

# FOLLOW-UP REPORT

## Department of Parks and Recreation **Parks Legacy Plan**

DECEMBER 2022



**TIMOTHY M. O'BRIEN, CPA**  
DENVER AUDITOR

**OFFICE OF THE AUDITOR**  
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# City and County of Denver



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## AUDITOR'S LETTER

*December 1, 2022*

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by city ordinance, we have a responsibility to monitor and follow up on audit recommendations to ensure city agencies address audit findings through appropriate corrective action and to aid us in planning future audits.

After following up on the "[Parks Legacy Plan](#)" audit report issued in October 2021, we determined the Department of Parks and Recreation fully implemented only three of the nine recommendations. The other six are either partially or not fully implemented.

During the original audit, we found the department did not have policies for ensuring compliance with city ordinance related to the Parks Legacy Fund. We also found it did not have policies for effectively communicating to the public how fund dollars were spent to build and maintain parks and it was not ensuring appropriate maintenance of all parks even while it acquired land for new ones.

During our follow-up, the department claimed its 2023 budget expansion request included asking for more staffing resources to support parks maintenance. Disappointingly, the department refused to provide us the budget request or the related staffing analysis. The refusal stemmed from instruction from the Budget and Management Office and was supported by the City Attorney's Office.

I strongly disagree that the city has the authority to shield information about any agency's proposed use of public funds. The Denver Charter gives the Auditor legal access to all information maintained by the Department of Finance and by any other city agency.

Based on our follow-up work, we determined the Department of Parks and Recreation did not fully address all the risks associated with our initial findings. Consequently, we may revisit these risk areas in future audits to ensure the city takes appropriate corrective action.

We appreciate the leaders and team members in Parks and Recreation as well as the Department of Human Resources who shared their time and knowledge with us throughout the audit and the follow-up process. Please contact me at 720-913-5000 with any questions.

Denver Auditor's Office

A handwritten signature in black ink, appearing to read "Timothy M. O'Brien".

Timothy M. O'Brien, CPA  
Auditor

## Parks Legacy Plan

**Original Report Issued:**  
OCTOBER 2021

**Follow-up Report Issued:**  
DECEMBER 2022

### Objective

To determine the extent to which the Department of Parks and Recreation was ensuring legacy fund dollars were spent appropriately to improve and expand the park system and accelerate the implementation of the department's two-year strategic plan, the "Game Plan for a Healthy City."

### Background

In 2018, Denver voters approved a 0.25% sales tax increase to support the Parks, Trails, and Open Space program. The city passed an ordinance for the program — the Parks Legacy Fund — which restricts this new revenue stream to specific purposes including acquiring additional land for parks and developing and maintaining new and existing parks. Parks and Recreation is responsible for managing the fund.

### The Department of Parks and Recreation Needed to Improve Existing Business Practices to Ensure Alignment with the Ordinance and Leading Practices

- The department could not demonstrate compliance with all ordinance requirements for the Parks Legacy Fund. Specifically, it had not sufficiently identified which expenses should be included in the calculation of administrative costs and had not distributed the annual report to all external stakeholders, as required.
- The department could increase its impact and effectiveness through better transparency by communicating to the public the status and success of projects and successes of the fund created through use of legacy dollars.
- The department needed to preserve institutional knowledge related to the Parks Legacy Fund through succession planning.

### The Department of Parks and Recreation Was Not Ensuring Appropriate Maintenance of All Parks

The department was acquiring new park assets while not ensuring existing facilities and land were sufficiently maintained and safe for the public and staff.

#### WHY THIS MATTERS

**Ensuring Parks and Recreation is using this voter-approved tax increase in line with the ordinance and is effectively communicating with the community and other stakeholders gives Denver voters assurance the department is expanding and taking care of the city's park system, which is why they voted for a 0.25% sales and use tax increase.**



3

FULLY IMPLEMENTED



1

PARTIALLY IMPLEMENTED



5

NOT IMPLEMENTED



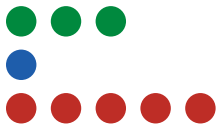


# Action Since Audit Report

## Parks Legacy Plan

9 recommendations proposed in October 2021

The Department of Parks and Recreation fully implemented three recommendations made in the original audit report. This demonstrates the department has processes and documented policies and procedures to help ensure compliance with the city ordinance governing the Parks Legacy Fund, such as those related to determining administrative costs and distributing annual reports. This increases transparency related to fund use for city residents and voters. However, the department only partially implemented one recommendation related to its communication policy and it has not addressed the risks five other recommendations had sought to resolve.



FULLY  
IMPLEMENTED

3



PARTIALLY  
IMPLEMENTED

1



NOT  
IMPLEMENTED

5

## REMAINING RISKS

The six recommendations the Department of Parks and Recreation did not fully implement present several lingering risks. Among them:

- Parks and Recreations' communications related to park improvements and projects still do not consistently mention project funding or timelines. By not sharing this information with the public, the department is still not ensuring it meets its intended purpose of developing a better-informed public and letting Denver residents and other key stakeholders, such as elected and city officials, know where and how legacy fund dollars are spent.
- Without documented succession plans, policies, and procedures for key roles at the department, managers cannot ensure institutional knowledge is retained when key staff leave so that the department can continue operating without interruption.
- Finally, because department managers did not conduct a formal needs assessment to identify an appropriate frequency for conducting park evaluations, they cannot effectively identify the resources needed — such as staffing levels — to ensure both existing and new parks are maintained, clean, and safe for visitors. Further, without qualitative and quantitative guidance and training for staff on how to use the revised evaluation forms, the department still risks evaluating parks inconsistently and not being able to use the results of evaluations to inform decision making.

## FINDING 1 | The Department of Parks and Recreation Should Improve Existing Practices to Ensure Alignment with the Ordinance and Leading Practices



### FULLY IMPLEMENTED

#### Recommendation 1.1

**REVISE ADMINISTRATIVE COST POLICY AND PROCEDURE** – The Department of Parks and Recreation should revise its current administrative cost policy to reflect how administrative costs should be calculated. The policy and procedure should include, at a minimum, which personnel salaries should be included and at what percentage, and how to consistently identify which other allowable expenses related to administering the legacy fund should be included in the total.

#### AGENCY ACTION

**Agency's original target date for completion: March 31, 2022**

The Department of Parks and Recreation implemented a new Parks, Trails, and Open Space Fund Program Administration policy in March 2022. The policy addresses multiple areas including administrative costs.

The policy requires the department's collecting and reporting costs to be clearly laid out in the city's financial system and lists allowable and non-allowable expense categories. It also includes guidance on how to calculate the annual administrative cost percentage to ensure it is within the allowed 5% of revenue.<sup>1</sup> Finally, the policy documents staff responsibilities and process steps for collecting, calculating, and approving annual administrative expense costs.

We reviewed the department's 2021 administrative cost approach and calculation. We found the department's administrative costs of 1.46% were in line with its policy and below the 5% allowed.

As a result, we consider the department fully implemented this recommendation.

<sup>1</sup> Denver Charter § 39-224(b).

**Recommendation 1.2**

**DEVELOP, DOCUMENT, AND IMPLEMENT PROCESS FOR ANNUAL REPORT**

**DISTRIBUTION** – The Department of Parks and Recreation should develop, document, and implement a policy and procedure for ensuring the annual report related to legacy fund use is distributed according to city ordinance.

**AGENCY ACTION**

**Agency’s original target date for completion: March 31, 2022**

The Department of Parks and Recreations’ new Parks, Trails, and Open Space Fund Program Administration policy addresses multiple areas including annual reporting requirements outlined in city ordinance.<sup>2</sup> The policy includes a requirement that a report of fund expenditures must be submitted annually to the mayor, the City Council, the Denver Auditor, and the Denver Parks and Recreation Advisory Board.

The policy also assigns responsibility for annual report approval and distribution. For example, the department’s finance director is responsible for reviewing and approving the financial information included in the annual report, while the marketing and communications director is responsible for distributing it.

We reviewed copies of emails and found they included a link to the department’s 2020 and 2021 annual reports for all required parties. The annual reports also contained a link to a summary of Park Legacy Fund expenditures. While not required, we confirmed the reports were available to the public on the department’s website.

As a result, we consider this recommendation fully implemented.



**PARTIALLY IMPLEMENTED**

**Recommendation 1.3**

**REVIEW THE EXISTING COMMUNICATIONS POLICY** – The Department of Parks and Recreation should conduct and document an analysis of its existing communication plan to ensure it is meeting the department’s intended purpose of developing a better-informed public. This analysis should include what elements, such as funding sources or project timelines, must be communicated to the public, when they should be communicated, and how frequently the communication should be updated.

**AGENCY ACTION**

**Agency’s original target date for completion: March 31, 2022**

<sup>2</sup> Denver Charter § 39-224(h).

While the Parks and Recreation Department’s internal communications team met to develop a new communications policy, the department did not provide documentation of the communications policy analysis to show it met all the elements outlined by the recommendation.

Our original audit found that Parks and Recreation had not been effectively and consistently communicating how the Parks Legacy Fund was being used to support project success and completion to the public. Furthermore, the original communications policy, which was last updated in 2013, did not provide guidance on what content should be communicated to the public.

We also found Parks and Recreation did not consistently communicate progress and success of legacy fund projects to the public after a project had started or had been completed.

Since then, we confirmed the communications team had met and developed a new supplemental communications policy. But because staff did not document their analysis, we could not confirm whether the analysis included all the elements listed in the recommendation, such as determining when and how frequently communications should be updated.

We reviewed the new supplemental communications policy but found it still did not mitigate the risks we identified in the original report. The updated policy was still inconsistent on what details should be communicated at each project phase and how often they should be communicated.

Therefore, we consider this recommendation only partially implemented.



## NOT IMPLEMENTED

### Recommendation 1.4

**REVISE AND IMPLEMENT COMMUNICATION POLICY** – After completion of the communication policy review in Recommendation 1.3, the Department of Parks and Recreation should revise and implement its communication policy to include changes identified in the analysis and to enhance its communication with the public, specifically about legacy funded projects.

### AGENCY ACTION

**Agency’s original target date for completion: March 31, 2022**

The Parks and Recreation Department’s communications team developed a new supplemental communications policy, but it still does not fully address all the risks we identified in the original audit.

In our original audit, we found the communications policy did not provide



guidance on what content should be communicated to the public. Following our analysis of the new supplemental communication policy, we found the new policy did have some updated guidance on including funding sources and project timelines in communications as well as some information on when to create and send communications to the public.

However, the updated policy was still inconsistent on what details should be communicated at each project phase and how often they should be communicated. Further, because the communications team did not document its analysis when developing the new communications policy, in accordance with Recommendation 1.3, we could not determine whether the updated policy adequately promoted a better-informed public.

During our original audit, only three out of 32 legacy funded projects contained communication related to the legacy fund, suggesting that legacy-funded projects were not being consistently communicated. In our follow-up, we found similar results. We reviewed 24 communications examples, including public flyers, banners, and social media posts. Only seven mentioned the Parks Legacy Fund, while only nine mentioned project timelines.

By not creating a policy with clear and consistent guidance for communicating legacy project information, the department does not fully address the risks identified in the original audit report and leaves room for inconsistent communications throughout the project.

Given this, we consider this recommendation not implemented.

**Recommendation 1.5**

**DEVELOP AND DOCUMENT SUCCESSION PLANS** – The Department of Parks and Recreation should develop and document plans for succession and contingency planning, as it relates to the administration of the Legacy Fund, to ensure the department can continue achieving its objectives, such as those outlined in the ordinance, when staffing changes occur. This should include policies documenting the retention of organizational knowledge to mitigate the risk of knowledge loss, as well as the means to communicate this knowledge to external stakeholders.

**AGENCY ACTION**

**Agency's original target date for completion: March 31, 2022**

The Department of Parks and Recreation has started documenting talent reviews, which the city's Department of Human Resources says are the precursor to the succession planning process. However, Parks and Recreation has not developed and documented a succession and contingency plan. Additionally, the department did not provide documentation to show it had developed policies and procedures for retaining institutional knowledge.

In the original audit, Parks and Recreation officials said they worked with the Office of Human Resources in 2019 to develop a succession plan, and that they were updating this plan with a talent review to be completed by the end of March 2022.

When we requested a copy of this succession plan, both agencies could not find it. Instead, Human Resources provided the talent review spreadsheets it developed for Parks and Recreation to complete.

According to Human Resources, talent reviews were designed for Parks and Recreation leadership to identify positions within the department that, if left vacant, would cause significant disruption to the business. Parks and Recreation leaders were then charged with identifying staff with the abilities, knowledge, and skills to grow and advance to these critical positions. They were also supposed to interview candidates and evaluate their willingness to develop and grow into those positions and their level of readiness. Finally, leaders were to create a development plan for each candidate.

However, our analysis of the 2019 and 2020 talent reviews showed some inconsistencies. We found some spreadsheets were missing information such as details related to the employees' strengths, areas for development, and action plans. Action plans could also include developing procedures and cross training. When we asked for documentation to support these action plans, the department did not provide any, explaining this was an "on-going discussion ... about succession planning."

According to Human Resources managers, not all Parks and Recreation leaders were on board with the talent review process. For example, although the Parks Division completed a talent review, it was the last one to accept the process and understand the need. This resulted in the division's initial work not being as thorough as the other divisions' talent reviews. According to Human Resources, it also had to polish and finalize some of the talent reviews to make them more presentable.

Besides not developing succession plans to share institutional knowledge and ensure business continuity, Parks and Recreation did not provide documentation to show policies and procedures were developed as required by the recommendation.

Our original audit determined that Parks and Recreation's approach to documentation, knowledge sharing, and contingency planning for key roles related to the administration of the Parks Legacy Fund could result in inadequate preparation to continue operations and retain information related to key decisions, if and when key staff departed their roles.

Although Parks and Recreation may be on the right track in identifying key positions and possible successors through the talent reviews, it has yet to develop and document a formal succession plan. Additionally, the department has not developed policies and procedures for preserving institutional knowledge.

Given these issues, we consider this recommendation not implemented.

## FINDING 2 | The Department of Parks and Recreation Is Not Ensuring Appropriate Maintenance of All Parks



### FULLY IMPLEMENTED

#### Recommendation 2.4

**FORMALIZE DEFINITION OF SUPPLANTING** – The Department of Parks and Recreation should work with the City Attorney’s Office to formalize the definition of supplanting as it relates to the Parks Legacy Fund ordinance.

#### AGENCY ACTION

**Agency’s original target date for completion: March 31, 2022**

The Department of Parks and Recreation’s new Parks, Trails, and Open Space Fund Program Administration policy took effect March 1, 2022. The policy includes a formal definition for supplanting and requires that all funds be used for ordinance purposes and not replace nor supplant any general fund appropriations allocated each year to the department.

The policy also assigns responsibility to the finance director for working with the city’s Department of Finance to assure no supplanting occurs.

To support it had worked with the City Attorney’s Office to formalize the definition of supplanting, Parks and Recreation provided an email showing it contacted the office in September 2021 to discuss the recommendation.

Therefore, we consider this recommendation fully implemented.



### NOT IMPLEMENTED

#### Recommendation 2.1

**CONDUCT AND DOCUMENT A FORMAL NEEDS ASSESSMENT** – The Department of Parks and Recreation should conduct and document a formal needs assessment to determine how to ensure parks are maintained properly and park hazards are quickly identified and corrected. The needs assessment should analyze existing and future maintenance needs, as well as the necessary frequency for conducting on-site park evaluations, to achieve agency goals and strategic plans. In combination with other planning data,

the department should use the results of the needs assessment to inform decisions related to the use of the Parks Legacy Fund.

## AGENCY ACTION

### Agency's original target date for completion: March 31, 2022

The department has not conducted and documented a formal needs assessment. At the time of the original audit and in response to this recommendation, Denver Parks and Recreation said it would complete a park evaluation annually and monitor consistency across the park system. In addition, it said "maintenance was not static, and changes would need to be made to address changing circumstances."

As part of our follow-up work, we interviewed Parks and Recreation representatives and found the department created a new park evaluation form and instructed its operational supervisors to inspect their assigned parks on a weekly basis. Parks Division managers require the new evaluation form to be completed weekly for several reasons including:

- To encourage operational supervisors to build the habit of filling the form out regularly and consistently.
- To develop a work plan.
- To be the guiding principle to identify and address broken items.
- To generate work orders.

While the department changed how often it conducts park evaluations, we found it did not document the decision-making process to justify the weekly frequency.

When we interviewed other department managers, they did not agree with the weekly park evaluation frequency. For example, one manager argued that weekly evaluations seemed impractical and unattainable as they require extensive additional paperwork and time from the already-busy operational supervisors. Managers said the frequency of the evaluations should be determined based on park size and level of use. For example, the larger regional parks should be evaluated weekly because of the large number of daily park visitors, while smaller parks, with less than 80 acres and fewer daily visitors, should be evaluated monthly.

Regardless, the department did not provide any documentation showing that it determined that parks should be evaluated on a set frequency based on a formal needs assessment.

In the original report, we included an addendum to clarify that the purpose of the recommendation was for the Department of Parks and Recreation to use a systematic approach to identify how frequently parks should be evaluated as the existing annual evaluation was not sufficient. Furthermore, we said the department should be able to provide documentation outlining the decision-making process, including an analysis of existing and future

maintenance needs and current park conditions, to support the frequency of evaluations.

Although the department has increased the frequency of the park evaluations from once a year to weekly, it did not document its justification for the initial change, and representatives said they might soon change the frequency from weekly to every other week.

Therefore, we conclude this recommendation is not implemented.

**Recommendation 2.2**

**CONDUCT A WORKFORCE ANALYSIS** – Using the results of the needs assessment, the Department of Parks and Recreation should conduct a workforce analysis to determine appropriate staffing resources to maintain existing assets while planning for the anticipated growth of the park system. The results of the workforce analysis and other planning data should be used to inform decisions related to the use of the Park Legacy Fund.

**AGENCY ACTION**

**Agency’s original target date for completion: June 30, 2022**

Recommendation 2.2 depended on Recommendation 2.1 being implemented. But because no needs assessment was done, Parks and Recreation cannot demonstrate it used the results to determine appropriate staffing resources to maintain existing assets while planning for the anticipated growth of the park system.

In its response to the recommendation, the department said it would continue to evaluate its staff needs as part of the annual budget process and that the 2023 budget expansion request had been submitted and was waiting approval.

When we asked for the budget proposal the department had submitted to the Budget and Management Office, both Parks and Recreation and budget office refused to give us the information. Both said budget submissions were considered protected documents. Regardless, the department could have provided other documentation to show it conducted a workforce analysis.

Consequently, the department cannot demonstrate it conducted the necessary review to identify the size of staff it needs to properly maintain its existing and newly acquired parks and to mitigate the risks we identified. During the original audit, the department was operating with fewer staff resources and a growing park system while acknowledging that land acquisitions would require more staff to maintain it.

Based on the lack of documentation and cooperation, we consider this recommendation not implemented.



**Recommendation 2.3**

**STANDARDIZE EVALUATION PROCESS** – The Department of Parks and Recreation should identify a single evaluation form and train staff to conduct site evaluations following a standardized process to ensure parks are evaluated by the same quantitative and qualitative standards. In combination with other planning data, the department should use the results of the site evaluations to inform decisions related to the use of the Parks Legacy Fund.

**AGENCY ACTION**

**Agency’s original target date for completion: March 31, 2022**

The Department of Parks and Recreation created a single evaluation form and developed training programs to standardize the park evaluation process, but the new form lacks substantial detail and guidance and we found training efforts appear to fall short because park evaluations remain inconsistent. Specifically, the new form’s definitions section lacks detailed explanations of qualitative and quantitative standards, which may impact the consistency of how these forms are completed.

For example, during the original audit, we were able to use the 2018 park evaluation forms to complete 16 park evaluations independently of Parks and Recreation, in part because of the clear guidelines and photographic examples included on the form. We did not flag the standards and guidance used on the 2018 form because we concluded the standards were useful criteria for site visits. Our concerns were that Parks and Recreation was using different versions of the form — resulting in inconsistent evaluations, parks failing department standards, and some forms that could not be scored.

To address this risk, we recommended the department standardize the evaluation forms and train staff to use a single and consistent form. However, in establishing the new form, the department removed much of the definitions and criteria found in the 2018 version and exposed the evaluation process to the same risk identified in the original audit.

We also confirmed Parks and Recreation created some training programs, such as videos, to train staff to use the new forms. But the videos the department provided did not include any sound, and we could not confirm what content was covered or how the information was communicated. Managers did not provide additional videos when we requested them.

Furthermore, we were unable to confirm whether trainings occurred at all. According to department leadership, park district managers are responsible for training staff members on using the new form, but leadership did not provide records to support that trainings took place or that staff attended.

To determine whether the new form’s instructions, quantitative and qualitative standards, and training programs were sufficiently guiding park evaluators, we analyzed 20 submitted park evaluation forms for August 2022. Our analysis showed department staff are, for the most

part, now using the same version of the form. However, we noted many inconsistencies, errors, or blank fields in many of the submitted forms. Specifically, only four of the 20 forms had no errors or blank fields. The remaining 16 had instances where data fields were left blank or not filled out properly according to the instructions for each sheet.

Additionally, we noticed some discrepancies across park districts regarding the level of detail added in each evaluation form when describing park issues. While discrepancies between each park district's evaluation forms were minimal, these variances continued across all the evaluation forms we reviewed, which suggests training is not sufficient or consistent across each park district.

Parks and Recreation leadership told us the new form is still in development and they are actively gathering feedback from users to improve it. While improvements continue to be made to the form, the department failed to fully implement all recommended changes by the agreed-upon date of March 31, 2022.

By not producing an evaluation form and training guidance that adequately explains quantitative and qualitative standards for evaluating parks, the department is not conducting evaluations consistently. As a result, the department's monitoring and review procedures are not adequately designed to detect and correct issues or concerns with the city's park spaces.

While we acknowledge development of this form and its use is still ongoing, we could not confirm that most of this recommendation was fulfilled by the implementation date.

Therefore, we consider this recommendation not implemented.

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