



November 6, 2024

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 "City Shelters." 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 October 16, 2024. 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 Dr. Jamie Rife at Jamie.Rife@denvergov.org with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie Rife", is written over a light gray dotted background.

Dr. Jamie Rife, Chief Housing Officer & Executive Director

cc: Valerie Walling, CPA, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director

AUDIT FINDING 1

The Department of Housing Stability does not adequately ensure safety and compliance with nondiscrimination rules at shelters

RECOMMENDATION 1.1

Develop a shelter security needs assessment

The Department of Housing Stability should consult with shelter providers to develop and document a shelter safety and security needs assessment that outlines the type of security measures that may be needed for different shelter types (e.g., congregate, non-congregate, micro-community), which includes considering the number and location of security personnel needed. This assessment should also show the approximate costs of these security measures. This assessment should be used in contract negotiations with shelter providers to ensure sufficient security measures are in place at all shelters. The assessment should be updated as needed, when circumstances or conditions change, such as new types of shelter or changes in security costs.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	4/1/2025
Specific point of contact for implementation	Name: Jeff Kositsky
	Phone: 720-913-1593

Provide a written response

HOST will be requiring that all shelter operators provide a security plan for each site that will be reviewed and approved or returned for modification by HOST staff. These plans will be submitted within 90 days of a signed contract and can be used for future contract negotiations.

RECOMMENDATION 1.2

Develop policies and procedures on shelter security monitoring

The Department of Housing Stability’s Shelter and Stability Division should develop, document, and implement policies and procedures for monitoring shelter providers’ implementation of required security measures. These policies and procedures should identify, at a minimum, the staff responsible for monitoring, expectations for when security measures should be implemented by, and steps for escalating matters to department leadership if delays occur to ensure the department can take timely action.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	4/1/2025
Specific point of contact for implementation	Name: Jeff Kositsky
	Phone: 720-913-1593

Provide a written response

HOST will develop, document and implement policies as described above.

RECOMMENDATION 1.3

Require grievance policies and reporting processes

The Department of Housing Stability should ensure that all contracts with shelter providers include requirements for a grievance, or complaint, process specifically for shelter guests. This can be accomplished by developing and documenting a standard contract or scope of work template that includes these elements as requirements, or by including these requirements in a formal department policy or procedure.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	4/1/2025

Specific point of contact for implementation	Name:	Jeff Kositsky
	Phone:	720-913-1593
Provide a written response		
<p>HOST is requiring that all shelter operators submit grievance procedures within 90 days of having a signed contract. These will be approved by HOST staff or returned to the provider for modification. In addition, HOST is developing program standards for shelters that will provide guidelines on grievance procedures and reporting.</p>		

RECOMMENDATION 1.4		
Develop nondiscrimination and grievance monitoring policies and procedures		
<p>The Department of Housing Stability's Shelter and Stability Division should develop, document, and implement policies and procedures that identify the staff responsible for collecting and reviewing current and future shelter provider policies related to nondiscrimination and grievance processes, define how often these reviews should occur, and important content to be included in the shelter's grievance policies.</p>		
Agency response	Agree	
Target date to complete implementation activities (Generally expected within 60 to 90 days)	4/1/2025	
Specific point of contact for implementation	Name:	Jeff Kositsky
	Phone:	720-913-1593
Provide a written response		

HOST will develop, document and implement policies and procedures as described above.

RECOMMENDATION 1.5

Work with shelter providers to update policies

The Department of Housing Stability's Shelter and Stability Division should work with shelter providers to ensure they update their policies to incorporate nondiscrimination and grievance processes in compliance with contract terms.

Agency response

Agree

**Target date to complete implementation activities
(Generally expected within 60 to 90 days)**

4/1/2025

**Specific point of contact for
implementation**

Name:

Jeff Kositsky

Phone:

720-913-1593

Provide a written response

HOST will incorporate the appropriate language in our shelter program standards document described above.

AUDIT FINDING 2

The Department of Housing Stability's current approach for monitoring shelter provider spending is not effective

RECOMMENDATION 2.1	
Routinely track all shelter-related expenses	
The Department of Housing Stability should develop and implement a formal, documented process to routinely track and document its overall shelter-related expenses.	
Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	12/31/2024
Specific point of contact for implementation	Name: Lamar Garlington
	Phone: 720-266-9815
Provide a written response	
HOST will continue to track all expenses from the HOST budget, shelter-related and otherwise. HOST uses workday tags for tracking program costs, which include 24/7 Shelter, Day and Overnight, among other categories, and have added AIMH specific tags to track shelter and shelter-related expenses.	

RECOMMENDATION 2.2
Develop comprehensive invoicing procedures
The Department of Housing Stability's Operations and Impact Division should review existing staff guidance on invoicing processes (e.g., accounts payable guide, invoice submission guide, voucher checklist, program staff grant training, etc.) and develop one centralized and

comprehensive procedures manual for staff with invoice review responsibilities. The new procedures should include specific step-by-step guidance for how to complete invoice reviews.

Agency response		Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)		6/30/2025
Specific point of contact for implementation	Name:	Lamar Garlington
	Phone:	720-266-9815

Provide a written response

HOST will consolidate the existing documents (e.g., accounts payable guide, invoice submission guide, voucher checklist, program staff grant training, etc.) into a centralized document.

RECOMMENDATION 2.3

Update invoicing procedures

The Department of Housing Stability’s Operations and Impact Division should work with the Department of Finance to understand when the new accounts payable system will be implemented. After the system is implemented, the department should update its invoice review procedures and guidelines on how much supporting documentation should be uploaded to Workday to ensure it contains all necessary supporting documentation to support shelter provider spending, and the circumstances under which an invoice should be rejected because of insufficient supporting documentation.

Agency response		Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)		12/31/2024

Specific point of contact for implementation	Name:	Lamar Garlington
	Phone:	720-266-9815

Provide a written response

The Kofax 20-page limitation is no longer an issue due to a change in process from the City Department of Finance, effective September 30, 2024. HOST will incorporate the new City Department of Finance procedures into the centralized invoice procedure document outlined in Recommendation 2.2.

RECOMMENDATION 2.4

Review shelter provider invoice submission guidelines

The Department of Housing Stability’s Operations and Impact Division should coordinate with the Shelter and Stability Division to review and refine existing shelter provider invoice submission guidelines (e.g., welcome package) to ensure providers submit sufficient, concise, and uniform supporting documentation for streamlined review processes, such as:

- Formatted excel summary and expense certification sheets.
- Payroll and benefit documents only relating to necessary employees.
- Digital or legible scans of expense receipts that are ordered based on summary sheets.

Agency response	Agree
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Target date to complete implementation activities (Generally expected within 60 to 90 days)	6/30/2025
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Specific point of contact for implementation	Name:	Lamar Garlington
	Phone:	720-266-9815

Provide a written response

HOST will continue to refine the existing invoice submission requirements with partners and incorporate the appropriate information into HOST welcome packets and communicate the same process with existing provider partners.

RECOMMENDATION 2.5

Conduct a staffing analysis

The Department of Housing Stability’s Operations and Impact Division should assess current staffing levels and structure to ensure the division has sufficient staff to review supporting documentation from shelter providers and monitor the review process. This assessment should be documented.

Agency response	Agree
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Target date to complete implementation activities (Generally expected within 60 to 90 days)	6/30/2025
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Specific point of contact for implementation	Name:	Lamar Garlington
	Phone:	720-266-9815

Specific point of contact for implementation	Phone:	720-266-9815
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Provide a written response

HOST Executive Leadership will assess current staffing levels and staffing structures to determine how to maximize coverage and efficiency.

RECOMMENDATION 2.6

Recruit staff to fill vacancies

After completing the staffing assessment outlined in Recommendation 2.5, the Department of Housing Stability should work with the Department of Finance to implement any necessary changes including filling vacancies and additional positions, as needed.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	6/30/2025
Specific point of contact for implementation	Name: Lamar Garlington
	Phone: 720-266-9815

Provide a written response

HOST has remediated some of the auditor's concerns already since this audit has been concluded. The department has hired key positions and has additional positions in the process of hiring. HOST will continue to work with DOF and OHR to fill positions and leverage resources to recruit and to retain top talent.

RECOMMENDATION 2.7

End the new cost-reimbursement policy

Department of Housing Stability leaders should end the focused cost-reimbursement policy and improve the department's invoice review and approval practices as called for in recommendations 2.2 through 2.4.

Agency response	Disagree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	Click or tap to enter a date.

Specific point of contact for implementation	Name:	Lamar Garlington
	Phone:	720-266-9815
Provide a written response		
<p>The focused cost-reimbursement policy utilized by HOST is in alignment with the city fiscal accountability rule “2.5 – Supporting Documentation” and requires that supporting information is provided in a concise manner as referenced in recommendation 2.4.</p>		

AUDIT FINDING 3

The Department of Housing Stability is not properly restricting access to sensitive information on its shared drive

RECOMMENDATION 3.1	
Create guidance for handling sensitive information	
The Department of Housing Stability should ensure that the comprehensive, centralized invoicing procedures from Recommendation 2.1 also require sensitive information, including personally identifiable information, to be redacted from invoices and supporting documentation to align with city policies, including Fiscal Accountability Rule 2.5 and accounts payable best practices from the Department of Finance.	
Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	6/30/2025
Specific point of contact for implementation	Name: Lamar Garlington
	Phone: 720-266-9815
Provide a written response	
HOST will educate internal staff and incorporate specific instructions regarding what information is appropriate to upload into Workday and shared. Additionally, during regularly-scheduled trainings with providers, HOST will provide additional training on what documents are appropriate and necessary to submit to HOST for payment.	

RECOMMENDATION 3.2
Design and implement a quality assurance process for sensitive information procedures

The Department of Housing Stability should establish and document a regular and ongoing process to review final invoice documents to ensure that procedures documented in Recommendation 3.1 regarding sensitive information are followed and that invoices uploaded to Workday do not contain sensitive information.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	6/30/2025
Specific point of contact for implementation	Name: Lamar Garlington
	Phone: 720-266-9815

Provide a written response

HOST will educate internal staff and incorporate specific instructions regarding what information is appropriate to upload into Workday and shared. Additionally, during regularly-scheduled trainings with providers, HOST provide additional training on what documents are appropriate and necessary to submit to HOST for payment.

RECOMMENDATION 3.3

Manage file system permissions

The Department of Housing Stability should establish and document a regular and ongoing process to review file system permissions to ensure only staff with a demonstrated need have access to the department’s shared drive folders containing sensitive information, including personally identifiable information. This process should include documenting who is assigned to the role of records coordinator and what their responsibilities are. After establishing this process, the department should revoke access to all personnel without a demonstrated need to access this information.

Agency response	Agree
Target date to complete implementation activities (Generally expected within 60 to 90 days)	6/30/2025

Specific point of contact for implementation	Name:	Lamar Garlington
	Phone:	720-266-9815

Provide a written response

HOST has addressed immediate access concerns in partnership with TS. Additionally, HOST will investigate tools such as Microsoft Teams and its channels features to manage and further control access for information to the appropriate staff members.