

**NORTHEAST COLORADO BOARD
OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

SINGLE AUDIT REPORT

**For the Year Ended
June 30, 2023**

**NORTHEAST COLORADO
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
HAXTUN, COLORADO**

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Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Northeast Colorado Board of Cooperative
Educational Services
Haxtun, Colorado

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance Government Auditing Standards

Independent Auditors' Report

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 and major fund of Northeast Colorado Board of Cooperative Educational Services (the "BOCES") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated November 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the BOCES' 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 the BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of the BOCES' 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.

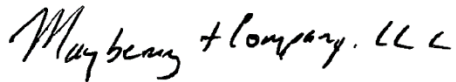
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BOCES' financial 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*.

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 "Mayberry + Company, LLC". The signature is written in a cursive, flowing style.

Englewood, Colorado
March 28, 2024

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Board of Directors
Northeast Colorado Board of Cooperative
Educational Services
Haxtun, Colorado

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northeast Colorado Board of Cooperative Educational Services' (the "BOCES") 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 the BOCES' major federal programs for the year ended June 30, 2023. The BOCES' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, BOCES complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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*⁴⁰ issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the BOCES 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 the BOCES' compliance with the compliance requirements referred to above.

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 the BOCES' federal programs.

Auditor's 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 the BOCES' 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 the BOCES' 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 Example Entity'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 the BOCES' 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 the BOCES' 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 an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the BOCES' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The BOCES' 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 Auditor's 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

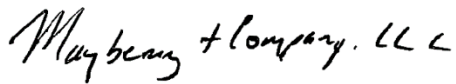
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. *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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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 the BOCES' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The BOCES' 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 and major fund of the BOCES as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements. We issued our report thereon dated November 28, 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 has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado
March 28, 2024

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes no

Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes _____ no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes _____ no

Identification of major programs:

84.425 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes _____ no

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2023

II - Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

A. Material Weaknesses in Internal Control

The audit of the financial statements of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2023, did not disclose any material weaknesses or significant deficiencies in internal controls.

B. Compliance Findings

The audit of the financial statements of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2023, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit of the major programs of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2023, did not disclose any material weaknesses in internal controls over grant compliance requirements. We did identify a significant deficiency over Cash Management procedures that correlates to the compliance finding described below as Finding 2023-001.

B. Compliance Findings

The audit of the major programs of the Northeast Colorado Board of Cooperative Educational Services, as of and for the year ended June 30, 2023, did disclose an instance of noncompliance with requirements with certain provisions of laws, regulations, and grants that were not deemed material to those financial statements as further outlined as finding 2023-001 below

2023-001 CASH MANAGEMENT ACTIVITIES

Criteria: Non-Federal entities must minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR section 200.305(b)).

Condition: The BOCES submitted three reimbursement requests for its Colorado Department of Education ESSER III ARP 9.5%, RURAL COACTION grant that were not properly supported by the underlying expenses. It appears in two of the instances the draws for the August through October 2023 expenditures and the draw for the November 2023 expenditures included a \$1,667 payment that was subsequently charged to a different program. In the third instance, the amount requested differed from the June and 2023 accrued expenditures by \$313. We were not able to isolate the cause of the difference. In total there was \$3,647 of expenditures that had been reimbursed that were not charged to the grant. The BOCES did recognize that these amounts had been requested in error by year end and recorded an unearned revenue of \$3,647 at year end and accordingly are not considered a questioned cost. This was not considered a material non-compliance with the grant requirements.

In addition, the BOCES requested a reimbursement of \$48,962 for the 23-24 fiscal year from the Colorado Department of Education. When this payment was received by the BOCES from the Department, it was noted as being for the 22-23 fiscal year and was recorded by the BOCES as a receivable and unearned revenue at year end.

Context: This finding was noted during the testing of Cash Management procedures related to the BOES Educational Stabilization Funds grant receipts. All other tested grant receipts were based on previously incurred grant expenditures in compliance with the Cash Management requirements and this does not appear to be a recurring issue or a material weakness in controls and was not noted in prior years for the BOCES' other Federal grants.

Effect: The BOCES had requested \$3,647 of grant funding that had either not been earned or obligated at the time of the request or was subsequently charged to a different BOCES program.

Cause: It appears that the BOCES may have reclassified expenditures from one program to another subsequent to the corresponding draw request. This error may have occurred if the BOCES was generating reimbursement requests based on current month activity rather than relying on year to date report relative to year to date draw requests

Recommendation: The BOCES must ensure that internal control procedures are in place to verify that all grant funding requests meet Cash Management requirements. In the BOCES case, this is normally a process whereby reimbursements are requested subsequent to the expenditure of grant funds, The BOCES should establish internal controls whereby the grant manager determines the amount to be requested and this is subsequently verified by finance staff to ensure that total requests do not exceed incurred or obligated expenditures.

Management Response - The BOCES will assure internal control procedures are in place to verify that all grant funding requests meet Cash Management requirements. Reimbursements will be requested subsequent to the expenditure of grant funds. The BOCES will establish internal controls whereby the grant manager determines the amount to be requested and this will be subsequently verified by finance staff to ensure that total requests do not exceed incurred or obligated expenditures. A review of the internal control procedures with all grant management and finance staff will assure that this is not a reoccurring issue.

C. Questioned Costs

None noted.

VI – Schedule of Prior Year Findings

None.

NE Colo BOCES
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures</i>
Special Education Cluster (IDEA)-Cluster			
Department of Education			
Special Education_Grants to States	84.027	Colo Dept of Education,4027	\$ 1,050,798
Special Education_Grants to States	84.027	Colo Dept of Education,6027 (84.027X)	6,255
Total Special Education_Grants to States			<u>1,057,053</u>
Special Education_Preschool Grants	84.173	Colo Dept of Education,4173	45,933
Total Special Education Cluster (IDEA)-Cluster			<u>1,102,986</u>
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colo Dept of Education,4010 Colorado Community College System,4048	412,649
Career and Technical Education -- Basic Grants to States	84.048		77,746
English Language Acquisition State Grants	84.365	Colo Dept of Education,4365	25,166
Improving Teacher Quality State Grants	84.367	Colo Dept of Education,4367	36,798
Student Support and Academic Enrichment Program	84.424	Colo Dept of Education,4424	84,021
Education Stabilization Fund			
Education Stabilization Fund	84.425	Colo Dept of Education,4419 (84.425D)	89,624
Education Stabilization Fund	84.425	Colo Dept of Education,4429 (84.425U)	703,951
Education Stabilization Fund	84.425	Colo Dept of Education,4432 (84.425D)	3,000
Education Stabilization Fund	84.425	Colo Dept of Education,4418 (84.425U)	82,118
Education Stabilization Fund	84.425	Colo Dept of Education,8425 (84.425W)	15,379
Education Stabilization Fund	84.425	Colo Dept of Education,8426 (84.425W)	21,233
Education Stabilization Fund	84.425	Colo Dept of Education,4429 (84.425D)	100,000
Total Education Stabilization Fund			<u>1,015,304</u>
Total Other Programs			<u>1,651,685</u>
Total Expenditures of Federal Awards			<u>\$ 2,754,671</u>

The accompanying notes are an integral part of this schedule

NORTHEAST COLORADO BOARD OF COOPERATIVE EDUCATIONAL SERVICES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards 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). Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: 10% DE MINIMIS INDIRECT COST RATE

The BOCES did not utilize the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

There were no subrecipients that received funding from the BOCES for the fiscal year.