

PUEBLO COUNTY

SINGLE AUDIT REPORT



FOR THE YEAR ENDING
December 31, 2022

**PUEBLO COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	1
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Pueblo County Commissioners
Pueblo County, Colorado
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo County, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Pueblo County, Colorado's basic financial statements, and have issued our report thereon dated September 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pueblo County, Colorado's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pueblo County, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Pueblo County, Colorado's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pueblo County, Colorado's statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pueblo County, Colorado's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Pueblo County, Colorado's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Pueblo County, Colorado's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Broomfield, Colorado
September 22, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Pueblo County Commissioners
Pueblo County, Colorado
Pueblo, Colorado

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Pueblo County, Colorado's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Pueblo County, Colorado's major federal programs for the year ended December 31, 2022. Pueblo County, Colorado's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Pueblo County, Colorado complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on for COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF) the year ended December 31, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Pueblo County, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pueblo County, Colorado and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Pueblo County, Colorado's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

As described in the accompanying schedule of findings and questioned costs, Pueblo County, Colorado did not comply with requirements regarding Assistance Listing No. 21.027 COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF) as described in finding numbers 2022-003 for Procurement and 2022-004 for Subrecipient Monitoring.

Compliance with such requirements is necessary, in our opinion, for Pueblo County, Colorado to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Pueblo County, Colorado's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pueblo County, Colorado's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pueblo County, Colorado's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pueblo County, Colorado's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pueblo County, Colorado's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pueblo County, Colorado's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-005. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on Pueblo County, Colorado's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Pueblo County, Colorado's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-005 to be significant deficiencies.

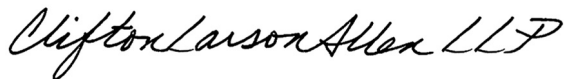
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Pueblo County, Colorado's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Pueblo County, Colorado's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pueblo County, Colorado as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Pueblo County, Colorado's basic financial statements. We have issued our report thereon, dated September 22, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Broomfield, Colorado
September 22, 2023

PUEBLO COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through Colorado Department of Human Services -				
Supplemental Nutrition Assistance Program Cluster -				
State Administrative Matching Grants for				
Supplemental Nutrition Assistance Program	10.561	Not available		1,916,463
Total SNAP Cluster				1,916,463
Food Distribution Cluster -				
Commodity Supplemental Food Program (Admin)	10.565	Not available		107,660
Commodity Supplemental Food Program (Commodities -				
Non-Cash)	10.565	Not available		599,637
Passed through Care & Share -				
Emergency Food Assistance Program (Admin)	10.569	Not available		10,000
Emergency Food Assistance Program (Food Commodities -				
Non-Cash)	10.569	Not available		1,104,367
Total Food Distribution Cluster				1,821,664
TOTAL U.S. DEPARTMENT OF AGRICULTURE				3,738,127
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through Colorado Department of Local Affairs -				
Emergency Solutions Grant	14.231	H2ESG31968		151,129
Passed through City of Pueblo, Colorado -				
Community Development Block Grant Cluster	14.218	HO2130		35,241
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				186,370
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Assistance -				
Federal Forfeiture Funds	16.922	Not available		157,300
Passed through Colorado Department of Public Safety				
Division of Criminal Justice -				
Crime Victim Assistance (DA)	16.575	2020-VA-21-436-10		30,348
Crime Victim Assistance (Sheriff)	16.575	2020-VA-21-436-10		76,736
Bureau of Justice Body Camera Grant	16.835	2022-BW-22-10025		138,276
Passed through Colorado Department of Corrections				
State Criminal Alien Assistance Program	16.606	15PBJA-20-RR-0028-SCAA		57,012
Passed through City of Pueblo, Colorado -				
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-21-01-49, 202-DJ-BX-0189, 2021-15PBJA-01279-SO, 2022-15PBJA-22-GG-02214-JAGX		122,261
TOTAL U.S. DEPARTMENT OF JUSTICE				581,933

PUEBLO COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
YEAR ENDED DECEMBER 31, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF ENERGY</u>				
Passed through Colorado Office of Energy Conservation - Weatherization Assistance for Low-Income Persons	81.042	81598		692,219
TOTAL U.S. DEPARTMENT OF ENERGY				692,219
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through Colorado Department of Human Services - Special Programs for the Aging -				
Title VII - Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	Not available	24,819	25,448
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	Not available	2,450	2,450
Aging Cluster -				
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Not available	383,919	650,947
Title III, Part C - Nutrition Services	93.045	Not available	630,314	630,314
Nutrition Services Incentive Program (USDA)	93.053	Not available	65,836	65,836
Total Aging Cluster			1,080,069	1,347,097
Title III, Part E - National Family Caregiver Support Guardianship Assistance	93.052 93.090	Not available Not available	26,634	26,634 147,049
Promoting Safe & Stable Families	93.556	Not available		5,611
Temporary Assistance to Needy Families	93.558	Not available		9,323,720
Title IV-D, Child Support Enforcement	93.563	Not available		2,165,275
Low-Income Home Energy Assistance (DSS)	93.568	Not available		9,078,680
Passed through Colorado Office of Energy Conservation - Low-Income Home Energy Assistance (HHS)	93.568	81598		630,567
Passed through Colorado Department of Human Services - Child Care Cluster -				
Child Care & Development Block Grant	93.575	Not available		1,643,814
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	L15CSBG37		1,208,529
Total Child Care Cluster				2,852,343
Applied Research in Child Welfare (ARCH)	93.634	21 IHEA 174635	34,794	34,794
Child Welfare Services-State Grants Title IV-B	93.645	Not available		51,258
Foster Care - Title IV-E	93.658	Not available		2,908,215
Adoption Assistance	93.659	Not available		1,293,476
Social Services Block Grant - Title XX	93.667	Not available		532,596
Chafee Foster Care Independence Program	93.674	Not available		201,348
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	Not available		12,673

PUEBLO COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
YEAR ENDED DECEMBER 31, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Cont'd)</u>				
Passed through Colorado Department of Health Care Policy and Financing - Medicaid Cluster				
Single Entry Point, Medical Assistance Program	93.778	21-160395A2, 21-160395A1		2,752,760
Title XIX, Medicaid Medical Assistance Program	93.778	Not available		2,553,100
Total Medicaid Cluster				<u>5,305,860</u>
Passed through Colorado Department of Local Affairs - Community Services Block Grant	93.569	Not available		251,674
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,168,766</u>	<u>36,196,768</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through Colorado Department of Public Health and Environment - FEMA - Building Resilient Infrastructure and Communities	97.029	2022*2682	33,150	33,150
Passed through Colorado Department of Emergency Management -				
Chemical Stockpile Emergency Preparedness	97.040	EMD-2021-GR-2008 EMD-2022-GR-2008		4,962,644
Homeland Security Grant	97.067	15SH16SR		171,510
Emergency Management Performance Grant	97.042	19EM-20-46		89,784
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>33,150</u>	<u>5,257,088</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Direct Assistance				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	2,720,223	3,686,230
Passed through Colorado Department of Public Safety Division of Criminal Justice - COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available		66,000
Passed through Colorado Department of Human Services - COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available		297,702
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>2,720,223</u>	<u>4,049,932</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,922,139</u>	<u>\$ 50,702,437</u>

PUEBLO COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pueblo County, Colorado (the County) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The County has elected not to use the 10 percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – EXPENDITURES INCURRED IN PRIOR YEAR

For the year ended December 31, 2022, the County recognized amounts in the Schedule associated with prior year expenditures. Expenditures should have been recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$1,389,172 of prior year expenditures associated with the Medicaid Cluster (Assistance Listing Number 93.778) were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year because they were identified as non-federal expenditures in the prior year.

**PUEBLO COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified for all major programs except for COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF) 21.027
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E
93.778	Medicaid Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,521,073

Auditee qualified as low-risk auditee? yes x no

**PUEBLO COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings

2022 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: For the Single Entry Point program, unearned revenue was understated by \$739,481 and revenue was overstated by the same amount at December 31, 2021. In addition, at December 31, 2022, a state grant's deferred outflows were overstated and unearned revenue was understated by \$ 668,555.

Criteria or specific requirement: Financial statement account balances must be materially stated.

Effect: A prior period adjustment of \$739,481 was recorded to recognize unearned revenue at December 31, 2021 and to decrease revenue for the year ended December 31, 2021. In addition, an audit entry was necessary to correct deferred outflows and unearned revenue in the amount of \$ 668,555.

Cause: Pueblo County, Colorado identified the misstatement for the prior year financial statements during their reconciliation of the grant revenue for the year ended December 31, 2022. The deferred outflow and unearned revenue correction was not identified by management.

Repeat Finding: No

Recommendation: CLA recommends the County implement procedures to ensure revenue is appropriately reconciled each year.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 002

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Medicaid Cluster

Assistance Listing Number: 93.778

Federal Award Identification Number and Year: 21-160395A2 and 21-160395A1

Award Period: January 1, 2022 – December 31, 2022

Compliance Requirement: Other

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**PUEBLO COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Criteria or specific requirement: 2 CFR 200.302(b)(3) indicates that records that adequately identify the source and application of funds for federally funded activities are necessary. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.

Condition: Expenditures originally reported on Schedule of Expenditures of Federal Awards for the year ended December 31, 2021 were understated. In the fiscal year ended December 31, 2022, \$1,389,172 of prior year expenditures associated with the Medicaid Cluster were included in the schedule of expenditures of federal awards.

Questioned costs: None

Context: Expenditures reported on the Schedule of Expenditures of Federal Awards for Assistance Listing Number 93.778 were understated by \$ 1,389,172.

Cause: Pueblo County's SEFA reconciliation process inadvertently missed the complete population of expenditures.

Effect: Expenditures reported on Schedule of Expenditures of Federal Awards were understated for the year ended December 31, 2021.

Repeat Finding: No.

Recommendation: CLA recommends the County implement tracking procedures to ensure all federal expenditures are reported on the Schedule of Expenditures of Federal Awards.

Views of responsible officials: There is no disagreement with the audit finding.

2022 – 003

Federal Agency: U.S. Department of the Treasury

Federal Program Name: COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: None identified

Award Period: March 3, 2021 – December 31, 2024

Compliance Requirement: Procurement

Type of Finding:

- Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement: Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200. This procurement process must be documented with proper supporting documentation.

**PUEBLO COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Condition: The County did not have proper procurement documentation available for the contracts tested in the audit.

Questioned costs: None

Context: Five of the five contracts tested did not have the proper supporting documentation to demonstrate that procurement procedures were followed in accordance with the County's procurement policy.

Cause: The contracts were in process before the funding was assigned to the projects and there was turnover at the County.

Effect: Failure to document the procurement process exposes the County to the risk that the County's procurement policy was not followed before the contracts were awarded.

Repeat Finding: No.

Recommendation: CLA recommends the County follow their internal procurement policy procedures and keep documentation of such procedures to ensure compliance with the federal procurement requirements.

Views of responsible officials: There is no disagreement with the audit finding.

2022 – 004

Federal Agency: U.S. Department of the Treasury

Federal Program Name: COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: None identified

Award Period: March 3, 2021 – December 31, 2024

Compliance Requirement: Subrecipient Monitoring

Type of Finding:

- Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement: Per 2 CFR 200.331(a) states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes, federal award identification, subrecipient name, subrecipient's DUNS number, federal award identification number (FAIN), federal award date, subaward start and end date, amount of federal funds obligated, total amount of federal award, federal award project description, name of federal awarding agency, Assistance Listing (CFDA) number and name, identification of whether the award is R&D and indirect cost rate for federal award.

**PUEBLO COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Per 2 CFR 200.303, requires that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal control should include procedures to ensure required information is communicated prior to the issuance of the subaward.

Per 2 CFR 200.331(a)(1), pass-through entities must evaluate each subrecipient's risk of noncompliance to determine the appropriate level of monitoring of the subrecipient.

Per 2 CFR 200.332(d) through (f), pass-through entities must monitor the activities of the subrecipient, which includes reviewing financial reports required by the pass-through entity.

Condition: During our testing, we noted subrecipients tested had required information omitted from the sub agreements to the subrecipients including Assistance Listing (CFDA) title and number, subrecipient's DUNS number, Federal Award Identification Number (FAIN), identification of whether the award is research and development, and indirect cost rate for federal award. Subrecipients tested did not have evidence of the County's evaluation of the risk of noncompliance by the subrecipients, nor was there evidence of monitoring of annual audits for the subrecipients. Internal checklists that aid in compliance were missing for certain subrecipients. A subrecipient was provided the funding at the beginning of the grant award period and no required quarterly reports were submitted to the County subsequent to funding.

Questioned costs: None.

Context: Five out of the five subrecipients did not include required information in subaward agreements issued to subrecipients and lacked evidence of both the evaluation of risk of noncompliance of the subrecipient and monitoring of annual audits for the subrecipients. Two of the five subrecipients were missing an internal checklist that is signed by the County Manager. One of the five subrecipients was provided the funding at the beginning of the grant award period and no required quarterly reports were submitted to the County subsequent to funding.

Cause: Lack of sufficient controls in place to ensure that subrecipient agreements contain all required information and are monitored appropriately.

Effect: Failure to communicate required information and to adequately monitor the subrecipients could result in subrecipients not properly administering the federal programs in accordance with federal regulations.

Repeat Finding: No.

Recommendation: We recommend that the County review its procedures for communicating information to subrecipients and implement the procedures necessary to ensure information is included in the subrecipient award documents at time of funding and that appropriate monitoring is performed for each subrecipient.

Views of responsible officials: There is no disagreement with the audit finding.

**PUEBLO COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

2022 – 005

Federal Agency: U.S. Department of the Treasury

Federal Program Name: COVID - 19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: None identified

Award Period: March 3, 2021 – December 31, 2024

Compliance Requirement: Suspension and Debarment

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per 2 CFR 200.303, requires that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures in place to ensure the required certifications for covered contracts and subawards are received, documented, and contracts are not made with a debarred or suspended party.

Condition: During our testing of five covered transactions (three vendors and two subawards), we noted all three vendors did not have proper supporting documentation for suspension and debarment procedures for vendors.

Questioned costs: None.

Context: Three of the five covered transaction tested did not have proper supporting documentation for suspension and debarment procedures.

Cause: One of the vendors was added as a contractor and two of the vendors were added as subcontractors in an amendment with an existing contractor. Since this was an amendment made subsequent to the original procurement activity, these vendors were overlooked for suspension and debarment procedures.

Effect: Failure to obtain the required certifications or perform verification procedures with the SAM could result in the payment of federal funds to vendors that are suspended or debarred from participation in federal assistance programs.

Repeat Finding: No.

Recommendation: We recommend the County obtain certifications from vendors stating their organization is not suspended, debarred, or otherwise excluded from participation in federal assistance programs or document the procedures performed to verify the vendor is not identified as suspended or debarred on SAM.

Views of responsible officials: There is no disagreement with the audit finding.

**PUEBLO COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022**

Pueblo County respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2022

Audit period: 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2021 – 001 Accounts Payable

Condition: During testing over accounts payable, CLA noted two invoices that were improperly excluded from AP at year end. The first was in Fund 202 for \$237,423 for equipment received in 2021 but expensed in 2022. The second was in Fund 110 for \$187,256 for work completed on airport improvements in 2021 but expensed in 2022.

During testing over expenses in Fund 110, CLA noted additional expenditures that were recorded in the incorrect years. Both invoices have expenditures that should have been recorded in 2020. In the first invoice, \$224,439 related to 2020 and in the second invoice \$9,185 related to 2020.

In total in Fund 110, expenses were understated by \$187,256 and overstated by \$233,624, for a net effect of an overstatement of \$46,368. Fund 202's expenses were understated by \$237,423.

Status: This was not a repeat finding for the 2022 fiscal year audit.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2021 – 002 Allowable Costs/Cost Principles

Condition: Expenditures originally reported on Schedule of Expenditures of Federal Awards included non-federal amounts.

Status: This was not a repeat finding for the 2022 fiscal year audit.

Questions regarding this schedule, please call Sherri Crow at 719-583-6544.