

AUDIT REPORT

Denver Police Department
Department of Public Safety
***Co-Responder Expansion Grant
and Contract Compliance***

SEPTEMBER 2022



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City and County of Denver



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AUDITOR'S LETTER

September 15, 2022

We audited the Caring for Denver Co-Responder expansion grant and contract managed by the Denver Police Department and Department of Public Safety to determine the agencies' compliance with requirements. I now present the results of this audit.

The audit found the Police Department and Public Safety are not sufficiently managing the grant or contract for the Co-Responder Expansion Program. We also found the Police Department is not ensuring the contractor's data used to report on program success is reliable and accurate.

By implementing recommendations for stronger contract and grant monitoring, both departments will be better able to ensure grant and contract requirements are being met and funding is being used appropriately to help people.

I am disappointed the Police Department and Public Safety chose to disagree with a recommendation that would clearly demonstrate department leadership understood and wanted to correct the negative operational impact on WellPower when the city did not pay multiple invoices on time. Further explanation is in the Auditor's Addendum on [page 39](#).

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, "General Powers and Duties of Auditor." We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We appreciate the leaders and team members from the Denver Police Department, Public Safety, the Department of Finance, and WellPower who shared their time and knowledge with us during the audit. 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



Co-Responder Expansion Grant and Contract Compliance

SEPTEMBER 2022

Objective

To determine whether the Denver Police Department is effectively monitoring Caring for Denver's Co-Responder Expansion grant and contract expenditures, whether it is compliant with grant and contract requirements, and the extent to which it verifies the accuracy and reliability of the data WellPower uses for annual reports.

Background

In 2018, voters approved a 0.25% sales and use tax increase to fund behavioral health services for city residents. The Police Department receives this grant funding via the Caring for Denver Foundation and contracted with WellPower to implement the Co-Responder Expansion Program to provide behavioral and mental health support to Denver residents. Both the Police Department and the Department of Public Safety oversee the grant and contract.

REPORT HIGHLIGHTS

In our audit of the Co-Responder Program grant and contract, we focused on the Police and Public Safety departments' compliance with terms and oversight. We did not audit the effectiveness of the program or the extent it is meeting its goals.

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

The Denver Police Department and the Department of Public Safety:

- Have not paid invoices on time and owe WellPower interest penalties.
- Did not keep appropriate documentation to support approved expenditures.
- Charged unallowable expenditures to the grant.
- Did not record interest earnings or return unspent funds to the Caring for Denver Foundation.
- Could not provide documentation to show they met both grant and contract requirements.

The Denver Police Department Is Not Ensuring Co-Responder Expansion Data Is Reliable and Accurate

The Denver Police Department and WellPower track and use data for the Co-Responder Expansion Program but lack formal and documented processes for entering data and reviewing the data to ensure its accuracy.

WHY THIS MATTERS

Not complying with grant and contract requirements jeopardizes future funding for the Police Department's Co-Responder Expansion Program. This could hinder the program's goals of reducing the use of emergency services by frequent users and increasing treatment and care services, such as those related to substance use, employment, and supportive housing.

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BACKGROUND

The Co-Responder Expansion Program

The Denver Police Department’s Co-Responder Expansion Program provides specialized support to residents with behavioral and mental health concerns. The program is in partnership with both the Denver Department of Public Health and Environment and WellPower, a local nonprofit organization.¹

Under the program, licensed mental health clinicians — called “co-responders” — ride along with Denver police officers. These clinicians help respond to 911 calls that involve people experiencing mental health conditions, who may also be dealing with a substance use issue.² Co-responders are trained to help people in crisis situations and work with police to provide on-site services; long-term, community-based support; and treatment. WellPower said its co-responders worked with about 2,600 people in 2021 and nearly as many in 2020.

WellPower said its co-responders worked with about 2,600 people in 2021 and nearly as many in 2020.

The Co-Responder Expansion Program is funded through a grant from the Caring for Denver Foundation, which was established after the 2018 municipal election. That year, Denver voters approved a 0.25% increase in sales and use tax to pay for behavioral health services for city residents.³ The Caring for Denver Fund is specially meant to increase access to mental health and substance use disorder prevention, treatment, recovery, and harm reduction services.⁴ City ordinance requires at least 10% of this tax revenue to go back to the city to fund various initiatives, including the Denver Police Department’s Co-Responder Program.⁵

¹ WellPower was previously known as the Mental Health Center of Denver.

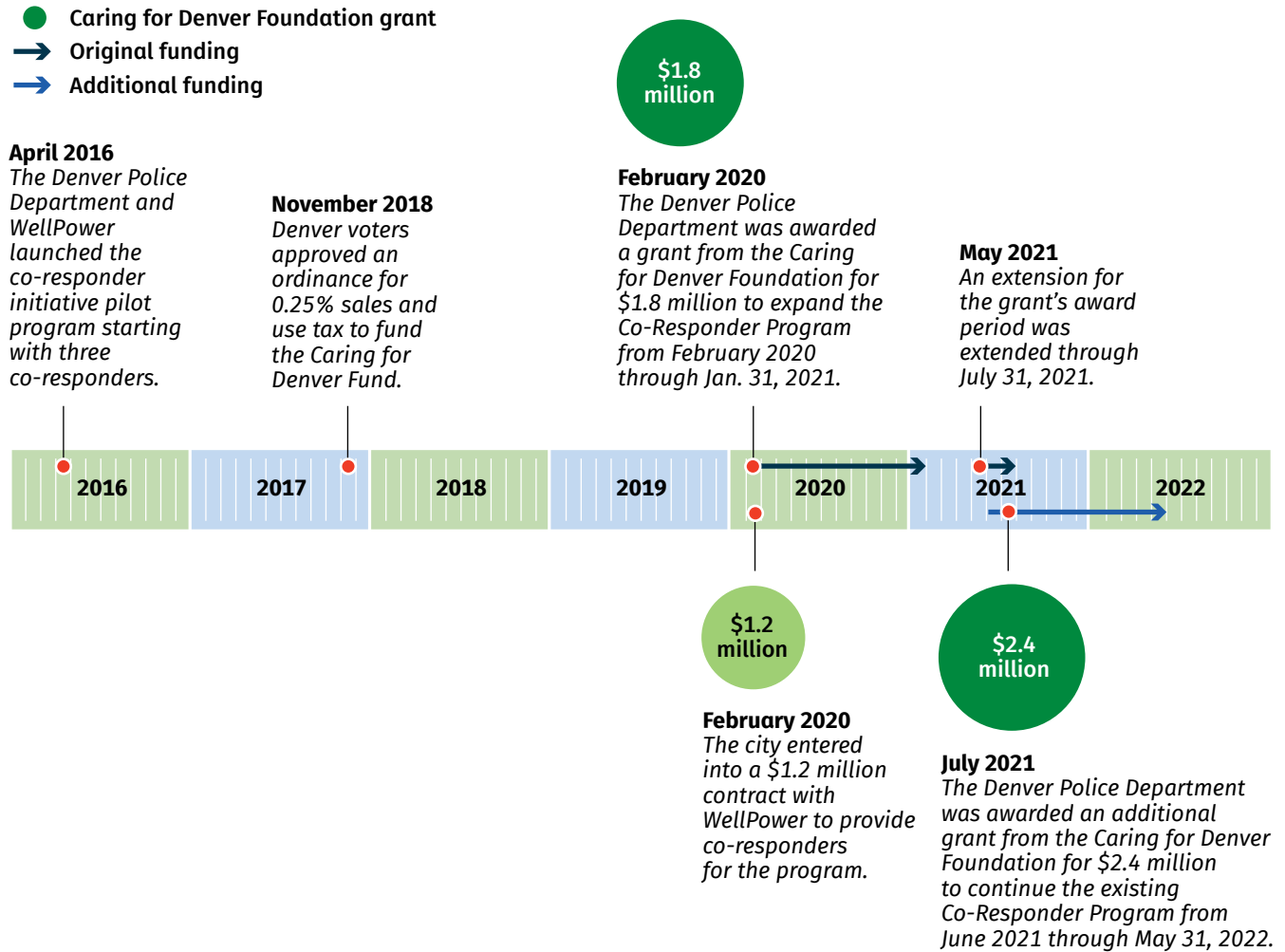
² Denver Revised Municipal Code § 24-702(2)(ii).

³ Denver Revised Municipal Code § 24-700 and 53-56(i).

⁴ Denver Revised Municipal Code § 24-700.

⁵ Denver Revised Municipal Code § 24-702(2).

FIGURE 1. Co-Responder Program Timeline



Source: Created by Auditor's Office staff using documentation from the Denver Police Department and WellPower.

The Police Department began its co-responder initiative as a pilot program in 2016. In 2020, in response to the increased tax revenue, it expanded the Co-Responder Program to meet the ongoing behavioral health needs for city residents. The program's goal is focused on reducing the use of emergency services by increasing treatment and care services instead. Such services include daily living and social skills, employment and job training, and supportive housing to help provide an alternative care option for people with mental health conditions, substance use disorders, or both – and then divert them from entering or re-entering the jail system.⁶

The Caring for Denver Foundation funds a portion of the Police Department Co-Responder Expansion Program. A 2020 grant agreement between the

⁶ Denver Revised Municipal Code § 24-702(2)(i).

city and the foundation provided about \$1.8 million to pay for:

- Seven full-time case managers from the Police Department.
- The equivalent of nearly 15 full-time mental health clinicians from WellPower.
- Certain supplies and equipment.

The initial grant agreement ran from February 2020 through January 2021. It was extended through July 2021.

Meanwhile, the City and County of Denver entered into a \$1.2 million contract with WellPower in February 2020 for the nonprofit to provide co-responders who would ride along with police officers and provide mental health services in crisis situations. WellPower was required by the contract to coordinate all services with the Denver police chief.

Program Budget and Spending

As shown in Table 1, the \$1.8 million dollar grant award from Caring for Denver Foundation was split between the Denver Police Department and WellPower.

TABLE 1. Denver Police Department Expansion Co-Responder Program Grant Approved Budget, February 2020 through January 2021

Category		Grant Approved Budget
Denver Police Department Internal Costs		
	Personnel Salaries and Benefits	\$515,754
	Equipment and Supplies	\$14,210
	Consultants	\$25,000
	Total	\$554,964
WellPower Contracted Services		
	Personnel Salaries and Benefits	\$1,052,108
	Equipment and Supplies	\$33,572
	Indirect Costs (10%)	\$116,481
	Consultants	\$5,280
	Total	\$1,207,441
Grand Total		\$1,762,405

Source: Caring for Denver Foundation grant agreement.

About \$554,000 was for the Denver Police Department’s costs and about \$1.2 million was for WellPower’s contract services over the 12 months from February 2020 through January 2021. No additional funds were provided when the grant agreement was extended through July 2021.

The grant agreement’s planned expenditures addressed direct costs that were meant to follow the approved budget and included items such as employees’ salaries and benefits, equipment, and supplies as well as indirect costs.

The contract between the Denver Police Department and WellPower also detailed the allocated budget based on specific items such as employee salaries and benefits, equipment, supplies, consultants, and indirect costs as shown in Table 2. According to the foundation, the contract- and grant-approved budgets do not have to be the same but the department would need to identify alternate funding sources for the extra expenditures. For example, the grant budget allows for a 10% indirect cost rate while the contract budget is for 30%. The Police Department would, therefore, be required to use an alternative funding source to cover the difference.

DIRECT COSTS VERSUS INDIRECT COSTS

Direct costs are expenses tied directly to the production of goods or services, such as raw materials, equipment, and labor.

Indirect costs are general business expenses necessary for operational functions, such as rent and utility bills.

TABLE 2. WellPower Contract-Approved Budget

Category	Approved Budget
Personnel Salaries and Benefits	\$1,052,062
Equipment and Supplies	\$53,228
Indirect Costs (30%)	\$339,087
Consultants	\$25,000
Less Offsetting Revenue	-\$242, 216
Total	\$1,227,161

Source: WellPower contract with the City and County of Denver.

Grant and Contract Oversight

Although the Denver Police Department was the recipient of the grant, the Department of Public Safety helps manage certain aspects of both the grant and the contract with WellPower. For example, the Department

of Public Safety's Finance Division oversees the contracting process and assists the Police Department in using Workday, the city's system of record, to keep track of the grant and its finances. The Police Department manages the grant and the contract from a programmatic stance to make sure WellPower is providing the services required and is meeting program goals. It also oversees the Police Department case managers and handles day-to-day processes and coordinating with WellPower.

Further, the city's Department of Finance — composed of seven divisions — is responsible for managing the city's accounting functions. The Controller's Office is responsible for ensuring the integrity of the city's financial statements and enforcing the city's fiscal rules and policies.⁷ Related to invoicing, the Controller's Office assesses interest penalties for invoices that are not paid on time, according to city policy.

Purpose of This Audit

Because the Co-Responder Program is funded solely with city taxpayer dollars to help people who are suffering from mental illness, substance abuse problems, or both, it is essential that those dollars are being safeguarded and used appropriately.

Therefore, our audit is focused on determining whether program expenditures were eligible according to the grant agreement and contract, whether the Police Department and Department of Public Safety maintained proper documentation to show compliance with the grant and the contract, and whether the city had processes to sufficiently monitor WellPower.

We did not assess the effectiveness or outcomes of the Co-Responder Program itself.

⁷ City and County of Denver, "Mayor's 2022 Budget" Adopted Budget (2022), accessed July 14, 2022, <https://www.denvergov.org/files/assets/public/finance/documents/budget/2022mayorbudgetfinalada.pdf>, 518.

FINDING 1 AND RECOMMENDATIONS

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

As part of reviewing the Denver Police Department's compliance with the requirements of the Co-Responder Expansion Program grant and the Department of Public Safety's and Police's oversight of the city's contract with WellPower, we looked at whether:

- Invoices were submitted and paid on time.
- The departments kept required supporting documentation.
- The departments spent the grant money only on allowable expenses.
- The departments and WellPower met grant and contract requirements.

As we will show in the following pages, we found multiple instances of noncompliance with both the grant and contract on both the side of the city and WellPower. Specifically, the grant was not managed effectively from both an operational and a financial standpoint. At the close of fieldwork in July 2022, \$383,000 of the original grant funds was sitting dormant in the city's financial system of record. This money could have been used for the grant's intended purpose to help people in Denver.

We found WellPower submitted half the invoices late and Public Safety paid all but one of them late.

Meanwhile, the Police Department and Public Safety lack documentation to support the invoice payments. Therefore, we relied heavily on WellPower to provide documentation for us to confirm whether expenses were allowed under both the grant and the contract.

We learned the Police Department and Public Safety charged unallowed expenses to the grant, including incorrect indirect cost rates, travel costs, and \$156,000 in program costs from 2020 for the 2021 grant award.

Furthermore, neither the Police Department nor Public Safety's finance staff recorded interest earnings for the grant in the city's financial system. They also did not close out the grant. This resulted in the city earning extra interest on top of unspent funds — all of which were not used for the Co-Responder Expansion Program and must be returned to the Caring for Denver Foundation.

The Police Department also could not provide proof that it identified or completed milestones to demonstrate progress toward meeting the program goals as required by the grant and contract. Additionally, the department did not conduct a review of WellPower's operations and

finances as required by the contract and could not provide documentation showing it was justified in contracting directly with WellPower.

The Denver Police Department and Department of Public Safety Have Not Paid Invoices On Time and Owe WellPower Interest

CONDITION – The Departments Did Not Pay Invoices On Time and Incorrectly Waived Penalties when They Were Late

The Police Department and the Department of Public Safety are paying invoices later than city guidance allows and are not ensuring WellPower submits invoices on time. Among a sample of 12 invoices from April 2020 through July 2021, we found WellPower submitted half of the invoices late and the Department of Public Safety’s finance staff paid all but one of them late.

The other 11 invoices were overdue between 11 days and 228 days — or as much as seven and a half months late. Invoices unpaid for 35 days should mean the departments incur “prompt-pay” penalties.⁸ Specifically, the city’s Controller’s Office calculated a total amount of \$32,000 in late fee penalties based on city ordinance requirements.⁹ However, we found staff in both the Police Department and the Controller’s Office waived prompt-pay penalties in cases where the penalty should be assessed.

Public Safety and WellPower went back and forth over whether the penalties should be assessed or waived. Initially, WellPower did not agree to waiving the penalties; it conceded only after Public Safety finance managers requested them to. However, WellPower’s managers said the late payment of invoices creates “operational difficulties,” such as requiring staff to follow up on late invoices when they could be using the time on other work. Further, managers said invoices that are not paid on time cause cash flow issues for WellPower since the contractor has already spent the money associated with the contract.

INVOICE TESTING

See the appendix for more details on our sampling, methodology, and conclusions for our analysis of invoices.

CRITERIA – City Ordinance and an Executive Order Require Invoices to be Paid in a Timely Manner

The contract between the city and WellPower says that the City and County of Denver’s prompt-pay ordinance applies to all invoices and payments. That ordinance says penalties in the form of interest begin 36 days after the invoice date if an invoice remains unpaid.¹⁰

Additionally, the city’s Executive Order No. 8 requires contractors to be paid

⁸ Denver Revised Municipal Code § 20-107(j).

⁹ Denver Revised Municipal Code § 20-107(j).

¹⁰ Denver Revised Municipal Code § 20-107(j).

in a timely manner.¹¹

Finally, the Co-Responder Expansion Program grant requires the money to be spent according to the grant budget, which does not include interest penalties. And the city's contract with WellPower specifically says that fees, fines, and penalties should not be paid for with grant funds.

CAUSE – Police Department and Public Safety Staff Did Not Establish a Secure Way to Receive Documents and Were Unaware of Grant and Contract Requirements Related to Invoicing

Before this audit, WellPower did not have a secure way of transferring sensitive files to the departments, such as invoices and supporting documentation. Staff from both departments claimed the Police Department's firewall blocked them from accessing the site WellPower created. However, WellPower's managers said other city agencies receive and pay invoices this way without issue. Additionally, WellPower's managers said Public Safety's finance team previously confirmed receipt of its invoices but no longer does so.

Before this audit, WellPower did not have a secure way of transferring sensitive files to the departments.

For our audit, WellPower used a secure site we set up for safely transferring audit documentation to also submit invoices to the department for payment. As of May 24, 2022, neither the departments nor WellPower had established their own, more permanent workaround.

When we looked at the prompt-pay penalties, none of the invoices we tested were assessed penalties for different reasons.

In some instances, Public Safety staff incorrectly said that WellPower waived the prompt-pay penalty when, in fact, it had not. In other instances, the Controller's Office did not assess the penalty because Public Safety staff said the invoice date was incorrect. In the instances where the Controller's Office notified Public Safety of penalties it owed to WellPower, department staff incorrectly claimed they were not required to pay the penalty, saying the payment was tied to a grant and prompt-pay was not included as a line-item in the grant budget.

EFFECT – The Departments Incurred Avoidable Penalties at Taxpayers' Expense

Public Safety's failure to ensure invoices are submitted and paid in a timely manner inhibits its ability to confirm that WellPower performed all the services it was hired for and puts the department at risk of incurring avoidable interest penalties.

This lapse in grant management could have further impacts too. As mentioned previously, WellPower experienced operational stress when the city paid them late and did not give it the appropriate prompt-pay penalties it was owed. Additionally, Denver residents are affected because

¹¹ Executive Order No.8 Chapter 7(A)(1)(d).

the departments will likely need to use tax dollars to pay these late penalties, and the grant's purpose is to help Denver residents.

1.1

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – JUNE 20, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.

1.2

RECOMMENDATION

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 work with WellPower to determine an agreed-upon amount owed and pay this amount to WellPower from a funding source other than the grant. If WellPower agrees to waive any amount of interest owed, the decision should be documented.

AGENCY RESPONSE – DISAGREE
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.
SEE [PAGE 39](#) FOR THE AUDITOR'S ADDENDUM.

The Denver Police Department and Department of Public Safety Did Not Keep Appropriate Documentation to Support Approved Grant Expenditures

CONDITION – The Departments Could Not Provide Requested Documentation

We requested documentation from the departments for a sample of 12 invoices, as described in the appendix. We wanted to determine whether the expenses were accurate and appropriate. But neither department could provide any of the requested supporting documentation for the invoices in our sample. Therefore, we had to rely heavily on WellPower to provide the documentation.

CRITERIA – Leading Practices and City Policy Require Certain Grant Documentation to Be Kept and Recommend Succession Planning

The city's records retention schedule says documents related to the monitoring of grants must be kept for the duration of the grant plus six years unless a longer retention period is required by the entity providing the grant. With the grant's extension through July 31, 2021, the departments should have kept supporting documentation through July 2027.

Neither department could provide any of the requested supporting documentation for the invoices in our sample.

Additionally, the Government Finance Officers Association recommends succession planning – including assessing potential employee turnover, providing a formal written succession plan, and developing written policies and procedures.¹²

CAUSE – A Key Staff Member Left the Police Department

According to the Police Department, WellPower originally sent its invoice supporting documentation to a Police Department employee who is no longer with the department. This made the files unobtainable.

Department managers also said the employee who had received these files did not make anyone aware of these documents before they left.

EFFECT – The Denver Police Department Cannot Show Grant-Related Expenses Are Allowable

Because it does not have sufficient supporting documentation to confirm that WellPower provided the services it was hired for, the department risks unnecessary costs and may pay for services it did not receive. This could impact the department's ability to be transparent and accountable to the Caring for Denver Foundation, the city's taxpayers, and the people benefiting from the program. Without succession planning, the departments risk losing institutional knowledge, which could impact their compliance with both the grant and the contract.

1.3

RECOMMENDATION

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.

**AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – JUNE 20, 2022
SEE PAGE 32 TO READ THE AGENCY'S RESPONSES.**

¹² Government Finance Officers Association, "10 Steps to Succession Planning," accessed June 23, 2022, <https://www.gfoa.org/materials/gfr222-10steps>.

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – MARCH 1, 2023
SEE PAGE 32 TO READ THE AGENCY'S RESPONSES.

The Denver Police Department and Department of Public Safety Charged Unallowable Expenditures to the Grant

CONDITION – The Departments Used Grant Funds to Pay for a Higher Indirect Cost Rate, Travel Expenses, and Expenses from the Wrong Grant Year

Both the contract and grant agreement offer guidance regarding allowable and unallowable costs. Allowable costs generally contribute toward the grant's intended purpose. In this case, examples of allowable costs include co-responders' wages, uniforms, and benefits. Examples of unallowable costs include co-responders' bonuses, entertainment and meal expenses, or fines and penalties. In our testing, we found that both WellPower and the Police Department used the grant to pay for unallowable costs. Those unallowable costs included excessive indirect costs, travel expenses, and expenses from the wrong grant year.

INDIRECT COSTS – The Police Department's grant agreement with the Caring for Denver Foundation included a budget on how to spend the \$1.8 million in grant funds. The grant budget provided for 10% of the funds to cover indirect costs of the Police Department's third-party contractor, WellPower. "Indirect costs" are general business expenses necessary for operational functions, such as rent and payroll for human resources and accounting.

The Police Department then signed a separate contract with WellPower to provide the services outlined in the grant award. However, the contract allowed for a rate of 30% for indirect costs — instead of the 10% specified in the grant agreement — and added a line for a reduction in WellPower's program income, which was also not in the grant.

The contract required WellPower to bill insurance providers first for services and said the grant award funds were to be used as the last resort for people not covered by insurance. Because of this, the contract allowed WellPower to reduce program revenue or income — from these insurance providers — to offset the higher indirect cost rate of 30% allowed in the contract but not the grant. However, WellPower reduced the program income it received for services provided from both the indirect and direct

costs as opposed to applying it toward only the direct costs.

This budget approach of allowing a 30% rate for both direct and indirect costs to be offset by program income resulted in WellPower likely either under- or overbilling the city and the grant for services provided. Had the city and WellPower applied only a 10% indirect costs rate and not reduced expenses by program income, the city would have been charged around \$140,000 more than it was for services provided by WellPower. Alternately, had the program income been deducted from the direct costs before applying a 30% indirect costs rate, the city would have paid about \$105,000 less. Regardless, we found this approach to be confusing and not transparent.

Table 3 gives examples of invoices showing indirect costs and program income, including how the city was billed and what the invoices would have looked like using either the grant budget or by removing the program income from only the direct costs.

TABLE 3. Examples of Invoices with Varying Indirect Costs and Program Income

		HOW THE GRANT WAS BUDGETED	HOW THE CITY WAS CHARGED AND PAID	IF PROGRAM INCOME WERE REMOVED FROM DIRECT COSTS
DIRECT COSTS	Mental Health Therapist	\$63,916.49	\$63,916.49	\$63,916.49
	Case Managers	\$25,190.54	\$25,190.54	\$25,190.54
	Benefits	\$19,514.44	\$19,514.44	\$19,514.44
	Cell Phone	\$457.34	\$457.34	\$457.34
	Supplies	\$1,680.00	\$1,680.00	\$1,680.00
Less Program Income				-\$26,971.29
TOTAL DIRECT COSTS		\$110,758.81	\$110,758.81	\$83,787.52
INDIRECT COSTS (10%)		\$11,075.88		
INDIRECT COSTS (30%)			\$33,227.64	\$25,136.26
TOTAL DIRECT AND INDIRECT COSTS			\$143,986.45	
Less Program Income			-\$26,971.29	
TOTAL OWED		\$121,834.69	\$117,015.16	\$108,923.78

Note: The invoice example on the left shows what the bill would have been had WellPower used the 10% indirect costs allowed through the grant budget. The second example shows a 30% indirect costs rate as well as the program income being removed from the total direct and indirect costs. This is in line with the contract budget and how the city was actually invoiced. The final example shows what would happen if program income were removed from the direct costs, since income is from services provided, as well as a 30% indirect costs rate.

Source: Created by Auditor's Office staff using documentation from the Denver Police Department and WellPower.

WellPower's invoices also did not include the total amounts billed to and paid by insurance, so we could not verify the accuracy of the program income removed from the total costs. Therefore, while the examples in Table 3 are likely, they were not supported by documentation.

Managers at the Caring for Denver Foundation confirmed that the grant funds should have been limited to 10% for indirect costs in line with the grant agreement. They also said the Police Department should have made up the difference in the indirect cost percentage between the grant and the contract using a different funding source.

TRAVEL EXPENSES – The grant agreement's budget did not include travel costs, but we found from August 2020 through December 2021, the Police Department charged about \$4,400 in travel costs to the grant. For example, in 2021, the department paid for five outreach case coordinators' mileage reimbursements for driving personal vehicles to assist police officers on calls.

Police Department managers confirmed they charged mileage reimbursements against the grant funds and said Public Safety was working on fixing this error.

While the expenses should not have been charged to the grant, we did find the department complied with the city's fiscal rules related to travel because it collected and retained required supporting documentation for mileage reimbursements.¹³

COSTS CHARGED TO WRONG YEAR – As shown in Figure 1 on page 2, the Police Department received additional funding from the foundation to further expand the Co-Responder Program through a 2021 grant. We found the Police Department incorrectly posted some expenditures related to the 2020 Co-Responder Expansion Program grant to this new grant. In May 2022, the department paid WellPower's July 2021 invoice, which contained costs from the 2020 grant period, using the 2021 Co-Responder Expansion Program grant even though the 2020 grant was still in effect and had \$383,000 still available.

WellPower managers said they submitted the July 2021 invoice to the department multiple times beginning in August 2021, while the 2020 grant was still open with funds available as of July 2022.

CRITERIA – The Grant Agreement and City Fiscal Rules Provide Guidelines for Allowable Expenses

The 2020 grant agreement between the Police Department and the Caring for Denver Foundation included a budget with categories where grant funds could be spent. The grant agreement provided for 10% of the funds to cover WellPower's indirect costs and did not include travel as an

¹³ City and County of Denver, Fiscal Accountability Rules, "Rule 10.8 – Travel" (last revised 2013), accessed March 19, 2022, https://www.denvergov.org/content/dam/denvergov/Portals/344/documents/Fiscal_Rules/chapter_10_Empl_Associated/Rules/Rule_10_8_Travel.pdf, 5.

allowable expense.

The grant agreement says the funds may not be spent on any other purposes without the foundation's prior written approval and expenses must follow the specific line-items in the agreement's budget.

Further, the contract says that Medicaid, Medicare, and other benefit plans are considered revenue sources and should cover all or a portion of the costs for providing services. Funds provided by the Caring for Denver Foundation are intended to cover the remainder and should be used as a last resort. It also says many clinician staff services for people are eligible for third-party reimbursement and that WellPower should bill third-parties for eligible services provided. Finally, it says that invoices shall report total costs, amounts billed to and paid by insurance, and the amounts billed to the foundation. WellPower will submit receipts and appropriate documentation before payment.

Meanwhile, city Fiscal Accountability Rules for grant management say grant recipients must obtain prior written approval for any changes in grant budgets. The rules also say the grant recipient should record grant expenditures in a designated grant program or budget for the fiscal year when the expenses were incurred.¹⁴

CAUSE – The Denver Police Department and the Department of Public Safety Were Unaware of How Previous Staff Managed the Grant

As mentioned, the contract and grant agreement explain allowable and unallowable costs. Effective grant management relies on staff having a comprehensive understanding of grant and contract requirements. We found that staff turnover and reorganization within the Police Department and Public Safety caused internal confusion that hindered their ability to effectively manage the grant and ensure compliance with terms.

INDIRECT COSTS – Police Department and Public Safety managers did not understand and were not following all terms in the grant agreement or the contract. When we asked why they had changed the indirect cost percentage, managers from both departments said they had lost staff and had reorganized the department. Because of this, they said they were unaware of how the previous staff managed the grant and they could not explain the change in indirect cost rates.

The department may have also agreed to pay for the higher rate because WellPower follows the federal indirect cost rate of 30% for all grant contracts it has.

TRAVEL COSTS – The Police Department hired outreach case coordinators whose positions are paid for by the Caring for Denver grant. Department managers said the case coordinators used their personal vehicles during

¹⁴ City and County of Denver, Fiscal Accountability Rules, "Rule 9.2 – Grant Management" (last revised 2014), Rule 6, 4.

the COVID-19 pandemic to avoid riding in cars with officers. This resulted in a need for them to be reimbursed for that mileage.

However, these managers were unaware that mileage reimbursements were being charged against the grant in Workday, the city's financial system of record, and said they have limited knowledge on how the system works.

COSTS ALLOCATED TO A DIFFERENT CARING FOR DENVER GRANT YEAR – Public Safety finance staff said WellPower's invoice submitted for July 2021 included the same co-responder services covered under both the 2020 and 2021 grant awards. However, the invoice from WellPower specifically indicated the 2020 contract number.

Despite that, because the invoice included costs related to expansion services, Public Safety finance managers decided the July 2021 costs would be paid using the 2021 Co-Responder Expansion grant, which covered June 2021 through May 2022 – even though 2020 grant funds were still available and the 2020 grant was still open.

EFFECT – The Denver Police Department and Department of Public Safety Removed Funds Otherwise Available for the Program

By the Police Department not understanding all the terms of its grant agreement related to which costs can and cannot be reimbursed, the city risks over- or underpaying for expenses and indirect costs. It may also use grant funds inappropriately when they should have been spent specifically on the Co-Responder Expansion Program to help meet program objectives.

Because they agreed to reimburse WellPower's indirect costs at a higher rate than established in the grant agreement and have been using grant funds to do so, the Police Department and Public Safety are not using the full 90% of grant funds on program services to help the public, which was the intent of the voter-approved ordinance. Because of how the contract budget is arranged and the lack of documentation to support program income, neither WellPower nor the departments can prove that WellPower is recovering its full 30% indirect costs and that grant funds are being used directly for services.

By not following the terms of the grant agreement, the Police Department and Public Safety are inappropriately using funds for other purposes – such as for travel reimbursement. This lowers the amount of money available to meet the program's goal of paying for facilities and staffing as alternatives to jail, fully funding a co-responder program, and training first responders to help people with mental health conditions and substance use disorder needs.¹⁵

Further, when the Police Department and Public Safety pay invoices with grant funds from the wrong year, they fail to use all grant funds available for a program.

¹⁵ Denver Revised Municipal Code § 24-702.

Lastly, inappropriately using the grant funds does not align with the city ordinance governing the Caring for Denver Fund – which requires that at least 10% of Caring for Denver tax revenue in any year go to supporting the Co-Responder Program.¹⁶

1.5

RECOMMENDATION

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.**

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – AUG. 1, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

1.6

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – DEC. 15, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

1.7

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – SEPT. 1, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

¹⁶ Denver Revised Municipal Code.

1.8 **RECOMMENDATION** **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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – NOV. 30, 2022
SEE PAGE 32 TO READ THE AGENCY’S RESPONSES.

1.9 **RECOMMENDATION** **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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – AUG. 1, 2022
SEE PAGE 32 TO READ THE AGENCY’S RESPONSES.

1.10 **RECOMMENDATION** **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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – JULY 1, 2021
SEE PAGE 32 TO READ THE AGENCY’S RESPONSES.
SEE PAGE 39 FOR THE AUDITOR’S ADDENDUM.

The Denver Police Department and the Department of Public Safety Did Not Record Interest Earnings or Return Unspent Funds

CONDITION – The Departments Did Not Post All Interest Earnings for the Grant Award and Owe the Caring for Denver Foundation Unspent Grant Funds

Public Safety finance managers posted monthly earned interest totaling about \$42,300 to the grant award for the period of June 2020 through July 2021. However, since then, the Denver Police Department and Public Safety have not updated the city’s financial system of record to include earned

interest for the Co-Responder Expansion Program grant through April 2022.

We found the award grant in Workday, the city's financial system of record, remains open as of April 2022 with about \$400,000 unspent, even though the grant award ended on July 31, 2021. This money was therefore still eligible for earned interest.

Meanwhile, we found Public Safety did not work with the city's Finance Department to return the unspent grant funds to the Caring for Denver Foundation after the grant should have been closed on July 31, 2021.¹⁷

CRITERIA – The Grant Agreement and City Fiscal Accountability Rules Outline Requirements for Interest and Unspent Funds

The grant agreement requires any income earned on the investment of grant funds to be spent according to the grant's purpose, and it should not be used for anything else without the Caring for Denver Foundation's prior written approval.

One of the city's Fiscal Accountability Rules requires any interest earned to be posted to the award in accordance with the grant requirements.¹⁸ Another rule also requires the grant recipient to designate someone from the department to be the liaison with the city's Budget and Management Office and the Controller's Office.¹⁹

Meanwhile, a city Finance Department procedure related to monitoring interest-earning grants says the Controller's Office should calculate monthly interest earnings based on the cash balance of a grant at the end of each month. The office then should account for the earnings to the grant and notify the agency grant liaison assigned to monitor interest earnings of the amount. Grant managers should then update the grant budget in the city's financial system.

Regarding unspent funds, the grant agreement requires that any unspent money at the end of the award be returned immediately to the Caring for Denver Foundation. The City and County of Denver's Fiscal Accountability Rules require grants be closed within 90 days of the end of the grant period unless specified within the grant award.²⁰

¹⁷ City and County of Denver, Fiscal Accountability Rules, "Rule 9.3 – Rule 1 - Grant Closure" (last revised 2013), accessed July 5, 2022, https://www.denvergov.org/content/dam/denvergov/Portals/344/documents/Fiscal_Rules/chapter_9_Grants/Rules/Rule_9_3_Grant_Closure.pdf.

¹⁸ City and County of Denver, Fiscal Accountability Rules, "Rule 6.2 – Investment Earnings Allocation" (last revised 2021), accessed July 5, 2022, https://www.denvergov.org/files/assets/public/finance/documents/controller/rule_6.2_investment_earnings_allocation.pdf.

¹⁹ City and County of Denver, Fiscal Accountability Rules, "Rule 9.2 – Rule 5 - Grant Management" (last revised 2014), accessed July 5, 2022, https://www.denvergov.org/files/assets/public/finance/documents/fiscal-accountability/chapter-9-grants/rule_9_2_grant_mgmt.pdf.

²⁰ City and County of Denver, Fiscal Accountability Rules, "Rule 9.3 – Rule 1 - Grant Closure" (last revised 2013), accessed July 5, 2022, https://www.denvergov.org/content/dam/denvergov/Portals/344/documents/Fiscal_Rules/chapter_9_Grants/Rules/Rule_9_3_Grant_Closure.pdf.

CAUSE – The Department of Public Safety Was Not Receiving the Notifications of Interest Earned and Had Not Closed the Grant

Public Safety managers did not provide a point of contact to the city's Controller's Office to ensure the Public Safety staff responsible for maintaining and updating the city's financial system were told of the interest earned. Managers only recently designated a contact in June 2022.

Because department managers did not close the grant on time, the grant award continued to earn interest – yielding even more unspent funds.

Public Safety finance managers said they were unsure of the closeout process and assumed unspent funds would be carried over to a future Co-Responder Program grant award. In the past, managers said the Caring for Denver Foundation rolled leftover funds into a new award as opposed to requiring the funds to be returned, but they were unsure whether the foundation would do the same for this grant. Foundation managers told us they had requested the unspent funds to be returned to Caring for Denver.

Public Safety finance managers also said they did not close the award because they wanted to wait until there was assurance the department had paid WellPower for all provided services. If they had closed the grant and WellPower submitted additional invoices for outstanding payments tied to the grant, they would not be able to use the grant money to pay the invoices. They would instead have had to use the department's own budget. Public Safety finance managers said this was also a factor in not returning the unspent funds to the foundation.

Another contributing factor to the risks we identified was that neither the Police Department nor Public Safety managers have background knowledge of the city's financial system and its grant management capabilities. They were therefore not using it to manage the grant.

EFFECT – Public Safety's Financial Records for the Available Grant Funds Are Incomplete and Funds that Could Have Been Used to Help the Public May Have to Be Returned

Because the 2020 Co-Responder Expansion Program grant is still open in the city's financial system, the funds have continued to earn interest – \$18,000 as of April 1, 2022. By not posting interest earnings to the grant award, Public Safety managers understated the amount of money available to pay for Co-Responder Program services.

Furthermore, because the department did not return its unspent funds – including the earned interest – to the Caring for Denver Foundation after the grant should have been closed, the grant had a balance of about \$438,000 at the end of April 2022.

The Police Department could have used this money for the Co-Responder Expansion Program or returned it to the foundation to help people in Denver through other initiatives required by the Caring for Denver ordinance. For example, the money could have helped fund alternative-to-

jail facilities or training for first responders, such as paramedics and fire fighters, on how to properly assess and help people with mental health conditions and substance use disorder needs.²¹

1.11

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – NOV. 30, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.

1.12

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – JULY 26, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.

1.13

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – SEPT. 15, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.

²¹ Denver Revised Municipal Code § 24-702(2).

The Denver Police Department and Public Safety Could Not Provide Documentation to Show They Met Grant and Contract Requirements

The Denver Police Department could not provide documentation justifying why it contracted directly with WellPower instead of using a competitive selection process with qualified bidders.

CONDITION – The Departments Are Missing Some Required Grant and Contract Documentation, Including Their Justification for Contracting Directly with WellPower

The Denver Police Department could not provide documentation justifying why it contracted directly with WellPower instead of using a competitive selection process with qualified bidders. Police Department managers said a justification was written down but they needed to check with numerous individuals to find a copy of it.

We were referred multiple times to different staff within the Police Department, the Department of Public Safety's Finance staff, and the Department of General Services' Purchasing Division. Managers in those departments either said they had no knowledge of the justification document or that it had been completed before their time.

Public Safety finance managers also told us the justification document should have been uploaded to the city's contract system but it was not there.

Meanwhile, the Police Department could not provide evidence that it completed the required risk assessment and due-diligence reviews of WellPower. A due-diligence review would look at the organization's financial, economic, legal, and fiscal operations when the city began its business relationship with them.

Finally, the Police Department could not provide documentation showing several deliverables were completed as outlined in the Caring for Denver Co-Responder Expansion Program grant and the contract with WellPower. These related to:

- An addendum to the contract identifying milestones to demonstrate progress toward achieving goals.
- A final report, including grant expenditures.
- Progress reports and meeting minutes or other evidence for interim quarterly check-in meetings.

The Police Department did not formally identify milestones within one month of signing the contract and it did not attach those milestones as an addendum to the contract.

When we asked for those milestones, we were given documentation describing only intended measurables and outcomes, which are separate from the milestones that measure progress toward meeting goals. The department also did not provide a final report with grant expenditures one month after the end of the grant period. Instead, it provided two annual reports that WellPower completed to document achievements related to the program. These do not fulfill the grant requirement for submitting a final written report with a detailed account of grant expenditures.

On June 29, 2022, at the end of our audit, the Caring for Denver Foundation provided documentation showing the Police Department did submit an

annual report with a detailed account of expenditures, but the department had not kept its own copy to provide to stakeholders. This annual report said its data was based on a best estimate and not verified numbers. The grant expenditure documentation also did not include any detailed financial accounting of the funds.

We compared the data in this annual report with the grant budget and the expenses we pulled from the city’s financial system and found some reporting discrepancies related to:

- Direct costs for the Denver Police Department.
- Expenditures for indirect costs for WellPower.
- Travel expense calculations.

Despite the issues we found in the grant expenditure documentation, foundation managers said they did not have cause to request more detailed accounting beyond the report they already had.

Lastly, we found the Police Department and WellPower did not provide written progress reports or documentation to show discussions and decisions from interim quarterly check-in meetings.

CRITERIA – Contract and Grant Requirements and Federal, State, and City Guidance Provide Guidance on Service Provider Selection and Oversight

The contract between the city and WellPower says the nonprofit organization was selected as a “sole source” subcontractor to provide behavioral health services and that WellPower is required to adhere to grant guidelines.

The city’s Executive Order No. 8 requires many contracts in the city to be competitively bid or selected absent special circumstances to exercise strong financial stewardship. It also says city agencies need to justify their selection of a specific provider outside the city’s competitive selection process and include this justification with the contract.²² State guidelines allow for a sole-source procurement when only one good or service will meet the need and only one vendor can supply that good or service. If the state doubts whether a sole-source procurement is appropriate, it must use a

DEFINITION OF “SOLE SOURCE”

“Sole source” refers to the city choosing a contractor without using a competitive selection process. In such cases, the city must determine – and justify – that only one good or service will meet its need and that only one vendor can supply that good or service.

²² Exec. Order No. 8, City and County of Denver (2020), accessed Aug. 21, 2022, <https://www.denvergov.org/files/assets/public/executive-orders/documents/8-contracts-other-written-instruments-ccd.pdf>.

competitive selection process.²³

Meanwhile, the Police Department was also required by its contract with WellPower to conduct a risk assessment and due diligence review of WellPower before beginning contract negotiations.

Both the grant and contract have provisions to help the departments monitor the Co-Responder Expansion Program. For example, the contract required WellPower to provide quarterly progress reports to the Police Department within two weeks of the end of each quarter. Additionally, the Caring for Denver grant agreement says the Police Department and the Caring for Denver Foundation would identify milestones within one month of signing the contract and attach those milestones as an addendum to the contract. These milestones were expected to demonstrate progress toward the grant's goal of reducing the use of emergency services by frequent users and instead increasing access to treatment and care services — such as daily living and social skills, employment, and supportive housing. Furthermore, interim check-in meetings with the Caring for Denver Foundation were to be held at least every three months during the duration of the grant. Finally, the agreement also required a written final report — including detailed expenditures — to be submitted one month after the end of the grant period.

BEST PRACTICES FOR MONITORING AND COMPLYING WITH CONTRACTS AND GRANTS – “Internal controls” are the policies, procedures, techniques, and mechanisms that help an organization achieve its objectives, report reliable information about its operations, comply with laws and regulations, and address identified risks. As part of internal controls, management recruits, develops, and retains competent people to achieve the organization's objectives. Training should be provided to develop and retain employee knowledge, skills, and abilities to meet changing organizational needs.²⁴

Federal guidelines also say documentation is a necessary part of an effective internal control system and should include the “who, what, when, where, and why,” because those answers preserve organizational knowledge and reduce the risk of limiting knowledge to only a few staff members. Documentation also provides a means to communicate knowledge to external parties, such as auditors.²⁵

The city's Executive Order No. 8 says city agencies are required to establish and implement policies and procedures for monitoring contracts, including identifying responsible people. Agencies also then need to monitor the performance of their contractors throughout the life of a contract to

²³ State of Colorado, “Procurement Manual” (2010), accessed May 10, 2022, https://www.colorado.gov/pacific/sites/default/files/Procurement_Manual.pdf.

²⁴ U.S. Government Accountability Office, GAO-14-704g, “Standards for Internal Control in the Federal Government” (2014), accessed on May 25, 2022, <https://www.gao.gov/assets/670/665712.pdf>, paras. 4.05 and 10.03.

²⁵ U.S. Government Accountability Office, GAO-14-704g, “Standards for Internal Control in the Federal Government” (2014), accessed on May 25, 2022, [paras. OV4.08, 3.09, and 3.10.](https://www.gao.gov/assets/670/665712.pdf)

ensure that contract terms are met and deliverables are documented.²⁶

Meanwhile, the city's Fiscal Accountability Rules say a grant recipient is responsible for managing the grant throughout the entire grant term, which includes ensuring that required reports are submitted and all necessary documentation related to grant compliance is maintained and accessible, such as having access to performance data and grant reports. City fiscal rules also say the recipient should establish, maintain, and monitor policies and procedures for the grant management process.²⁷

Finally, the city's records retention schedule outlines minimum retention periods that all city agencies must follow. It says all documents related to grant monitoring must be kept for the duration of the grant plus six years or longer.

CAUSE – The Departments Had Limited Understanding and Knowledge of the Deliverables Required by the Grant and the Contract with WellPower

Public Safety's finance managers were not aware of the grant and contract requirements related to reporting and meeting deliverables. Managers said the department has had staffing challenges, and many staff are new to their roles and did not know how the Co-Responder Expansion Program grant was previously managed. Public Safety's contract administrator took over contract administration duties for the Police Department at the end of 2021 and a new grant administrator was hired who was unaware of reporting requirements.

Additionally, despite being listed as the agency contact on the contract's request form from July 2020, Public Safety's assigned manager said they had limited knowledge of the contract's development including terms and conditions. This is because the grant was previously handled under a different organizational structure for the Police Department.

The Police Department said that because Denver already had a strong partnership with WellPower through existing city behavioral health programs, it made sense to partner directly with the nonprofit again.

Managers said the sole-source justification document exists but it was placed in a digital folder accessible only by one person who no longer works for the city. They said the city's Technology Services agency does not have access to such personal folders.

Meanwhile, managers said any original risk assessments of WellPower would have been done before the start of a previous program. And because none of the current Police Department staff were in their positions when the Caring for Denver grant agreement was signed, staff said it is likely

Public Safety's finance managers were not aware of the grant and contract requirements.

²⁶ Exec. Order No. 8, City and County of Denver (2020).

²⁷ City and County of Denver, Fiscal Accountability Rules, "Rule 9.2 – Grant Management" (revised 2014), accessed March 19, 2022, https://www.denvergov.org/files/assets/public/finance/documents/fiscal-accountability/chapter-9-grants/rule_9_2_grant_mgmt.pdf.

these documents were thrown out over the years.

In addition, Public Safety managers said they believed WellPower did not meet the definition of a “subrecipient” based on their review of the city’s Fiscal Accountability Rules since the Caring for Denver grant is not a federal grant. While managers said the rule may only apply to federal grants, the contract required a subrecipient risk assessment to be completed.

Managers said the city’s partnership with WellPower provides access to information and data related to resolving crisis situations. Managers also said if they awarded the Co-Responder Expansion Program grant contract to another agency, all historical data would have been lost. However, as discussed in Finding 2 beginning on [page 28](#), the department does not have access to all program data.

EFFECT – The Departments Are Not Adequately Monitoring the Grant and Contract Requirements

Without supporting documentation related to the sole-source justification, the Police Department cannot properly show why it did not use a competitive selection process and instead directly chose WellPower to provide mental health services for the Co-Responder Expansion Program. The department also cannot confirm the status of WellPower’s legal, fiscal, and financial operations without conducting due-diligence reviews and a risk assessment.

This diminishes the Police Department’s transparency with the public about how it did not use a competitive selection process to select an appropriate mental health service provider.

The lack of supporting documentation related to deliverables required by the grant agreement and contract with WellPower prevents the Police Department and Public Safety from ensuring all grant and contract terms were met. This hinders the departments’ accountability to their stakeholders — including the Caring for Denver Foundation, WellPower, the public, and the people benefiting from the program’s services.

Adequate supporting documentation would help the Police Department and Public Safety to be transparent with the public on how they are spending Caring for Denver grant funds and ensuring compliance with the grant agreement and contract terms.

Further, the lack of documentation for grant milestones — such as a written final report detailing grant expenditures — limits both departments’ ability to retain institutional knowledge. The departments then risk paying for services not provided or not allowed by the grant or the contract. If the departments are not adequately monitoring and reporting on the grant program, they cannot ensure the program is meeting its objectives.

Effective grant management ensures the city has properly accounted for all grant transactions and met the goals of the grant.

1.14

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – JUNE 19, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

1.15

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – JUNE 19, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

1.16

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – NOV. 30, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

1.17

RECOMMENDATION

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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – OCT. 31, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

1.18**RECOMMENDATION****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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – OCT. 31, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.

1.19**RECOMMENDATION****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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – AUG. 18, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.

1.20**RECOMMENDATION****Conduct and Document a Subrecipient Risk Assessment and Due Diligence Review**

The Denver Police Department and the Department of Public Safety should conduct a subrecipient risk assessment and due-diligence review of WellPower to comply with the contract.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – AUG. 16, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.
SEE [PAGE 39](#) FOR THE AUDITOR'S ADDENDUM.

1.21**RECOMMENDATION****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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – AUG. 15, 2022
SEE [PAGE 32](#) TO READ THE AGENCY'S RESPONSES.

FINDING 2 AND RECOMMENDATIONS

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

The Denver Police Department and WellPower track data for the Co-Responder Expansion Program, but the absence of formal data-entry and data-quality review processes make the data unreliable.

WellPower uses an electronic system where co-responders complete forms when they meet with people. The form includes fields for capturing demographic information and documenting the circumstances for a call, such as location in the city and the primary concern. The form also allows co-responders to document referrals for additional services. The data from this system is then used to create annual reports which provide a summary of co-responder encounters with people.

CONDITION The Data for the Co-Responder Expansion Program May Not Be Accurate

The Police Department relies on WellPower's database but does not review and verify the accuracy or reliability of the data WellPower provides for the Co-Responder Expansion Program.

We found WellPower conducts only data checks related to ensuring the information makes sense and is mapping correctly in the designated form. The nonprofit lacks formal quality assurance processes to ensure the data is reliable and accurate.

Similarly, the Police Department does not review and verify the accuracy and reliability of data provided by WellPower because the current data-sharing agreement between WellPower and the department is only for aggregate outcome data.

CRITERIA Applicable Contract Requirements and Federal Guidance Provide Best Practices for Data Management

The contract between the city and WellPower says the Police Department needs to ensure reports are complete and data is accurate.

Federal data-reliability guidelines recommend organizations have user manuals, data-entry policies, and data-quality assurance processes for all programs to provide detailed information about a dataset and its features

for quality control.²⁸

Additionally, federal guidelines say having policies and procedures helps departments assess the quality of their performance over time.²⁹ Managers should obtain data from reliable internal and external sources, use data that is reasonably free from error for effective monitoring, and evaluate these sources for reliability.³⁰

Furthermore, documentation is necessary to ensure effective design, implementation, and operating effectiveness of an organization's internal control system.³¹ Documentation should establish and communicate the "who, what, when, where, and why," because it preserves organizational knowledge and mitigates the risk of having that knowledge limited to only a few personnel.³²

Meanwhile, the city's Fiscal Accountability Rules say a grant recipient shall maintain and have access to all necessary grant documentation, including performance data.³³

CAUSE Limited Access to Data Systems and Informal Processes Lead to Insufficient Data Review

The Police Department cannot effectively monitor the Co-Responder Expansion Program because of its limited access to WellPower's data system — there is no link between the two organizations' systems. WellPower owns the medical record system that houses all co-responder forms and the department has limited access to that.

The department wants to establish a secure connection that would not compromise WellPower's system. Until then, the Police Department says it must rely on the data WellPower publishes in its annual reports.

WellPower confirmed the Police Department does not have a way of verifying the accuracy of any data related to the Co-Responder Program because the data-sharing agreement between WellPower and the Police Department allows the department to access only aggregate outcome data. Additionally, the department does not have direct access to

²⁸ U.S. Government Accountability Office, GAO-20-283G, "Assessing Data Reliability" (2019), accessed on May 10, 2022, <https://www.gao.gov/assets/gao-20-283g.pdf>, sections 1, 4, and 7.

²⁹ U.S. Government Accountability Office, GAO-14-704g, "Standards for Internal Control in the Federal Government" (2014), accessed on May 25, 2022, <https://www.gao.gov/assets/670/665712.pdf>, para. OV2.04.

³⁰ U.S. Government Accountability Office, GAO-14-704g, "Standards for Internal Control in the Federal Government" (2014), paras 13.01 and 13.04

³¹ U.S. Government Accountability Office, GAO-14-704g, "Standards for Internal Control in the Federal Government" (2014), para OV4.08.

³² U.S. Government Accountability Office, GAO-14-704g, "Standards for Internal Control in the Federal Government" (2014), paras 13.01 and 13.04.

³³ City and County of Denver, Fiscal Accountability Rules, "Rule 9.2 – Grant Management" (revised 2014), accessed March 19, 2022, https://www.denvergov.org/files/assets/public/finance/documents/fiscal-accountability/chapter-9-grants/rule_9_2_grant_mgmt.pdf.

WellPower's system.

An updated data-sharing agreement between the Police Department and WellPower to allow the department access to individual-level data was still not finalized as of May 31, 2022.

Meanwhile, WellPower also does not have formal policies and procedures for how to complete and enter data into the co-responder forms. WellPower has a definition sheet that explains the purpose of each field of the form within its electronic system, but this is not a policy and procedure. Policies and procedures are the documentation that describes how a business operates to achieve its objectives.³⁴ Policies define the rules for an organization – such as what employees should do to achieve compliance with something like a grant – and procedures outline the step-by-step instructions for how policies are to be achieved.

WellPower managers also said staff are “just trained at the beginning of their job” on how to complete the form.

WellPower managers said they complete periodic and informal reviews of data but did not have formal policies and procedures outlining how data reviews should be completed and documented. While it conducts some quality checks to ensure information makes sense and the form's logic is mapping correctly, WellPower does not have a way of verifying the accuracy of the responses that its co-responders enter into the electronic forms.

The Denver Police Department cannot effectively monitor the Co-Responder Expansion Program because of its limited access to WellPower's data system.

EFFECT The Denver Police Department Cannot Ensure Data Is Accurate and Reliable to Adequately Monitor the Program

Without a quality assurance process over the Co-Responder Expansion Program data that WellPower manages, the Police Department cannot ensure program data is accurate and reliable. Without accurate and reliable data, the department cannot identify trends or adequately monitor the Co-Responder Expansion Program, which may adversely impact data-driven decision making.

Furthermore, the department cannot effectively measure the overall success of the Co-Responder Expansion Program and be accountable to both the voters in Denver and the people who use the program's services.

³⁴ U.S. Government Accountability Office, GAO-14-704g, “Standards for Internal Control in the Federal Government” (2014), para OV1.03.

2.1 **RECOMMENDATION** **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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – DEC. 15, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

2.2 **RECOMMENDATION** **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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – DEC. 15, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

2.3 **RECOMMENDATION** **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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – DEC. 31, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

2.4 **RECOMMENDATION** **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.

AGENCY RESPONSE – AGREE, IMPLEMENTATION DATE – SEPT. 1, 2022
SEE [PAGE 32](#) TO READ THE AGENCY’S RESPONSES.

AGENCY RESPONSE TO AUDIT RECOMMENDATIONS

The following agency narratives are reprinted verbatim from the agency's response letter.

AGENCY NARRATIVE FOR AUDIT FINDINGS



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.

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.

RECOMMENDATION 1.1

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
JUNE 20, 2022**

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

**AGENCY RESPONSE:
DISAGREE**

**SEE PAGE 39 FOR THE
AUDITOR'S ADDENDUM**

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.

RECOMMENDATION 1.3

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
JUNE 20, 2022**

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.

RECOMMENDATION 1.4

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
MARCH 1, 2023**

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

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
AUG. 1, 2022**

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

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
DEC. 15, 2022**

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

RECOMMENDATION 1.7

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
SEPT. 1, 2022**

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

RECOMMENDATION 1.8

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
NOV. 30, 2022

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

RECOMMENDATION 1.9

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
AUG. 1, 2022

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

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
JULY 1, 2021

SEE PAGE 39 FOR THE
AUDITOR'S ADDENDUM.

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

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
NOV. 30, 2022

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

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
JULY 26, 2022

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

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
SEPT. 15, 2022

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

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
JUNE 19, 2022

Agency personnel have been identified to provide grant oversight.

RECOMMENDATION 1.15

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
JUNE 19, 2022

Agency personnel have been identified to provide contract oversight.

RECOMMENDATION 1.16

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
NOV. 30, 2022

Agency agrees with this recommendation.

RECOMMENDATION 1.17

AGENCY RESPONSE:
AGREE

AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
OCT. 31, 2022

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

AGENCY RESPONSE:
AGREE

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:**
OCT. 31, 2022

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

AGENCY RESPONSE:
AGREE

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:**
AUG. 18, 2022

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

RECOMMENDATION 1.20

AGENCY RESPONSE:
AGREE

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:**
AUG. 16, 2022

**SEE PAGE 39 FOR THE
AUDITOR'S ADDENDUM.**

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

AGENCY RESPONSE:
AGREE

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:**
AUG. 15, 2022

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

RECOMMENDATION 2.1

AGENCY RESPONSE:
AGREE

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:**
DEC. 15, 2022

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

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
DEC. 15, 2022**

The Department agrees to partner with Well Power 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

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
DEC. 31, 2022**

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

RECOMMENDATION 2.4

**AGENCY RESPONSE:
AGREE**

**AGENCY'S TARGET DATE
FOR IMPLEMENTATION:
SEPT. 1, 2022**

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.

AUDITOR'S ADDENDUMS

Auditor's Addendum to Agency Response for Recommendation 1.2

In response to Recommendation 1.2, the Police Department and the Department of Public Safety said they were honest and transparent in communicating with WellPower when requesting to waive the prompt-pay penalties and did not coerce the contractor into waiving the fees.

While the departments did provide documentation showing WellPower eventually agreed to waive the prompt payment, WellPower managers told our team the delay in payment caused operational difficulties and the nonprofit could not continue to operate that way. Additionally, they said that even after following up with the city on multiple late payments, they were not getting paid. WellPower managers said they had to follow up numerous times to receive payment and many hours were spent by various staff members within the organization to get the city to pay the invoices. WellPower managers said this was time staff could have spent on other work.

While we appreciate WellPower's decision to eventually waive the penalties, the fact remains the Police Department and Public Safety were not adhering to the prompt-pay ordinance requiring timely payment, which clearly outlines when penalties will be charged. Finally, the multiple late payments caused an unnecessary burden on the service provider which is what the ordinance is designed to prevent and could potentially damage the relationship between the city and WellPower.

Auditor's Addendum to Agency Response for Recommendation 1.10

While we appreciate the Police Department and Public Safety agree with the recommendation, the Caring for Denver Foundation said there was nothing in the 2020 grant that prohibited the departments from using the 2020 funds to cover the July 2021 invoice.

Foundation managers said they would have expected the departments to discuss the use of funds but they generally allow grantees flexibility in restructuring programs based on need. Given the grant was still open in the city's financial system and there was about \$400,000 remaining in the fund, it would have been appropriate for the city to use the remaining 2020 grant funds. Additionally, this would have decreased the amount of 2020 grant funds the city was required to pay back to the foundation at the close of the grant. Finally, the departments said in their response that the July 2021 invoice was paid July 1, 2021; however, our audit work shows this invoice was paid late on May 1, 2022.

Auditor's Addendum to Agency Response for Recommendation 1.20

The Police Department and Public Safety agreed with the recommendation; however, the response only addresses the requirements for a due-diligence review as outlined in the city's Fiscal Accountability Rule 9.2. The departments are correct that the Co-Responder Expansion grant is not a federal award and therefore is not subject to that particular city rule requirement. But the contract between the city and WellPower did require a due-diligence review on WellPower to be completed by the Police Department. Additionally, the subsequent 2021 contract with the nonprofit also contained this requirement. Because the contract says the department should complete the review, it does not matter that the grant was not a federal award. By not completing the review, the departments are not compliant with the contract terms.

OBJECTIVE

To determine whether the Denver Police Department is effectively monitoring the expenditures for the Co-Responder Expansion Program grant and contract, whether it is compliant with requirements in both the grant agreement with the Caring for Denver Foundation and contract with WellPower, and the extent to which the department is verifying the accuracy and reliability of WellPower's data used in creating annual performance reports.

SCOPE

We reviewed the Denver Police Department's compliance with grant and contract requirements related to allowable costs, reporting and invoicing requirements, and sole-source justification. We also reviewed the associated contract between the City and County of Denver and its third-party service provider, WellPower.

The data and documentation assessed in the audit was from January 2020 through July 2021. Because of the nature of this grant and contract compliance audit, we did not review the effectiveness or efficiency of the Co-Responder Expansion Program.

METHODOLOGY

We used several methodologies to gather and analyze information related to the audit objectives. The methodologies included but were not limited to:

- Interviewing:
 - Staff from the Denver Department of Public Safety and the Denver Police Department.
 - Staff from the Denver Department of Finance.
 - Staff from WellPower.
- Reviewing and analyzing:
 - The U.S. Government Accountability Office's "Standards for Internal Control in the Federal Government."
 - The U.S. Government Accountability Office's 2019 report, "Assessing Data Reliability."
 - The state of Colorado's "Procurement Manual."

- Colorado state Senate Bill 17-207.
- The City and County of Denver’s ordinances.
- The city’s Executive Order No. 8.
- The city’s Fiscal Accountability Rules 6.2, 9.2, 9.3, 10.7, 10.8, and 14.
- The city’s 2021 and 2022 budgets.
- The city’s 2020 Annual Comprehensive Financial Report.
- The city’s guidance on establishing and monitoring interest-earning grants.
- The Caring for Denver Foundation grant agreement with the Denver Police Department for Feb. 2, 2020, through Jan. 31, 2021, and the associated extension from Feb. 2, 2020, through July 31, 2021.
- The contract and amendment between the City and County of Denver and WellPower, which previously went by the name “the Mental Health Center of Denver.”
- A draft of the data-sharing agreement between WellPower and the Denver Police Department.
- Caring for Denver Foundation board minutes from January through March 2020.
- The Denver Police Department’s operations manual related to grants, contracts, and memoranda of understanding.
- WellPower’s 2020 and 2021 Co-Responder Program annual reports.
- WellPower’s April 2016 through April 2020 Co-Responder Program cumulative report.
- WellPower’s definition sheets and desktop procedures for its system of record, MyAvatar.
- The city’s 2020 single audit.
- Prior audits by the Denver Auditor’s Office related to the Neighborhood Food Environment Grant, the Edward Byrne Memorial Justice Assistance Grant, the High Intensity Drug Trafficking Areas Grant, and the Caring for Denver Foundation’s syringe access and sharps disposal programs.
- Observing a walk-through of MyAvatar, WellPower’s system of record.
- Testing the Denver Police Department’s and the Department of Public Safety’s compliance with various grant and contract terms such as sole-source justification, due-diligence reviews, required reports, and interim meetings requirements.
- Identifying the total grant interest earned but not included in the city’s financial system of record, Workday.
- Reviewing prompt-pay penalties incurred by the Department of Public Safety related to late invoice payments.
- Testing invoices against grant and contract terms, as described in the appendix.

APPENDIX

Sampling Methodology and Results

Population

Our population of interest was all invoices related to the Co-Responder Expansion Program from April 1, 2020, through July 31, 2021. There were 17 total invoices – one per month within our audit period plus one adjustment invoice.

From this population, we used our professional judgment to select a sample of 12 invoices that we would test for expenditure allowability and the timeliness of the invoicing process.

Testing Methodology and Results

We examined each invoice to verify that expenditures were:

- Allowable according to grant and contract terms.
- Billed in the correct amount according to grant and contract terms.
- Supported by proper documentation.
- Submitted to the Police Department within 25 days of the period covered by the invoice, as specified by the contract.
- Paid by the Police Department within 35 days of the date received, as required by city ordinance.³⁵

Table 4 illustrates our testing results.

TABLE 4. Invoice Testing Results

Were the Invoice's Expenditures Allowable?		Was the Invoice Amount Correct?	Was the Invoice Supported by Sufficient Documentation?	Was the Invoice Submitted to the Police Department on Time?	Was the Invoice Paid by the Police Department on Time?
Yes	12 out of 12 (100%)	12 out of 12 (100%)	11 out of 12 (92%)	6 out of 12 (50%)	1 out of 12 (8%)
No	0 out of 12 (0%)	0 out of 12 (0%)	1 out of 12 (8%)	6 out of 12 (50%)	11 out of 12 (92%)

Note: : As discussed in Finding 1 beginning on page 6, we identified the incorrect billing of indirect costs for every invoice tested. Because this is indicative of a separate issue, we ignored indirect costs for the purposes of this table (specifically column 2).

Source: Auditor's Office analysis.

³⁵ Denver Revised Municipal Code § 20-1078(j).

Office of the Auditor

The **Auditor** of the City and County of Denver is independently elected by the residents of Denver. He is responsible for examining and evaluating the operations of city agencies and contractors for the purpose of ensuring the proper and efficient use of city resources. He also provides other audit services and information to City Council, the mayor, and the public to improve all aspects of Denver's government.

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