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Cover photo by Denver Auditor’s Office staff.
AUDITOR’S LETTER

February 3, 2022

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

In our follow-up effort for the “Homeless Services” audit report issued in April 2019, we determined that of the five recommendations we made at that time, the Department of Housing Stability fully implemented two recommendations, partially implemented one recommendation, but did not implement the remaining two recommendations. Despite the Department of Housing Stability’s efforts, auditors determined the risks associated with the audit team's initial findings have not been fully mitigated. As a result, the Audit Services Division may revisit these risk areas in future audits to ensure the city takes appropriate corrective action.

The Highlights page in this report provides background and summary information about the original audit and the completed follow-up effort. Following the Highlights page is a detailed implementation status update for each recommendation.

I would like to express our sincere appreciation to the personnel at the Department of Housing Stability who assisted us throughout the audit and the follow-up process. For any questions, please feel free to contact me at 720-913-5000.

Denver Auditor’s Office

Timothy M. O’Brien, CPA
Auditor
Objective
To determine the types and levels of funding that Denver Human Services and the Office of Economic Development received for and spent on homeless services and prevention between 2014 and 2018, and to assess the effectiveness of Denver’s Road Home’s collaboration and coordination with other key groups within the city.

Background
Homelessness impacts about 3,450 individuals every day in Denver. In 2007, Denver’s mayor delegated responsibility for oversight of the city’s homeless strategy and efforts to Denver Human Services. Denver’s Road Home, a division within Denver Human Services, later assumed this responsibility. As the preeminent city entity supporting homeless programs, Road Home partnered with other city agencies, community organizations, and committees to facilitate the coordinated delivery of resources to those in need.

During our second audit of Denver’s Road Home, we identified areas in need of improvement.

Gaps in Denver’s Road Home’s Collaborative Efforts and Staff Resources Impede Its Progress in Addressing Homelessness

- Denver’s Road Home Has Strengthened Partnerships but Has Not Established Certain Crucial Elements of Collaboration.
  - Road Home lacks a strategic plan to address homelessness and has no communitywide performance metrics.
  - Road Home’s collaboration with its partners is fragmented.
  - There is uncertainty over who is ultimately responsible for leading strategic planning and policy within the city on homelessness.
- Road Home Lacks the Staff Resources Necessary to Carry Out Its Current Role.
  - Road Home has not conducted a staffing analysis in the past 10 years.
  - Road Home is unable to fulfill some of its responsibilities, including strategic planning, policy development, and data analysis.
  - Several employees have had to assume duties beyond the scope of their job descriptions, including contract management and event planning.

The Advisory Committee for Housing People Experiencing Homelessness Should Strengthen Its Bylaws

- Draft bylaws do not require members to reveal, or take action to avoid, potential conflicts of interest.
- Draft bylaws do not require committee performance evaluations.

FULLY IMPLEMENTED 2
PARTIALLY IMPLEMENTED 1
NOT IMPLEMENTED 2
Feb. 3, 2022

**Action Since Audit Report**

**Homeless Services**

5 recommendations proposed in April 2019

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While the Department of Housing Stability implemented two recommendations made in the “Homeless Services” audit report, three others have yet to be fully implemented or acted upon.

One of these recommendations is partially implemented because the Department of Housing Stability began an assessment of its organizational structure and resources but has not completed a staffing analysis.

Two other recommendations are not implemented because the department did not yet ensure its staff resources are fully aligned with the department's homelessness resolution responsibilities and the new advisory committee's bylaws do not include important elements outlined in our recommendation. The elements we recommended included a description of the committee's process for avoiding potential conflicts of interest, a requirement for the committee to perform regular self-evaluations, and a requirement to keep meeting minutes with guidelines for what topics should be recorded.

Although the initial steps to establish a new department and implement strategies for homelessness resolution address the first two recommendations, incomplete implementation or no action taken on the remaining three recommendations could result in continued risk.
FINDING 1 | Gaps in Denver’s Road Home's Collaborative Efforts and Staff Resources Impede Its Progress in Addressing Homelessness

Recommendation 1.1

**REASSESS RESPONSIBLE AGENCY FOR HOMELESSNESS** – The Mayor’s Office should reassess what city agency, agencies, or other groups are responsible for developing and implementing the city’s strategic plan and related policies for homelessness. Executive Order No. 91 should be revised or replaced to clearly document the responsible party.

**AGENCY ACTION**

**FULLY IMPLEMENTED**

*Original target date for completion: July 2019, January 2020*

The Mayor’s Office rescinded Executive Order No. 91, which had designated the Department of Human Services as the lead agency responsible for managing city services to those experiencing homelessness and created a new agency with Executive Order No. 145.

The Department of Housing Stability, established on Sept. 27, 2019, now leads efforts to address both housing stability and homelessness resolution for residents throughout the city. Memorandum 145A, an attachment to the new executive order, further defines the roles and responsibilities of the new department, which include developing, managing, and updating strategic plans to guide policy strategies and investment for housing stability, homelessness resolution, and housing opportunity.

As a result, we consider this recommendation fully implemented.

Recommendation 1.2

**CREATE HOMELESSNESS STRATEGIC PLAN** – After the Mayor’s Office makes its determination of which agency or agencies are responsible for developing and implementing the city’s strategic plan and related policies for homelessness, the responsible party should develop a comprehensive citywide strategic plan and related policies specific to homelessness. The strategic plan should include citywide performance measures that help the city assess ongoing efforts to reduce homelessness.

**AGENCY ACTION**

**FULLY IMPLEMENTED**

*Original target date for completion: August 2020*
The Department of Housing Stability began its strategic planning effort at the end of 2019 with an initial target date of August 2020 for publishing a draft of its long-range strategic plan. However, the COVID-19 pandemic interrupted its progress as staff shifted their focus on efforts to keep people experiencing homelessness safe from impacts of the virus.

As a result, November 2021 became the new goal for submitting the department’s strategic plan to the City Council for approval. The department adapted its planning efforts by meeting virtually during 2020 and 2021 and producing a one-year action plan in 2021 with the intent of providing short term guidance on policy and investment priorities.\(^1\) A draft of the citywide “Five-Year Strategic Plan” was published for public review and comment in August 2021 and the City Council approved a final version in November 2021.\(^2\)

We reviewed the final “Five-Year Strategic Plan” and determined it includes strategies, performance measures, and policy recommendations specific to homelessness. Therefore, we consider this recommendation fully implemented.

Although the department’s official response to this audit recommendation noted that it would also include a staffing plan as part of its strategic plan, a staffing plan was not part of the final strategic plan. We address the staffing plan in our discussion of Recommendations 1.3 and 1.4.

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1 In November 2020, Denver voters passed ballot Measure 2B, which increased sales tax by 0.25% to create the Homelessness Resolution Fund, a dedicated revenue stream to support residents experiencing homelessness. An addendum to the 2021 action plan provides the framework for how revenue from the Homelessness Resolution Fund was to be used during its first year.

the new department from across the city that would be dedicated to working on affordable housing and homelessness resolution.³ Department officials told us that these staffing positions awarded to the new department are the result of their work with the Office of Human Resources and the Budget Management Office to support department staffing. However, department officials provided no other evidence of a staffing analysis that informed these initial staffing decisions.

In early 2021, the department hired a consultant to evaluate its initial organizational design and staffing. In our review of the consultant’s report, we found that it considers the strategic goals from the “Five-Year Strategic Plan” and provides a summary of potential organizational structure models for the department as well as other opportunities for improvement. However, it does not include an assessment of staffing levels for key functions such as strategic planning, policy development, and data analyses associated with the department’s homelessness resolution work, nor does it assess whether current staffing resources adequately support the department’s strategic goals.

Furthermore, the report notes that next steps include exploring the department’s selected organizational structure for possible future implementation along with prioritizing and finalizing key opportunities for improvement. This indicates that the selection and implementation of the department’s organizational structure is still in progress. We received no further evidence that a staffing assessment was completed to determine whether the department’s staffing resources are sufficient for accomplishing key functions related to homelessness resolution in those areas we specifically identified in the original audit, including policy development and data analyses.

As a result, we consider this recommendation partially implemented.

**Recommendation 1.4**

**ALIGN ROAD HOME STAFF RESOURCES** – After completing the staffing analysis, the director of Road Home should work with the executive director of Denver Human Services to ensure Road Home’s staff resources align with the division’s responsibilities.

**NOT IMPLEMENTED**

**AGENCY ACTION**

**Original target date for completion: August 2019, August 2020**

As noted for Recommendation 1.3, the Department of Housing Stability

has not completed a staffing analysis to identify gaps in current staffing resources dedicated to its homelessness resolution work. Without a completed staffing analysis, the department cannot yet implement this recommendation which calls for the department’s staff resources to be brought into alignment with its responsibilities related to homelessness resolution.

However, we encourage the department to complete this final step, to ensure its staff resources dedicated to homelessness resolution are sufficient to enable the department to fulfill its responsibilities and accomplish its strategic goals established in the “Five-Year Strategic Plan.”

Therefore, we consider this recommendation not implemented.
### FINDING 2 | The Advisory Committee for Housing People Experiencing Homelessness Should Strengthen Its Bylaws

**Recommendation 2.1**

**STRENGTHEN BYLAWS** – The Advisory Committee for Housing People Experiencing Homelessness should include the following important elements in its bylaws:

- A description of the committee’s process for avoiding potential conflicts of interest, which should include annual submissions of disclosure forms and recusal from voting in the event of a conflict.
- A requirement for the committee to perform self-evaluations on a regular basis, including the frequency of self-evaluations.
- A requirement to keep meeting minutes with guidelines for what topics should be recorded (such as vote tallies and abstentions).

**AGENCY ACTION**

**Original target date for completion: July 2019**

The Advisory Committee for Housing People Experiencing Homelessness, which was originally tasked with advising the city on leading practices and strategies for housing those experiencing homelessness, was dissolved in December 2019.

Members of the new advisory body, the Housing Stability Strategic Advisors, were appointed by the mayor and the City Council in December 2020. The new Housing Stability Strategic Advisors will support the department in its homelessness to housing-related work.

The new Housing Stability Strategic Advisors did not finalize its bylaws until July 2021. We reviewed the bylaws and determined they do not include the specific elements from our original recommendation. For example, the bylaws’ section on conflicts of interest does not describe a detailed process or specific procedures but instead references the meetings and procedures section of city ordinance that established the new advisory group.\(^4\)

However, this section of city ordinance includes only a general expectation for the group to follow the city’s Code of Ethics regarding members participating in the advisory group’s business and voting procedures.\(^5\)

None of these sources provide guidance regarding the actions to be taken to avoid potential conflicts of interest or to ensure actual conflicts are

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\(^4\) Denver Revised Municipal Code § 27-163(b).
discussed, which we specifically included in the audit recommendation.

As described in the audit report, leading practices recommend that a conflict-of-interest policy should be reviewed and signed by each committee member on an annual basis. Without a documented process for identifying, reporting, and managing potential conflicts of interest, the advisory committee may not adequately recognize and address potential conflicts that could negatively impact the quality of its advice and recommendations.

Additionally, we determined the bylaws lack a requirement to regularly review the committee's performance and to document meetings, including details such as approved motions and members' voting records.

Although a new advisory committee was created to advise the Department of Housing Stability on homelessness and housing, the leading practices we identified during the original audit are still applicable to the new committee's bylaws so it can fulfill its role by ensuring it has an effective governance structure.

As a result, we determined this recommendation was not implemented.
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.

The Audit Committee is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities regarding the integrity of the city's finances and operations, including the reliability of the city's financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of city operations, thereby enhancing residents' confidence and avoiding any appearance of a conflict of interest.

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We deliver independent, transparent, and professional oversight in order to safeguard and improve the public's investment in the City and County of Denver. Our work is performed on behalf of everyone who cares about the city, including its residents, workers, and decision-makers.