



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

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit of the Caring for Denver Grant.

This memorandum provides a written response for each reportable condition noted in the Auditor's Report final draft that was sent to us on Tuesday, August 23rd, 2022. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

Thank you for the opportunity to respond to the Co-Responder Expansion Grant and Contract Compliance Audit. I welcome the opportunity to participate in audits that can support the Department of Safety's commitment to optimal performance and service delivery, however, this audit lacked the acknowledgement or understanding of the unique and unprecedented nature that the Department of Safety, and our society, faced over the past few years. While the audit contained many positive recommendations, including those that were proposed by my team during audit briefings and subsequently implemented, the overall tone and tenor of the audit lacked objectivity and consideration of several fundamental factors that drastically impacted operations, including a global pandemic, civil unrest, and economic hurdles unlike anything the city had faced in recent memory. It is also critical to point out that the audit failed to recognize the hard work that the Department of Safety's finance team had already implemented or are in the process of implementing to remedy many of the concerns raised in this review.

It is troubling to discuss the context of this audit without sincere acknowledgement of the staffing challenges and changes that took place over the past few years. This grant was initiated before Denver Police Department's (DPD) finance team merged with the Department of Safety's finance team in 2021. In addition, at the beginning of 2020, the DPD finance team had an allocation of nine FTE; however, in 2021, authorized FTE dropped to five due to economic conditions associated with the pandemic, the retirement incentive and budget reductions. Currently, three of the five FTE are vacant, and the other filled positions are not involved in grants administration. Additionally, both the DPD grants administrator and the grants accountant resigned in Summer, 2021 and those positions remained vacant until early 2022.

Additionally, the audit does not account for the redeployment of staff for COVID efforts or the team's prioritization and focus on federal grants, operating contract compliance, and the 2021 budget process. Moreover, this review fails to acknowledge the key fact that there were no operational impacts to the program or any services of the Co-responder program.

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While I appreciate and welcome the opportunity to participate in audits to ultimately improve our services, I hope you can understand why it is disheartening to see such vital information omitted from this report. The Department of Safety is steadfast in its commitment to ongoing evaluation and implementation of thoughtful changes to improve performance and service delivery, and we value working with your office to identify areas for improvement. It is my sincere hope that you will consider the Department of Safety's response, and that we can move forward in the future in the true spirit of improvement, collaboration and transparency.

AUDIT FINDING 1

The Denver Police Department and Department of Public Safety Do Not Sufficiently Manage the Grant or Contract for the Co-Responder Expansion Program

RECOMMENDATION 1.1		
Establish Secure Document-Sharing Procedures – The Denver Police Department and Department of Public Safety should work with WellPower and the city's Technology Services agency to identify a secure way to transfer invoices and supporting documentation. WellPower should notify designated department staff of file transfers, and department staff should confirm receipt until both parties are confident that documents are being sent and received on time.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	06/20/2022	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.1

DOS Finance had initiated the process to closeout this grant at the time of the audit interview and had already identified this issue. This recommendation was implemented via set-up of a Proof Point file share on June 20, 2022.

RECOMMENDATION 1.2		
Calculate and Pay Overdue Interest – The Denver Police Department and Department of Public Safety should work with the city's Finance Department to identify the prompt-pay interest the city owes WellPower from late invoice payments. Once the amount owed is identified, the department should pay this amount to WellPower from a funding source other than the grant.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Disagree	N/A	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.2

We respectfully disagree with this recommendation. The agency received the prompt pay penalty assessment waiver on March 24 and do not owe any additional fees. The agency was honest and transparent in its communications with WellPower when requesting the prompt pay assessment waiver. At no time, did the agency coerce WellPower to waive penalties. Additionally, email documentation was provided to the Auditor’s Office that specifically states the CFO of WellPower agreed to waive the prompt pay penalty assessment.

<p>RECOMMENDATION 1.3 Follow City’s Records Retention Policy – The Denver Police Department should work with the Department of Public Safety to ensure it complies with the city’s records retention policy related to invoice supporting documentation.</p>		
<p>Agree or Disagree with Recommendation</p>	<p>Target date to complete implementation activities (Generally expected within 60 to 90 days)</p>	<p>Name and phone number of specific point of contact for implementation</p>
<p>Agree</p>	<p>6/20/2022</p>	<p>Chanee Cummings (720) 913-6538</p>

Narrative for Recommendation 1.3

The agency has always complied with the City’s Record Retention policy. With the departure of key finance personnel who managed this grant and no opportunities for information sharing for new staff members, it was challenging to provide the Auditor’s Office with the requested information in a timely manner during their fieldwork interviews.

<p>RECOMMENDATION 1.4 Develop Succession Planning – The Denver Police Department and the Department of Public Safety should develop and document formal succession plans for all positions related to grant and contract management to ensure the departments can continue to comply with the grant and contract if key staff leave.</p>		
<p>Agree or Disagree with Recommendation</p>	<p>Target date to complete implementation activities (Generally expected within 60 to 90 days)</p>	<p>Name and phone number of specific point of contact for implementation</p>
<p>Agree</p>	<p>03/01/2023</p>	<p>Chanee Cummings (720) 913-6538</p>

Narrative for Recommendation 1.4

Our agency agrees with this recommendation; however, our priority is to get all finance grant positions staffed and fully reconcile all grant activities. Once this is complete, the DOS Finance Director, will be able to develop and document a formal succession plan.

RECOMMENDATION 1.5

Determine Indirect Costs – The Department of Public Safety and the Denver Police Department should work with the city’s Finance Department to:

- Identify another source of funding to make up for the 20-percentage-point difference in the indirect cost rate between the grant agreement and the contract with WellPower.
- Reimburse the grant award for the amount of indirect costs the department has overcharged the grant.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	8/01/2022	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.5

The agency had identified this item during the reconciliation of grant activities in Workday and completed the journal to transfer all unallowed expenditures from the Workday grant record on August 1, 2022.

RECOMMENDATION 1.6

Deduct Program Income – The Department of Public Safety and the Denver Police Department should work with the city’s Finance Department to determine whether the program income WellPower received should be deducted from the direct costs or the total costs, including both direct and indirect costs.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	12/15/22	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.6

The Department of Public Safety agrees to discuss this issue with the Finance Department as well as WellPower.

RECOMMENDATION 1.7		
Support Program Income – The Department of Public Safety and the Denver Police Department should ensure WellPower is providing documentation to support monthly program income (e.g., the amount billed to and paid by insurance) along with other invoice supporting documentation for future invoices.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	09/01/2022	Lynn Doyle - (720) 913-6054 Scott Snow – (720) 913-6926

Narrative for Recommendation 1.7

This recommendation has been addressed in the 2022 Co-Responder agreement with WellPower.

RECOMMENDATION 1.8		
Clarify Contract Language – Because the Co-Responder Program is funded on an annual basis, the department should work with the City Attorney’s Office to formalize the program’s indirect costs and program income deduction approach in future contracts related to the program to ensure clarity and fairness for both the city and the service provider.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/2022	Chanee Cummings & Scott Snow

Narrative for Recommendation 1.8

Agency will review this recommendation with the City Attorney’s Office for determination and will formalize recommendations into future contract amendments.

RECOMMENDATION 1.9		
Reimburse Travel Expenses – The Denver Police Department and the Department of Public Safety should identify another source of funds to cover travel reimbursements for the Co-Responder Program’s outreach case coordinators. Once identified, the Police Department should use this to reimburse the 2020 Caring for Denver Co-Responder Program grant for the \$4,427.84 in unallowable travel costs.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	08/01/2022	Chanee Cummings

Narrative for Recommendation 1.9

The agency had identified this item during the reconciliation of grant activities in Workday and completed the journal to transfer all unallowed expenditures from the Workday grant record on August 1, 2022.

RECOMMENDATION 1.10 Allocate Costs for Respective Grant Periods – The Denver Police Department and Department of Public Safety should work with the city’s Finance Department to identify and implement an appropriate accounting practice to allocate expenses to correct grant award periods.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	7/01/2021	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.10

The agency’s current accounting practices comply with Generally Accepted Accounting Principles standards and City Fiscal Accountability Rules. We believe this recommendation to be a misunderstanding by the Auditor’s Office of the allocation of the July 2021 invoice. This invoice applied to the full program, to include expanded 24/7 operations that aligned with a program and grant start date of July 1, 2021. These expanded operations were not allowed on the 2020 grant award. The expenses were posted to the appropriate grant award.

RECOMMENDATION 1.11 Use the Workday Grant Management System – The Denver Police Department and the Department of Public Safety should be trained on and use the city’s grant management function in Workday, the city’s system of record, to help manage and monitor the Co-Responder Expansion Program grant for compliance and for accounting awareness of grant expenses.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/2022	Lynn Doyle (720) 913-6054

Narrative for Recommendation 1.11

All current agency finance personnel assigned to finance grant management functions have been trained on and use the City’s grant management function in Workday to manage and monitor all grant awards. Finance personnel provide program managers with ad-hoc reports, produced from Workday, to aid in cost analysis activities for each grant award. Program managers can view reports and run queries in Workday at any time. DOS Finance will ensure all newly hired finance personnel have been trained accordingly.

RECOMMENDATION 1.12		
Update Interest Earnings – The Denver Police Department and the Department of Public Safety’s point of contact with the city’s Budget and Management Office and Controller’s Office should ensure they are receiving monthly notifications related to grant interest earnings. The responsible party should then update the Workday budget-to-actual report accordingly.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	7/26/2022	Lynn Doyle (720) 913-6054

Narrative for Recommendation 1.12

The agency had identified this item during the reconciliation of grant activities in Workday and completed the request to the Controller’s Office for inclusion to the distribution list for notification of interest earnings. This was completed on July 26, 2022

RECOMMENDATION 1.13		
Close the Grant and Return Unspent Funds – The Denver Police Department and Department of Public Safety should close the 2020 Caring for Denver grant for the Co-Responder Expansion Program and return the unspent money — including interest earned — to the Caring for Denver Foundation.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	9/15/22	Lynn Doyle (720) 913-6054

Narrative for Recommendation 1.13

A check for unspent funds was issued to Caring for Denver on August 16, 2022. At the time of this correspondence, agency finance personnel are finalizing the close-out processes in Workday.

RECOMMENDATION 1.14		
Establish Grant Oversight – The Denver Police Department and the Department of Public Safety should identify an individual or individuals responsible for monitoring grant compliance and ensuring deliverables and milestones are met.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	06/19/2022	Lynn Doyle - (720) 913-6054 Scott Snow – (720) 913-6929

Narrative for Recommendation 1.14

Agency personnel have been identified to provide grant oversight.

RECOMMENDATION 1.15		
Establish Contract Oversight – The Denver Police Department and the Department of Public Safety should identify an individual or individuals responsible for monitoring contract compliance and performance.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	06/19/2022	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.15

Agency personnel have been identified to provide contract oversight.

RECOMMENDATION 1.16		
Provide Grant and Contract Management Training – The Denver Police Department and the Department of Public Safety should ensure individuals responsible for oversight are sufficiently trained on grant and contract management.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	11/30/2022	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.16

Agency agrees with this recommendation.

RECOMMENDATION 1.17

Document Grant-Monitoring Policies and Procedures – The Denver Police Department and the Department of Public Safety should establish and document policies and procedures focused on ensuring grant compliance. These should identify roles and responsibilities related to grant management as well as processes for ensuring all deliverables — such as annual reports and milestones — are completed and that project meetings are documented.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	10/31/2022	Lynn Doyle (720) 913-6054

Narrative for Recommendation 1.17

DPD currently has a policy and procedure for monitoring contracts which was discovered following Auditor’s Office fieldwork interviews. This policy and procedure is currently under review by DPD and DOS personnel.

RECOMMENDATION 1.18

Document Contract-Monitoring Policies and Procedures – The Denver Police Department and the Department of Public Safety should establish and document policies and procedures focused on ensuring contract compliance, including WellPower’s compliance with contract requirements. These policies and procedures should include identifying roles and responsibilities related to contract management as well as developing processes for ensuring all deliverables, such as due-diligence reviews and risk assessments, are completed and that project meetings are documented.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	10/31/2022	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.18

DPD currently has a policy and procedure for monitoring contracts which was discovered following Auditor’s Office fieldwork interviews. This policy and procedure is currently under review by DPD and DOS personnel.

RECOMMENDATION 1.19 Complete Sole-Source Justification – The Denver Police Department and the Department of Public Safety should ensure any sole-source justification documentation for WellPower is completed and kept in future contract agreements with WellPower.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	08/18/2022	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.19

This recommendation has been addressed with the 2022 Co-Responder agreement with WellPower.

RECOMMENDATION 1.20 Conduct and Document a SubRecipient Risk Assessment and Due Diligence Review – The Denver Police Department and the Department of Public Safety should conduct a sub-recipient risk assessment and due diligence review of WellPower to comply with the contract.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	08/16/2022	Chanee Cummings (720) 913-6538

Narrative for Recommendation 1.20

DOS Finance has reviewed City Fiscal Accountability (FAR) Rule 9.2 which defines a subrecipient as a non-federal entity that expends Federal awards. The funding source of this grant is not a federal award, thus WellPower is not considered a subrecipient. This information has been verified through completion of the Subrecipient vs. Contractor Guidance Worksheet referenced in FAR 9.2.

RECOMMENDATION 1.21

Prepare and Submit Complete and Accurate Annual Reports – The Denver Police Department and the Department of Public Safety should prepare and submit accurate annual reports to the Caring for Denver Foundation as required by grant agreements. The reports should align with the grant budget as well as the final expenditures generated from the city’s financial system of record, Workday.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	8/15/2022	Scott Snow (720) 913-6926

Narrative for Recommendation 1.21

In partnership with WellPower, the Police Department has submitted all required documents to the Caring for Denver Foundation.

AUDIT FINDING 2

The Denver Police Department is Not Ensuring Data for the Co-Responder Expansion Program is Reliable and Accurate

RECOMMENDATION 2.1

Develop and Document Policies and Procedures for Data Entry – The Denver Police Department should work with WellPower to develop and document policies and procedures for data entry related to the department’s Co-Responder Expansion Program.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	12/15/22	Scott Snow 720-913-6926

Narrative for Recommendation 2.1

The Department agrees to work with WellPower to document policies and procedures for data entry, however, there are restrictions to accessing mental health records that must be considered. The Department relies on the data integrity plans and policies of WellPower that is consistent with their professional license standards.

RECOMMENDATION 2.2

Develop and Document Quality Assurance Reviews – The Denver Police Department should work with WellPower to develop and document quality assurance processes for data related to the department’s Co-Responder Expansion Program to ensure it is reliable and accurate.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	12/15/22	Scott Snow 720-913-6926

Narrative for Recommendation 2.2

The Department agrees to partner with WellPower to document quality assurance processes for data entry, however, there are restrictions to accessing mental health records that must be considered. The Department relies on the data integrity plans and quality assurance processes of WellPower that is consistent with their professional license standards.

RECOMMENDATION 2.3

Finalize Data-Sharing Agreement – The Denver Police Department and WellPower should finalize the proposed data-sharing agreement with WellPower to allow the department to access and review individual-level data in addition to the aggregate data already provided.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	12/31/2022	Scott Snow 720-913-6926

Narrative for Recommendation 2.3

A data sharing agreement has been drafted, however, must go through Technology Services review for data sharing.

RECOMMENDATION 2.4

Monitor Program Data – The Denver Police Department should periodically monitor the data it collects about its Co-Responder Expansion Program to ensure program measures and objectives are being met and to make decisions related to programmatic changes.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation
Agree	09/01/2022	Scott Snow

Narrative for Recommendation 2.4

While the Department meets on a regular basis with WellPower to discuss the program, objectives, outcomes and gaps; the Department has set up quarterly meetings to include all appropriate stakeholders.

Please contact Laura Wachter at (720) 913-6445 with any questions.

Sincerely,



Armando Saldate, III
Executive Director, Department of Public Safety

cc: Valerie Walling, CPA, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director
Kharis Eppstein, CIA, CGAP, Audit Manager
Chief Paul Pazen, Chief of Denver Police Department
Acting Chief Ron Thomas, Acting Chief of Denver Police Department
Laura Wachter, Deputy Director of Safety