports. For the 2015 Spring Floods, OSPB reported the original amount encumbered in 2015 rather than the current encumbrance total.

Exhibit 2.3
Disaster Emergency Fund
Encumbrance Amounts, Calendar Year 2021

Disaster	Encumbrance Amount Reported by OSPB	Encumbrance Amount Recorded in CORE	Difference
January–March 2021			
COVID-19 Pandemic	\$483.1 million	\$509.7 million	(\$26.6 million)
COVID-19 Pandemic Unemployment Stimulus ¹	\$167.4 million	\$168 million	(\$600,000)
2015 Spring Floods	\$150,000	\$500,000	(\$350,000)
April–June 2021			
COVID-19 Pandemic	\$509.6 million	\$352 million	\$157.6 million
2018 Spring Creek Fire	\$40.9 million	\$33 million	\$7.9 million
July–September 2021			
COVID-19 Pandemic	\$685 million	\$352 million	\$333 million
2018 Spring Creek Fire	\$40.9 million	\$33 million	\$7.9 million
October –December 2021			
COVID-19 Pandemic	\$800 million	\$420.6 million	\$379.4 million
2018 Spring Creek Fire	\$40.9 million	\$33 million	\$7.9 million

Source: Office of the State Auditor analysis of OSPB Disaster Emergency Fund reports and data in CORE.

¹In October 2020, Governor Polis declared a separate unemployment disaster related to the COVID-19 Pandemic and encumbered \$168 million in the Disaster Emergency Fund for the Department of Labor and Employment to pay a one-time \$375 additional unemployment stimulus per qualified individual in the State.

For the transfers, we found that the Disaster Emergency Fund transfer amounts that OSPB included in its quarterly reports for Calendar Year 2021 did not match the amounts recorded in CORE for six disasters, as shown in Exhibit 2.4. For the report covering January through March 2021, OSPB overstated the amount of money the Governor transferred to the Fund for the 2018 “416” Fire, and did not report the transfers for the 2020 Lewstone Fire, or the Unemployment Stimulus. In the same report, OSPB did not report all of the money that the Governor transferred in for the COVID-19 Pandemic and the 2018 Spring Creek Fire. In the next three quarterly reports, OSPB did not reduce the amount transferred in for the COVID-19 Pandemic by the amounts that were transferred out of the Disaster Emergency Fund. Finally, in the October through December 2021 report, OSPB did not include about \$13 million transferred into a subaccount in the Disaster Emergency Fund for the 2013 Flood by the General Assembly.

Exhibit 2.4
Disaster Emergency Fund
Transfer Amounts, Calendar Year 2021

Disaster	Transfer Amount Reported by OSPB	Transfer Amount Recorded in CORE	Difference
January–March 2021			
2018 Spring Creek Fire	\$18 million	\$25.1 million	(\$7.1 million)
“416” Fire	\$2 million	\$0	\$2 million
2020 Lewstone Fire	\$0	\$690,000	(\$690,000)
COVID-19 Pandemic	\$99.2 million	\$444.7 million	(\$345.5 million)
COVID-19 Pandemic Unemployment Stimulus	\$0	\$154 million	(\$154 million)
April–June 2021			
COVID-19 Pandemic	\$239.7 million	\$288.5 million	(\$48.8 million)
2013 Flood Subaccount	\$38.2 million	\$39.7 million	(\$1.5 million)
July–September 2021			
2013 Flood Subaccount	\$27.2 million	\$39.7 million	(\$12.5 million)
COVID-19 Pandemic	\$239.7 million	\$288.5 million	(\$48.8 million)
October –December 2021			
2013 Flood Subaccount	\$27.2 million	\$39.7 million	(\$12.5 million)
COVID-19 Pandemic	\$324.4 million	\$373.2 million	(\$48.8 million)

Source: Office of the State Auditor analysis of OSPB Disaster Emergency Fund reports and data in CORE.

For the expenditures, we found that some of the expenditure amounts that OSPB reported were not consistent with the expenditure amounts recorded in CORE—OSPB’s reports overstated some amounts, understated some amounts, and reported some expenditures of General Fund money transferred to the subaccount for the 2013 Flood as expenditures of general Disaster Emergency Fund money, as shown in Exhibit 2.5. OSPB also included about \$4.9 million of federal CARES Act expenditures in the April through June 2021 report and \$15.8 million of COVID-19 Pandemic expenditures that were actually made in the prior quarter. In addition, OSPB’s reports did not account for some additional spending for the 2013 Flood. OSPB lists expenses by agency and also has a separate list for expenses by disasters, and we reviewed both sets of data.

Exhibit 2.5
Disaster Emergency Fund
Expenditure Amounts, Calendar Year 2021

Disaster	Expense Amount Reported by OSPB	Expense Amount Recorded in CORE	Difference
Expenses by Agency			
January–March 2021			
2013 Flood Total	\$1,080,000	\$1,080,000	\$0
2013 Flood	\$0	\$26,000	(\$26,000)
2013 Flood Subaccount	\$1,080,000	\$1,054,000	\$26,000
April–June 2021			
2013 Flood Total	\$2,200,000	\$2,207,000	(\$7,000)
2013 Flood	\$0	\$8,000	(\$8,000)
2013 Flood Subaccount	\$2,200,000	\$2,199,000	\$1,000
2015 Spring Floods	\$12,000	\$18,000	(\$6,000)
COVID-19 Pandemic	\$124,700,000	\$104,077,000	\$20,623,000
2020 Civil Unrest ¹	(\$2,000)	\$0	(\$2,000)
Grizzly Creek Fire	\$45,000	\$49,000	(\$4,000)
East Fork Fire	\$363,000	\$154,000	\$209,000
Cameron Peak Fire	\$2,918,000	\$2,754,000	\$164,000
Mullen Fire	\$60,000	\$51,000	\$9,000
East Troublesome Fire	\$617,000	\$658,000	(\$42,000)
2021 March Winter Storm	\$58,000	\$51,000	\$7,000
July–September 2021			
2013 Flood Total	\$523,000	\$523,000	\$0
2013 Flood	\$500,000	\$0	\$500,000
2013 Flood Subaccount	\$23,000	\$523,000	(\$500,000)
COVID-19 Pandemic	\$7,889,000	\$4,134,000	\$3,755,000
October–December 2021: No Agency Expense Reporting Errors in Quarter			
Expenses by Disaster			
January–March 2021			
CDOT ² Cybersecurity	\$8,000	0	\$8,000
“416” Fire	\$48,000	\$0	\$48,000
April–June 2021			
2013 Flood Subaccount	\$0	\$1,125,000	(\$1,125,000)

Source: Office of the State Auditor analysis of OSPB Disaster Emergency Fund reports and data in CORE.

¹ Executive Order D 2020-124, National Guard protection of State buildings.

² Colorado Department of Transportation.

Finally, we compared the amount of Disaster Emergency Funds that OSPB reported was encumbered, but unspent, in its Calendar Year 2021 quarterly reports to the unspent encumbered amounts recorded in CORE. We found that the unspent encumbrance amounts that OSPB included in its Calendar Year 2021 quarterly reports for four disasters were not consistent with the unspent encumbrance amounts recorded in CORE, as shown in Exhibit 2.6. For the 2013 Flood and 2018 Spring Creek Fire, OSPB stated that it overstated the amount of money that was encumbered because it did not reduce the amount encumbered to account for spending that occurred prior to the

reporting period. In addition, OSPB stated that for the 2018 Spring Creek Fire, it reported that more money was encumbered for the disaster than was actually encumbered and this resulted in the higher unspent encumbrance amounts.

Exhibit 2.6
Disaster Emergency Fund
Unspent Encumbrance Amounts, Calendar Year 2021

Disaster	Unspent Encumbrance Amount Reported by OSPB	Unspent Encumbrance Amount Recorded in CORE	Difference
January–March 2021			
2021 March Winter Storm	\$137,000	\$200,000	(\$63,000)
COVID-19 Pandemic	\$189.4 million	\$256.6 million	(\$67.2 million)
April–June 2021			
2018 Spring Creek Fire	\$26.3 million	\$18.4 million	\$7.9 million
COVID-19 Pandemic	\$393 million	\$30.3 million	\$362.7 million
July–September 2021			
2013 Flood	\$114.5 million	\$11.7 million	\$102.8 million
2018 Spring Creek Fire	\$26.3 million	\$18.4 million	\$7.9 million
COVID-19 Pandemic	\$360.4 million	\$27.3 million	\$333.1 million
October–December 2021			
2013 Flood	\$114.5 million	\$11.7 million	\$102.8 million
2018 Spring Creek Fire	\$26.3 million	\$18.4 million	\$7.9 million
COVID-19 Pandemic	\$469.5 million	\$90.7 million	\$378.8 million

Source: Office of the State Auditor analysis of OSPB Disaster Emergency Fund reports and data in CORE.

Incomplete Information in the Reports. We found that the OSPB reports did not include information on almost \$4 million in transfers that were made to the Disaster Emergency Fund for federal reimbursements for wildfires, as required by Section 24-33.5-706(7)(a), C.R.S.

- The report covering Fiscal Year 2020 did not include \$3.3 million of federal reimbursements transferred to the Disaster Emergency Fund for the October 2016 Junkins Fire (\$353,000) and the June 2012 High Park Fire (\$2,924,000).
- The report covering April through June 2021 did not include \$612,000 of federal reimbursements transferred to the Disaster Emergency Fund for the June 2018 Chateau Fire (\$268,000) and the July 2018 Lake Christine Fire (\$344,000).

Report Format. We also identified four report format changes that OSPB should adopt to improve the usefulness and quality of the information provided in the reports for the General Assembly.

1. OSPB should present expenditure data in a way that makes it easier to calculate costs by disaster. Specifically, OSPB sometimes lists disaster expenses under the executive order number rather than by the disaster name, as required by statute. This makes it difficult to easily identify the disaster being reported. For example, the reports list spending for the COVID-19 Pandemic under eight different executive order numbers. In order to calculate total quarterly expenses for the COVID-19 Pandemic, legislators would have to look up each executive order listed to determine the disaster associated with that number and then sum the expenditures for the applicable COVID-19 Pandemic executive orders. OSPB also sometimes changes the way it reports expenses from one report to another, such as categorizing expenses under one executive order in one report and categorizing them by different executive order numbers in another report. For example, OSPB listed COVID-19 Pandemic spending for the Department of Public Health and Environment under the original executive order in one report, whereas expenses for the COVID-19 Pandemic were split by different executive orders in the next quarterly report.
2. OSPB reports should more explicitly distinguish expenditures and transfers. When a disaster occurs, the Governor's Office transfers money to the Disaster Emergency Fund and then to the state departments that respond to the disaster. The reports present the transfers from the Governor's Office to the state departments and from the Department to other state departments as expenditures. If the reader is not paying close attention, those expenses could appear as occurring twice. In order to determine the total Disaster Emergency Fund spending by state department, the reader needs to understand the expense categories and then remove any transfers between state departments. For example, the report covering July through September 2021 lists \$81,000 of Disaster Emergency Fund spending for the Department of Agriculture and also the same amount under the Department of Public Safety, but this amount is listed as expense category "Operating Transfers to Agriculture." The Disaster Emergency Fund expenses included in the report covering July through September 2021 total \$23 million, but \$2.3 million of this amount is attributed to transfers.
3. OSPB should report ongoing expense totals by disaster. The reports give a snapshot of the executive order date, the current amount transferred and budgeted for the disaster, the expenditures for the quarter, and the total unexpended encumbrance amount for the disaster, as of the end of the quarter. However, OSPB changed the data it used to report disaster spending totals per disaster between reports, so it is not possible to calculate the amounts included in each of the quarterly reports to get an accurate picture of expenditure totals by disasters. Specifically, in the report covering January through March 2021, OSPB reported expenditures that the state departments reported to them, rather than using actual data from CORE. In the next three quarterly reports, covering April through December 2021, OSPB reported the expenses that were accounted for in CORE by the Governor's Office executive order. As a result, some of the expenses in the January through March 2021 report were duplicated in the subsequent reports. Further, there is no historical information regarding how much the State has spent, in total, responding to the disaster, or how much, in total, the federal government has reimbursed the

State for the disaster. Without this information, it is difficult for the reader to use the reports to understand the big picture of budgeting and spending for each disaster.

4. OSPB's Disaster Emergency Fund reports should distinguish state and federal dollars. Originally, House Bill 20-1426, enacted in July 2020, required OSPB to annually report on (1) all expenditures of federal funds received by the state that are used for costs associated with disasters [Section 24-33.5-717, C.R.S.] and (2) all remaining expenditures of federal funds received by the state not associated with a disaster or the Disaster Emergency Fund [Section 24-76-104, C.R.S.]. Senate Bill 21-288, enacted June 2021, removed OSPB's responsibility for reporting on all federal spending and transferred responsibility to the OSC. However, Section 24-33.5-706(7)(a), C.R.S., continued to require OSPB to report on Disaster Emergency Fund expenses. The cover letter of the OSPB's Disaster Emergency Fund reports, beginning with the September 20, 2021 report, state that the report "only covers Disaster Emergency Fund expenditures, encumbrances, and transfers. The Office of the State Controller will produce a report on non-Disaster Emergency Fund and Federal Fund data." However, OSPB included a footnote in its reports for encumbrances, transfers, expenses by disaster, and unspent encumbrance that states that COVID-19 Pandemic emergency activities are funded with both Disaster Emergency Fund money and federal Coronavirus Relief Fund resources. Without clarifying in the cover letter that the report includes some federal funds the reader may not realize that the reports include some of the same data that are in the Office of the State Controller reports.

Why did these problems occur?

OSPB does not have adequate internal controls in place over its quarterly reporting to ensure that the reports are accurate, complete, and formatted consistently and understandably.

Lack of Policies and Procedures. OSPB lacks documented policies and procedures that include guidance outlining what specific CORE information and state department feedback staff should use to ensure that they accurately report amounts related to transfers, encumbrances, expenses, and federal reimbursements. CORE contains the Disaster Emergency Fund information requested by the General Assembly in House Bill 20-1426 for these reports. However, OSPB has not established procedures on how to process CORE information into quality data or a specific methodology for calculating the amounts reported to ensure that it provides an accurate picture of the fund.

Lack of Quality Control Process. OSPB does not have a quality control process for its quarterly reports. According to OSPB, the Disaster Emergency Fund reports do not go through a review by staff who were not involved in calculating and compiling the data to: (1) provide an independent assessment of the completeness, reliability, and accuracy of the underlying data, the calculations, and the narrative of the report; or (2) ensure that staff maintained documentation to support the data and methods used in the calculations. A quality control process should be designed to ensure the

accuracy of each report and should include verifying that the data used, calculations, and statements describing the data are complete, reliable, and accurate, and that documentation of the actual data and methodology are maintained.

In addition, OSPB states that its reports do not include historical totals in its Disaster Emergency Fund reports because it interpreted the statutory reporting requirement to provide a quarterly snapshot of disaster expenditures. The statute only requires quarterly spending information; however, if OSPB added summarized totals of revenue and expenditures for each disaster at the beginning of its quarterly reports, OSPB could increase the clarity and usefulness of the reports to the General Assembly.

Why do these problems matter?

When OSPB's reports to the General Assembly include reporting errors and incomplete information, they reduce the transparency that the General Assembly seeks on the amount that the State has spent on disasters. Further, when the General Assembly does not have accurate and complete information about the Disaster Emergency Fund, it may think there is more money in the Fund that it can allocate and encumber for future disasters than there actually is, which could cause financial difficulties for the State when another disaster occurs.

In addition, when OSPB does not format reports on the Disaster Emergency Fund consistently, labels transfers as expenditures, or include historical information about how much the State has spent responding to disasters, the General Assembly cannot easily obtain information on how much money the State has spent responding to disasters. If the General Assembly intends to use these OSPB reports to help with budgeting and planning for future disasters, then it needs an accurate, complete picture of the total expenses for each disaster over time, which is not easily available to them with the current format of the report.

Recommendation 2

The Governor's Office of State Planning and Budgeting should improve the accuracy, completeness, clarity, and usefulness of its quarterly reports on the Disaster Emergency Fund by:

- A. Establishing and implementing policies and procedures over the Disaster Emergency Fund reporting process, which should include a specific methodology for what data will be used to prepare the reports and how the amounts reported will be calculated, and a quality control process that verifies that the data used and calculations, are complete, reliable, and accurate, and that it maintains documentation of the actual data and methodology.

- B. Establishing a consistent report format that includes using disaster naming conventions, summing total expenditures by disaster, and providing historical revenue and expenditure totals by disaster in each quarterly report.

Response

Governor's Office of State Planning and Budgeting

- A. Agree

Implementation Date: June 2023 (*some recommendations already implemented*)

During the course of recent years' extraordinary pandemic and wildfire disasters, OSPB has ensured timely and up-to-date briefings and information was provided to the Joint Budget Committee while ensuring adequate funds were available to save lives and respond to rapidly evolving emergencies. The performance audit recommendations concern only a subset of the information provided to the JBC. OSPB concurs with the recommendations, some of which we implemented beginning in March 2022. These included improving policies and procedures for a new statutory report (2020), and providing more detailed instructions to agencies (for example on input data and the inclusion of the fund and sub fund in the report input data from CORE to ensure that the fund and sub fund data is identified clearly). Other enhancements are underway, such as updates to the methodology and process for what data will be used to prepare the reports and how the amounts reported will be calculated; increased redundancy in the quality control processes that verify the data used and the calculated results; and updates to and maintenance of the documentation of the data, the calculation methodology and the quality control process.

OSPB is pleased that funds were available to meet emergency expenses during these extraordinary times and that this performance audit did not identify any improper expenditures or expenses that were not in compliance with statutory requirements or the relevant executive orders. All emergency fund briefings, reports, and agency guidance can be found on OSPB's website: www.colorado.gov/ospb/emergency_funds.

- B. Agree

Implementation Date: June 2023

OSPB concurs with this second recommendation from the performance audit and is pleased to make these format enhancements to increase the usefulness of the Disaster Emergency Fund (DEF) report, including the addition of summary information by disaster and additional historical data. This includes updates to the report format to include consistent disaster naming conventions, summarized total expenditure by disaster, and historical revenue and expenditure totals by disaster in each quarterly report starting with the June 20, 2023, report.

As noted above, the DEF report is only a subset of all of the information and briefings on emergency funds provided to the Joint Budget Committee by OSPB. Emergency fund briefings, reports, and agency guidance can be found on OSPB's website: www.colorado.gov/ospb/emergency_funds.



Appendix



**Disaster Emergency Fund
Expenses by Disaster for All State Agencies Allocated Funds
Fiscal Year 2018**

Disaster Name	Original Executive Order	Expense Total	Disaster Status as of June 2022
High Park Fire	D 2012-014	\$6,933,000	Closed
Waldo Canyon Fire	D 2012-020	\$2,965,000	Closed
Weber Fire	D 2012-021	\$81,000	Closed
Rio Blanco Wildfires	D 2012-034	\$3,000	Closed
Highway 13 Fire	D 2012-041	\$43,000	Closed
Royal Gorge Fire	D 2013-009	\$389,000	Closed
Black Forest Fire	D 2013-010	\$5,357,000	Closed
East Peak Fire	D 2013-013	\$3,790,000	Closed
West Fork Fire	D 2013-017	\$7,714,000	Closed
Red Canyon Fire	D 2013-024	\$275,000	Closed
2013 Flood	D 2013-026	\$11,036,000	Open
2013 Flood Subaccount	D 2013-026	\$12,500,000	Closed
2015 Spring Floods	D 2015-005	\$312,000	Open
Cold Springs Fire	D 2016-004	\$2,032,000	Closed
Beulah Hill Fire	D 2016-008	\$191,000	Closed
Junkins Fire	D 2016-010	\$49,000	Open
Starwood Fire	D 2016-012	<\$1,000 ¹	Open
Logan Fire	D 2017-006	\$21,000	Closed
May Floods	D 2017-008	\$9,000	Open
Solar Eclipse Traffic Control	D 2017-020	\$4,000	Open
Pine Tree Fire	D 2017-022	\$109,000	Open
Deep Creek Fire	D 2017-024	\$406,000	Open
Winter Valley Fire	D 2017-025	\$13,000	Open
California Wildfires	D 2017-027	\$10,000	Closed
Puerto Rico Hurricane	D 2017-029	\$73,000	Closed
CDOT ² Cybersecurity	D 2018-001	\$380,000	Open
"416" Fire	D 2018-002	\$92,000	Open
Total		\$54,787,000	

Source: Office of the State Auditor analysis of expenses based on information from Colorado Operations Resource Engine (CORE).

¹ Amount less than \$1,000.

² Colorado Department of Transportation.

**Disaster Emergency Fund
Expenses by Disaster for All State Agencies Allocated Funds
Fiscal Year 2019**

Disaster Name	Original Executive Order	Expense Total	Disaster Status as of June 2022
West Fork Fire	D 2013-017	\$455,000	Closed
2013 Flood	D 2013-026	\$8,540,000	Open
2015 Spring Floods	D 2015-005	\$9,000	Open
Cold Springs Fire	D 2016-004	\$140,000	Closed
Hayden Pass Fire	D 2016-006	\$3,000	Open
Beulah Hill Fire	D 2016-008	\$1,086,000	Closed
Junkins Fire	D 2016-010	\$271,000	Open
Starwood Fire	D 2016-012	\$5,000	Open
Pine Tree Fire	D 2017-022	\$715,000	Open
Puerto Rico Hurricane	D 2017-029	\$6,000	Closed
CDOT ¹ Cybersecurity	D 2018-001	\$128,000	Open
"416" Fire	D 2018-002	\$371,000	Open
Spring Creek Fire	D 2018-007	\$10,131,000	Open
Upper Mailbox Fire	D 2018-011	\$2,000	Open
Weston Pass Fire	D 2018-013	\$49,000	Open
Chateau Fire	D 2018-014	\$691,000	Open
Divide Fire	D 2018-015	\$41,000	Open
Sulphur Fire	D 2018-016	\$67,000	Open
Lake Christine Fire	D 2018-017	\$937,000	Open
Rio Blanco & Moffat Fires	D 2018-019	\$73,000	Open
Red Canyon Fire	D 2018-022	\$43,000	Open
Cabin Lake Fire	D 2018-023	\$37,000	Open
Silver Creek Fire	D 2018-029	\$66,000	Open
Delta County Water Supply	D 2019-002	<\$1,000 ²	Open
April 2019 Blizzard	D 2019-003	\$27,000	Open
April 2019 Blizzard Add'l Counties	D 2019-004	\$23,000	Open
Hinsdale Flood Risk	D 2019-005	\$660,000	Open
Total		\$24,576,000	

Source: Office of the State Auditor analysis of expenses based on information from Colorado Operations Resource Engine (CORE).

¹ Colorado Department of Transportation.

² Expenses less than \$1,000.

Disaster Emergency Fund
Expenses by Disaster for All State Agencies Allocated Funds
Fiscal Year 2020

Disaster Name	Original Executive Order	Expense or Reduction of Expense ¹ Total	Disaster Status as of June 2022
West Fork Fire	D 2013-017	\$282,000	Closed
2013 Flood	D 2013-026	(\$7,965,000)	Open
2013 Flood Subaccount	D 2013-026	\$15,566,000	Closed
2015 Spring Floods	D 2015-005	(\$4,000)	Open
Cold Springs Fire	D 2016-004	\$1,000	Closed
Hayden Pass Fire	D 2016-006	\$698,000	Open
Beulah Hill Fire	D 2016-008	(\$1,000)	Closed
Junkins Fire	D 2016-010	\$4,885,000	Open
Starwood Fire	D 2016-012	\$99,000	Open
Pine Tree Fire	D 2017-022	(\$353,000)	Open
Winter Valley Fire	D 2017-025	\$222,000	Open
"416" Fire	D 2018-002	\$371,000	Open
Spring Creek Fire	D 2018-007	\$2,753,000	Open
Upper Mailbox Fire	D 2018-011	\$24,000	Open
Weston Pass Fire	D 2018-013	\$95,000	Open
Chateau Fire	D 2018-014	\$81,000	Open
Divide Fire	D 2018-015	\$122,000	Open
Lake Christine Fire	D 2018-017	\$154,000	Open
Rio Blanco & Moffat Fires	D 2018-019	(\$2,000)	Open
Red Canyon Fire	D 2018-022	\$1,000	Open
Cabin Lake Fire	D 2018-023	\$124,000	Open
Delta County Water Supply	D 2019-002	\$16,000	Open
April 2019 Blizzard	D 2019-003	\$2,000	Open
Hinsdale Flood Risk	D 2019-005	\$192,000	Open
Shawnee Peak Fire	D 2019-013	\$20,000	Open
November 2019 Blizzard	D 2019-018	\$16,000	Open
COVID-19 Pandemic	D 2020-003	\$64,255,000	Open
COVID-19 Pandemic Housing/Unemployment Assistance	D 2020-012	\$918,000	Open
CARES Act Funds	D 2020-070	\$29,600,000	Closed
CO Nat'l Guard State Buildings	D 2020-124	\$143,000	Open
Total		\$112,315,000	

Source: Office of the State Auditor analysis of expenses based on information from Colorado Operations Resource Engine (CORE).

¹ Reduction of expenses through accounting adjustments for prior year errors identified in the current year.

Disaster Emergency Fund
Expenses by Disaster for All State Agencies Allocated Funds
Fiscal Year 2021

Disaster Name	Original Executive Order	Expense or Reduction of Expense ¹ Total	Disaster Status as of June 2022
2013 Flood Subaccount	D 2013-026	\$3,275,000	Closed
2015 Spring Floods	D 2015-005	\$21,000	Open
Hayden Pass Fire	D 2016-006	(\$1,000)	Open
Junkins Fire	D 2016-010	\$13,000	Open
Starwood Fire	D 2016-012	\$25,000	Open
CDOT ² Cybersecurity	D 2018-001	\$8,000	Open
"416" Fire	D 2018-002	\$168,000	Open
Spring Creek Fire	D 2018-007	\$1,694,000	Open
Weston Pass Fire	D 2018-013	<\$1,000 ³	Open
Chateau Fire	D 2018-014	\$19,000	Open
Sulphur Fire	D 2018-016	\$608,000	Open
Red Canyon Fire	D 2018-022	<(\$1,000) ³	Open
Silver Creek Fire	D 2018-029	\$241,000	Open
Hinsdale Flood Risk	D 2019-005	(\$1,000)	Open
COVID-19 Pandemic	D 2020-003	\$52,446,000	Open
CARES Act Funds	D 2020-070	\$175,400,000	Closed
Wildfire Aviation	D 2020-072	\$1,771,000	Open
Elephant Butte Fire	D 2020-143	\$174,000	Open
Pine Gulch Fire	D 2020-171	\$1,943,000	Open
Grizzly Creek Fire	D 2020-187	\$366,000	Open
Lewstone Fire	D 2020-197	\$280,000	Open
East Fork Fire	D 2020-204	\$602,000	Open
Cameron Peak Fire	D 2020-208	\$3,926,000	Open
COVID-19 Pandemic Unemployment Stimulus	D 2020-230	\$150,920,000	Closed
Mullen Fire	D 2020-233	\$78,000	Open
East Troublesome Fire	D 2020-252	\$578,000	Open
Calwood Fire	D 2020-253	\$1,564,000	Open
Lefthand Fire	D 2020-254	\$39,000	Open
2021 Inauguration Civil Unrest	D 2021-019	\$67,000	Open
2021 March Winter Storm	D 2021-064	\$22,000	Open
Total		\$396,246,000	

Source: Office of the State Auditor analysis of expenses based on information from Colorado Operations Resource Engine (CORE).

¹ Reduction of expenses through accounting adjustments for prior year errors identified in the current year.

² Colorado Department of Transportation.

³ Expenses less than \$1000.

Disaster Emergency Fund
Expenses by Disaster for All State Agencies Allocated Funds
Fiscal Year 2022

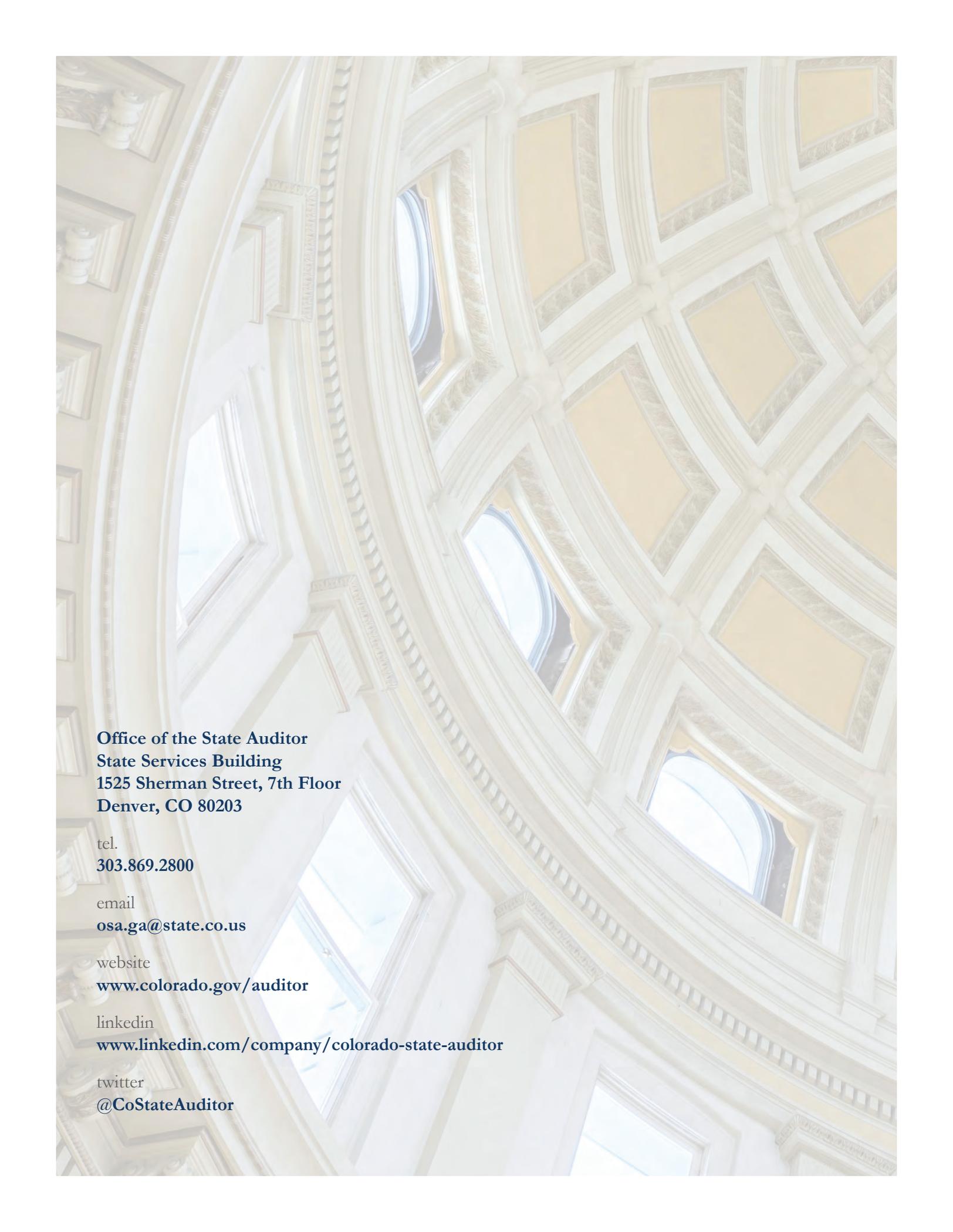
Disaster Name	Original Executive Order	Expense or Reduction of Expense ¹ Total	Disaster Status as of June 2022
2013 Flood	D 2013-026	(\$699,000)	Open
2015 Spring Floods	D 2015-005	\$13,000	Open
"416" Fire	D 2018-002	(\$75,000)	Open
Spring Creek Fire	D 2018-007	\$10,256,000	Open
Upper Mailbox Fire	D 2018-011	\$27,000	Open
Weston Pass Fire	D 2018-013	\$873,000	Open
Chateau Fire	D 2018-014	\$1,517,000	Open
Divide Fire	D 2018-015	\$498,000	Open
Lake Christine Fire	D 2018-017	\$2,815,000	Open
Rio Blanco & Moffat Fires	D 2018-019	\$65,000	Open
Red Canyon Fire	D 2018-022	\$20,000	Open
Cabin Lake Fire	D 2018-023	\$481,000	Open
Silver Creek Fire	D 2018-029	\$6,000	Open
COVID-19 Pandemic	D 2020-003	\$79,757,000	Open
Wildfire Aviation	D 2020-072	(\$10,000)	Open
CO Nat'l Guard State Buildings	D 2020-124	(\$3,000)	Open
Elephant Butte Fire	D 2020-143	(\$3,000)	Open
Pine Gulch Fire	D 2020-171	(\$118,000)	Open
Grizzly Creek Fire	D 2020-187	\$69,000	Open
East Fork Fire	D 2020-204	\$717,000	Open
Cameron Peak Fire	D 2020-208	(\$1,650,000)	Open
Mullen Fire	D 2020-233	\$5,000	Open
East Troublesome Fire	D 2020-252	(\$39,000)	Open
Calwood Fire	D 2020-253	\$81,000	Open
Lefthand Fire	D 2020-254	<\$1,000 ²	Open
2021 March Winter Storm	D 2021-064	\$70,000	Open
Burn Scar Flooding, Mudslides	D 2021-127	\$160,000	Open
Marshall Fire	D 2022-004	\$3,921,000	Open
Bents Fort, Fort Lyons Fires	D 2022-019	\$303,000	Open
Avian Influenza	D 2022-022	\$111,000	Open
High Park Fire	D 2022-024	<\$1,000 ¹	Open
Ute Pass Fire	D 2022-025	\$103,000	Open
Menkhaven Fire	D 2022-030	\$356,000	Open
Total		\$99,627,000	

Source: Office of the State Auditor analysis of expenses based on information from Colorado Operations Resource Engine (CORE).

¹ Reduction of expenses through accounting adjustments for prior year errors identified in the current year.

² Expenses less than \$1,000.





**Office of the State Auditor
State Services Building
1525 Sherman Street, 7th Floor
Denver, CO 80203**

tel.
303.869.2800

email
osa.ga@state.co.us

website
www.colorado.gov/auditor

linkedin
www.linkedin.com/company/colorado-state-auditor

twitter
[@CoStateAuditor](https://twitter.com/CoStateAuditor)