DENVER
CLIMATE ACTION, SUSTAINABILITY & RESILIENCY

May 8, 2025

Auditor Timothy M. O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Ave., Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit entitled "Climate Protection Fund." This memorandum provides a written response for each reportable condition noted in the final draft of the Auditor's report, which was sent to us on April 16, 2025. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code.

Please see the subsequent pages for our responses to each recommendation and contact Elizabeth Babcock at 720-692-7830 with any questions.

Sincerely,

Elizabeth Babcock
Executive Director, Climate Action, Sustainability, and Resiliency

CC:
Valerie Walling, CPA, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director
Patrick Schafer, CPA, CFE, CIA, MBA, Senior Audit Manager
Shaun Wysong, MA, Audit Manager

Climate Protection Fund

Office of Climate Action, Sustainability, and Resiliency
May 2025

AUDIT FINDING 1

Low staffing levels and informal processes make program monitoring less effective

RECOMMENDATION 1.1

Revise staffing plan
The Office of Climate Action, Sustainability, and Resiliency should revise its existing staffing and hiring plan to determine its staffing needs to meet program objectives and goals. The plan should outline steps to be taken for completing the assessment, give details for the roles and responsibilities for requested positions, and show how staffing gaps will be addressed.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/15/2025

Specific point of contact for implementation

Name:	Elizabeth Babcock
Phone:	720-692-7830

Provide a written response

CASR agrees that it should revise its existing staffing and hiring plan. CASR's needs have shifted as it transitions from its inception and rapid growth-phase into a more established agency. CASR is developing a plan to align our objectives and goals with our workforce to achieve our mission.

RECOMMENDATION 1.2

Update invoice review process guide

The Office of Climate Action, Sustainability, and Resiliency should update its invoice review process guidance to include information on retaining supporting documentation. The office should also ensure all project managers are trained on documentation retention requirements.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	8/29/2025

Specific point of contact for implementation

Name:	Tim Strach
Phone:	720-244-8361

Provide a written response
We work continuously to improve our invoice review processes to ensure that expenditures are reviewed for compliance and accuracy. Part of this process includes requiring the necessary supporting documentation from vendors for verification of costs related to contract compliance. Along with the document retention requirements for the CCD, these requirements are part of the revamped training platform we are implementing beginning in mid-2025 to ensure that all employees are properly trained.

RECOMMENDATION 1.3

Develop contract monitoring policies and procedures

The Office of Climate Action, Sustainability, and Resiliency should develop and document policies and procedures for contract monitoring and ensure that all project managers are trained on it.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	8/29/2025

Specific point of contact for implementation

Name:	Tim Strach

Phone:	720-244-8361

Provide a written response
We have been building our contract administration team's capacity to fortify the contract monitoring role. By enhancing our policies and procedures, training curriculum and requirements for staff, we will equip our team members with these comprehensive tools to ensure uniform and standardized performance monitoring and evaluation of contracted work. Revamped training requirements will kick-off in mid-2025 and will be an ongoing requirement for onboarding and continuous training.

RECOMMENDATION 1.4

Develop objectives, goals, and indicators
The Office of Climate Action, Sustainability, and Resiliency should develop and document clear objectives, key performance indicators, and measurable goals.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/15/2025

Specific point of contact for implementation

Name:	Jonathan Rogers
Phone:	203-912-4664

Provide a written response
As demonstrated by its annual report, CASR tracks several metrics and key performance indicators to continuously monitor program performance and provide decision makers the ability to report and evaluate across investments. CASR is hiring a Data Impact Evaluation Lead that will help to enhance this work and improve consistency across the agency. It will help to document clear overarching objectives and measurable goals for the agency.

RECOMMENDATION 1.5

Document a monitoring plan

The Office of Climate Action, Sustainability, and Resiliency should develop and document a monitoring plan for its programs and projects outlining the monitoring process, data collection, and the frequency of assessments.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/15/2025

Specific point of contact for implementation

Name:	Jonathan Rogers
Phone:	203-912-4664

Provide a written response
CASR will develop and document a consistent approach to monitor programs and projects. Our new Data Impact Evaluation Lead will help to implement policies, procedures, business practices, and control mechanisms, to assure data integrity and availability. The collected data will be used in impact monitoring and evaluation efforts to inform performance and strategic decision making.

RECOMMENDATION 1.6

Develop performance monitoring policies

The Office of Climate Action, Sustainability, and Resiliency should develop policies and procedures for documenting each program's inputs, outputs, program activities, and outcomes.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/15/2025

Specific point of contact for implementation

Name:	Jonathan Rogers
Phone:	203-912-4664

Provide a written response
CASR will develop and document a consistent approach to program inputs, outputs, activities, and outcomes. CASR's new Data Impact Evaluation Lead will help to create consistency across CASR teams and programmatic efforts. Outputs will feed into dashboards, charts, graphs, maps, and other visualizations to help stakeholders understand information and make informed decisions.

RECOMMENDATION 1.7

Document performance evaluation action plan
The Office of Climate Action, Sustainability, and Resiliency should develop and document an action plan to respond to and improve issues identified in performance evaluations.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/15/2025

Specific point of contact for implementation

Name:	Jonathan Rogers
Phone:	203-912-4664

Provide a written response
Developing a performance evaluation action plan will go hand-in-hand with other efforts related to CASR's establishment of clear goals and indicators (recommendation 1.4), a monitoring plan (1.5), and performance monitoring policies (1.6). Collectively, these resources will enable CASR to successfully respond to and improve upon identified issues. CASR embraces a culture of innovation and continuous improvement and these activities are well aligned with our approach.

AUDIT FINDING 2

Projects funded for other Denver agencies did not always align with the ordinance's allowable uses and the office's mission and goals

RECOMMENDATION 2.1

Document rules and regulations for funding decisions
The Office of Climate Action, Sustainability, and Resiliency should develop and document formal rules and regulations for what it considers when making funding decisions and the process for making funding decisions for other city agencies.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	11/19/2025

Specific point of contact for implementation

Name:	Elizabeth Babcock
Phone:	720-692-7830

Provide a written response
CASR will develop and document rules and regulations regarding funding decisions, including agency agreements.

RECOMMENDATION 2.2

Document monitoring process
The Office of Climate Action, Sustainability, and Resiliency should document and implement a process to monitor other city agencies' projects funded by the Climate Protection Fund to ensure funds are used in alignment with the ordinance's allowable uses and interagency agreements.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	8/29/2025

Specific point of contact for implementation

Name:	Jonathan Rogers
Phone:	203-912-4664

Provide a written response
The Climate Protection Fund enabling ordinance describes the fund as a catalytic opportunity for Denver. CASR embraces this role, and recognizes the opportunity that the fund presents to help other institutional decision-makers and city agencies shift the status quo. While we are proud of the collaborative work that CASR has engaged in with our partner agencies, we recognize the importance of formal processes and documentation to better monitor other city agency projects that are funded.

RECOMMENDATION 2.3

Retain supporting documentation
As a part of implementing Recommendation 2.2, the Office of Climate Action, Sustainability, and Resiliency should document and implement a process to retain supporting documentation of its funding decisions and expenses to other city agencies in alignment with the city's General Records Retention Schedule.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	7/31/2025

Specific point of contact for implementation

Name:	Tim Strach
Phone:	720-244-8361

Provide a written response
Funding decisions are documented in inter-agency agreements and in the files maintained by respective project managers. We agree that when implementing Recommendation 2.2, all files and supporting documentation related to these decisions along with resulting expenses will be retained in accordance with city policy and retention schedules.

RECOMMENDATION 2.4

Document supplanting guidance
The Office of Climate Action, Sustainability, and Resiliency should work with the City Attorney's Office and the Budget and Management Office to develop and document formal guidance on what is and is not considered supplanting for the Climate Protection Fund. Once this guidance is documented, the office should document and implement policies and procedures to monitor programs to ensure supplanting does not occur.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/30/2025

Specific point of contact for implementation

Name:	Tim Strach
Phone:	720-244-8361

Provide a written response
We will continue to work with the City Attorney's Office and the Department of Finance to define supplanting. Subsequent policies and procedures will be documented and implemented to ensure compliance.

RECOMMENDATION 2.5

Document expense tracking method
The Office of Climate Action, Sustainability, and Resiliency should develop, document, and implement a method to track Climate Protection Fund spending on other city agencies' programs, such as using program codes in Workday.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	7/31/2025

Specific point of contact for implementation

Name:	Tim Strach
Phone:	720-244-8361

Provide a written response
We have initiated using program codes in our financial system of record (Workday) to track spending on other agency programs through our inter-agency agreements. Use of program codes will allow for financial reporting in a way that permits independent verification. We are finalizing our policy and procedure for assuring that our finance team enters expense data accordingly and that project managers submit requests for payment with necessary supporting documentation.

AUDIT FINDING 3

The Climate Protection Fund's budget process is not sufficiently researched and supported by data

RECOMMENDATION 3.1

Evaluate budgeting processes
The Office of Climate Action, Sustainability, and Resiliency should conduct and document an evaluation of its budgeting process for the Climate Protection Fund to explore whether its budgeting method or alternative methods best suit its needs. This evaluation should document the data and information used to evaluate budgeting methods.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/15/2025

Specific point of contact for implementation

Name:	Elizabeth Babcock
Phone:	720-692-7830

Provide a written response
In the early years of the CPF, limited data was available to inform budget decisions. Moving forward, CASR will utilize data from program evaluation and best practices to make decisions regarding the highest and best use of the CPF to achieve its stated outcomes. CASR has already begun to incorporate impact assessments into the budget allocation process for 2025. CASR also completed a comprehensive impact evaluation in 2024 for years 2021-2023 of the CPF.

RECOMMENDATION 3.2

Implement desired budgeting method
After completing Recommendation 3.1, the Office of Climate Action, Sustainability, and Resiliency should implement its desired budgeting method and document it in formal policies and procedures.

Agency response:	Agree

Target date to complete implementation activities: (Generally expected within 60 to 90 days)	9/15/2025

Specific point of contact for implementation

Name:	Elizabeth Babcock
Phone:	720-692-7830

Provide a written response
CASR currently allocates budget to seven allowable use cost centers, aligning with the allowable uses of the fund. CASR will examine whether this practice is the most effective and efficient way to allocate, track and report on the budget.