

# FOLLOW-UP REPORT

## Multi-Agency **Denver Art Museum**

DECEMBER 2023



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**OFFICE OF THE AUDITOR**  
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*Cover photo by Denver Auditor's Office staff.*

# City and County of Denver



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## AUDITOR'S LETTER

December 7, 2023

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by city ordinance, we have 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.

After following up on the "[Denver Art Museum](#)" audit report issued in January 2021, we determined the Denver Art Museum, the Mayor's Office, and the Controller's Office did not implement almost half of our recommendations. Of the 21 recommendations they agreed to implement, 10 recommendations remain not implemented, eight are fully implemented, and three are only partially implemented.

During the original audit, we found existing agreements insufficiently documented fundamental elements of the relationship between the city and the museum, and the city had not properly accounted for some of its assets at the museum. The audit was also impaired because museum officials restricted the team's access to complete reports in the museum's collections management system, ARGUS. Meanwhile, we found some documented guidance for collections inventories and emergency response was inconsistent with actual procedures and lacked some key elements recommended by leading practices. We also identified three ways the museum's board of trustees could improve its governing activities.

Based on our follow-up work, we determined the Denver Art Museum, the Mayor's Office, and the Controller's Office did not fully address all the risks associated with our initial findings. Consequently, we may revisit these risk areas in future audits to ensure the city takes appropriate corrective action.

We did not update the status of the one recommendation the Denver Art Museum and the Mayor's Office disagreed with about [developing a new operating agreement](#), as we presume they took no related action. We include the recommendation in this report as a reference.

We appreciate the leaders and team members at the Denver Art Museum and in the Mayor's Office and the Controller's Office who shared their time and knowledge with us throughout the audit and the follow-up process. 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

# ORIGINAL REPORT HIGHLIGHTS

## Denver Art Museum

Original Report Issued:  
JANUARY 2021

Follow-up Report Issued:  
DECEMBER 2023

### Objective

To assess elements of the city's relationship with the Denver Art Museum, including agreements and accounting of city-owned assets, and to review selected museum policies and practices as well as the museum board of trustees' governance of the organization.

### Background

In 1893, several artists established the Denver Artists' Club, which became the Denver Art Museum in 1923. In 1971, the museum opened its current location in downtown Denver.

The museum maintains over 70,000 works of art. Its mission is "to enrich the lives of present and future generations through the acquisition, presentation, and preservation of works of art, supported by exemplary scholarship and public programs" through permanent collections and temporary exhibits.

### The city's formal relationship with the Denver Art Museum, as well as its ownership of some assets at the museum, was unclear

- Existing agreements between the city and the Denver Art Museum were outdated and insufficiently documented several key elements found in city contracts with other cultural organizations — such as ownership of assets and the city's participation in governance.
- The city had not properly accounted for some of its assets used by or stored at the Denver Art Museum.

### The Denver Art Museum needed to strengthen its art inventory planning and practices, as well as its emergency response plans

- The Denver Art Museum needed to improve its art inventory planning and practices — as well as database and badge access controls — to fully account for and protect all objects in its care.
- The Denver Art Museum's approach to emergency planning lacked some key elements — such as a formal risk assessment and a continuity plan — and emergency planning documents were inconsistent in the information they shared.

### The Denver Art Museum Board of Trustees needed to enhance its governance approach

- The board's membership did not reflect the diversity of Denver and the surrounding area — in that women and people of color were underrepresented among the 35 trustees.
- The board's governing practices did not fully align with leading practices, such as limiting the number of consecutive terms trustees can serve.
- The board's bylaws had not been updated in 22 years and were, therefore, inconsistent with some board practices.

#### WHY THIS MATTERS

The Mayor's Office and the Denver Art Museum agreed to implement 21 of 22 recommendations — but both disagreed with the audit's primary recommendation: for the two entities to develop a new operating agreement. Without a clear, singular, and overarching agreement, the city and the museum may disagree on which of them must cover future costs and which is the rightful owner of certain assets.



8

FULLY  
IMPLEMENTED



3

PARTIALLY  
IMPLEMENTED



10

NOT  
IMPLEMENTED



1

DISAGREED;  
NO FOLLOW-UP

Dec. 7, 2023



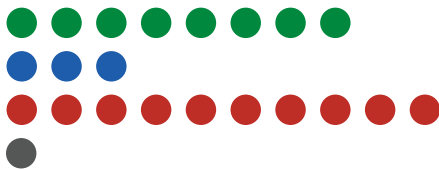
# Action Since Audit Report

## Denver Art Museum

22 recommendations proposed in January 2021

The Denver Art Museum, the Mayor’s Office, and the Controller’s Office fully implemented eight recommendations made in the original audit report. But three others are only partially implemented, and the agencies have not addressed the risks 11 other recommendations had sought to resolve.

By implementing eight of our recommendations, the museum strengthened its art inventory planning and practices – as well as its database controls – to better account for and protect all objects in its care. The museum also added a mayoral appointee to its governing board, creating a stronger connection and communication with the city. Finally, the museum’s board implemented more transparent practices for its committee that identifies potential new members, and the board updated its bylaws to reflect current practices.



## REMAINING RISKS

The 14 recommendations the Denver Art Museum, the Mayor’s Office, and the Controller’s Office did not fully implement – including the one recommendation they did not agree to implement at the time of the original audit – present several lingering risks. Among them:

- The museum and the Mayor’s Office still lack an operating agreement that includes clear rights, responsibilities, and asset ownership that addresses gaps identified in the original audit.
- The city cannot ensure it has identified and can fully track assets that are owned by the city but stored at the Denver Art Museum.
- The museum cannot ensure all badges are identified and deactivated.
- The museum’s emergency response plan remains in draft form and lacks key elements recommended by leading practices.
- The board’s ability to add diversity among its board and committee members, as well as communicate clear attendance expectations for its board members, is still insufficient.

**FINDING 1 | The city’s formal relationship with the Denver Art Museum, as well as its ownership of some assets at the museum, is unclear**



**FULLY IMPLEMENTED**

**Recommendation 1.2**

**INCLUDE CITY REPRESENTATION ON THE DENVER ART MUSEUM’S BOARD OF TRUSTEES** – The Mayor’s Office should work with the Denver Art Museum to add one or more mayoral appointees to the museum’s board of trustees. This city representation on the board should be a requirement documented in the board’s bylaws.

**AGENCY ACTION**

**Agency’s original target date for completion: Mayor’s Office – June 30, 2022; Denver Art Museum – Sept. 30, 2021**

The Denver Art Museum Board of Trustees adopted new bylaws in November 2021 that added a mayoral appointee to the board. After reviewing the board’s meeting minutes, we learned this mayoral appointee began attending board meetings in March 2022.

Because the board bylaws were updated to include a mayoral appointee and because that appointee has been attending board meetings, we consider this recommendation fully implemented.



**PARTIALLY IMPLEMENTED**

**Recommendation 1.3**

**ASSIGN OVERSIGHT RESPONSIBILITIES** – The Mayor’s Office should assign and document a responsible agency and individual to manage the city’s agreement with the Denver Art Museum. This agency and individual should be the city’s centralized expert on the museum’s agreements and they should be responsible for overseeing the museum’s use of city funding, overseeing the annual review of city assets at the museum, and reviewing reports provided by the museum.

**AGENCY ACTION**

**Agency’s original target date for completion: June 30, 2021**

The Mayor’s Office assigned Denver Arts & Venues as the agency responsible for managing the city’s relationship with the Denver Art Museum. The agency’s executive director delegated day-to-day oversight to an agency director.

We spoke to the assigned director to understand their role and responsibilities and learned they had toured the museum, learned about the museum’s inventory system and art database, and received a presentation on the museum’s budget from museum officials. They were also given a copy of the city’s contracts with the museum, and they discussed the contracts with an attorney from the City Attorney’s Office. However, because a new mayor took office in July 2023, this director is unsure what the new mayor’s priorities will be for this liaison position.

Additionally, when the director was assigned, they questioned how much time they could dedicate to this role considering their other project management responsibilities with Denver Arts & Venues. Also, to their knowledge, no policies or procedures have been created to define the responsibility of Arts & Venues regarding the museum’s assets, and the director does not believe their existing responsibilities enable them to be any more involved with the museum. In their view, if more direct involvement with the museum is desired, another individual may need to be assigned.

Although the Mayor’s Office assigned a responsible agency and individual, based on our conversation with the director assigned to this task, they have not been overseeing the museum’s use of city funding other than receiving a presentation on the museum’s budget, and they are not part of the city’s process for reviewing city-owned assets used by or stored at the museum.

Therefore, we consider this recommendation only partially implemented.



**NOT IMPLEMENTED**

**Recommendation 1.4**

**RECONCILE CITY ASSETS AT THE MUSEUM** – The Denver Art Museum and the Controller’s Office should reconcile and document all city-owned assets used by or stored at the Denver Art Museum.

**AGENCY ACTION**

**Agency’s original target date for completion: Mayor’s Office – June 30, 2022; Denver Art Museum – March 31, 2022**

We asked the city controller whether anyone in the Controller’s Office had taken steps to ensure the list of assets the museum provides is complete and accurate. They said Denver Arts & Venues is the custodian for city-owned assets at the museum, and they directed us back to the annual asset inventory certification process, which we had learned about during the audit. This process involves city staff selecting a sample of city assets across the city to verify each year.

However, the city controller added that no museum assets were included in the sample. Other Controller’s Office staff who have been involved in the city’s annual asset reconciliation process had no knowledge of any effort to determine and document exactly which assets at the museum are owned by the city. Additionally, the Denver Arts & Venues director who was named asset custodian was not aware of any efforts in the city to determine city-owned assets.

Meanwhile, we reviewed the city’s most recent annual comprehensive financial report and found it still lacks any reference to art stored at the Denver Art Museum, which was the case during the original audit.

Because the city has not made an effort to identify which assets belong to the city and which assets are owned by the Denver Art Museum, we consider this recommendation not implemented.

**Recommendation 1.5**

**ASSIGN CITY CUSTODIAN FOR ASSETS AT THE MUSEUM** – The agency that the Mayor’s Office designates to be responsible for museum oversight, as called for in Recommendation 1.3, should assign a city employee as an asset custodian for the city’s assets used by or stored at the Denver Art Museum. This custodian should be trained on asset-related city rules and processes, as well as the city’s agreements with the museum.

**AGENCY ACTION**

**Agency’s original target date for completion: Dec. 30, 2021**

The same Arts & Venues director discussed in the implementation of Recommendation 1.3 was named the asset custodian for the city’s assets used by or stored at the museum.

We learned from this director that they requested and received copies of the contracts between the city and the museum. Additionally, although they are familiar with the city’s asset management requirements and processes, they acknowledged they are not knowledgeable about determining ownership for art. Although they have toured the “back of house” facilities at the museum, they have not requested access to the museum’s art inventory system. Furthermore, they question how much time they can allocate to this liaison role with the existing responsibilities of their director position.

Meanwhile, the director is unaware of efforts to verify city-owned assets at the museum or improve internal controls for the annual asset reconciliation process. Additionally, a Controller's Office employee who works with the museum on the annual asset reconciliation process said they had not spoken to anyone else in the city regarding ownership of art assets in the museum.

### **ASSET RECONCILIATION PROCESS**

**The city's asset reconciliation process involves an annual review of new assets when preparing for the city's annual financial report.**

Given the Arts & Venues director is the person responsible for reviewing assets reported by the museum, it is significant that the Controller's Office employee has had no contact with them. We would have expected the director to have been involved in the asset reconciliation process because they are the designated asset custodian who is responsible for ensuring that the asset inventory is complete and accurate.

Because the city employee assigned to be the asset custodian has not been involved in the asset reconciliation process related to city-owned assets used by or stored at the museum, we consider this recommendation not implemented.

#### **Recommendation 1.6**

**IMPROVE INTERNAL CONTROLS FOR ASSETS AT THE MUSEUM** – The Controller's Office should ensure adequate internal controls over the city's assets at the museum. This should include annually verifying that the list of city assets at the museum is complete and accurate. These duties could be assigned to the agency with museum oversight responsibilities or to an individual within the Controller's Office.

#### **AGENCY ACTION**

**Agency's original target date for completion: June 30, 2022**

We spoke to two employees of the Controller's Office who currently or recently worked with the museum as part of the city's annual asset reconciliation process. Both staff members described their process for reconciling assets as one that involves ensuring the list of assets the museum gives them matches asset information in Workday, the city's financial system of record. This process is done in August or September and again at the end of the calendar year.

When asked how they validate the asset list the museum provides, one Controller's Office staff member said the museum's list is usually accepted as is by the Controller's Office. But if staff do note any discrepancies, they will check into those within a week or two after receiving the list.

Both staff members pointed to the city’s Fiscal Accountability Rules as their guidance for internal controls. Neither staff member provided any updated policies or procedures regarding internal controls.

Furthermore, in the asset list the museum gave the city as part of the 2022 asset reconciliation process, we saw no art assets listed – showing the city has done no additional work, beyond accepting the museum’s list of assets, to identify which assets the city might own.

While the museum and the Controller’s Office collaborated as part of the city’s annual asset reconciliation process, the Controller’s Office has continued to accept the museum’s inventory at face value – rather than taking any further steps to ensure the inventory is complete and correct. The process staff are following is no different than what the city had been doing during our original audit.

The city controller also acknowledged that the Controller’s Office had not met with the Denver Art Museum to discuss steps to improve controls or verify city assets stored by or used at the museum.

Because we observed no progress to address the risks identified during the original audit, we consider this recommendation not implemented.

**Recommendation 1.7**

**ANNUALLY VERIFY ASSETS** – The Controller’s Office should design and implement additional internal controls to verify at least annually that city assets related to entities under agreement with the city are properly recorded. When asset ownership questions exist or transactions have occurred during the year involving a separate entity, the City Attorney’s Office should be consulted to ensure the accounting treatment is consistent with the related agreement.

**AGENCY ACTION**

**Agency’s original target date for completion: June 30, 2022**

The Controller’s Office staff responsible for working with the museum during the city’s asset reconciliation process were not aware of any additional internal controls related to the annual verification of city assets. They referenced only the Fiscal Accountability Rules. One Controller’s Office staff member suggested we reach out to a member of Denver Arts & Venues’ financial team, but we received no response from that team.

Another Controller’s Office staff member said they had not spoken to anyone in the City Attorney’s Office about ownership questions and ensuring the right accounting treatment for city assets used by or stored at the museum. The annual asset reconciliation process appears to be the same as it was during our original audit.

Because we observed no progress to address the risks identified during the original audit, we consider this recommendation not implemented.



## DISAGREED

### Recommendation 1.1

**DEVELOP NEW OPERATING AGREEMENT** – The Denver Art Museum and the Mayor’s Office, with assistance from the City Attorney’s Office, should develop a new operating agreement that includes clear rights, responsibilities, and asset ownership to address gaps described in Table 1 of [the original] audit report. This agreement should clarify the museum’s role as an “agency” for arts.

### AGENCY ACTION

This was the original audit’s primary recommendation: for the two entities to develop a new operating agreement. Without a clear, singular, and overarching agreement, the city and the museum may disagree on which of them must cover future costs and which is the rightful owner of certain assets.

Officials at the Denver Art Museum and in the Mayor’s Office took no action to implement this recommendation because they disagreed with it in our original report.

This was the Mayor’s Office’s response to the recommendation when the original report was issued in January 2021:

*The Mayor’s Office believes that consideration of a new operating agreement is premature until the other recommendations in this Audit Report are evaluated and implemented, so that the parties can determine the best method to approach any of the identified gaps described in Table 1. The Mayor’s Office understands that the intent of this recommendation is to avoid future instances of disagreement and we believe that recommendations 1.2 through 1.7 of this report may sufficiently address the concerns raised. Acknowledging the complexity and history of the City and the Denver Art Museum’s relationship, the parties are committed to exploring the appropriate method to evaluate the items identified in Table 1 and reserve the opportunity to identify the best tools and processes to achieve mutually beneficial outcomes.*

Additionally, this was the museum’s response to the recommendation at the time:

*The Museum believes the parties to the agreement should determine the best method to approach any of the identified gaps described in Table 1. The Museum understands that the intent of this recommendation is to avoid future instances of disagreement and we believe that recommendations 1.2 through 1.7 of this report may sufficiently address the concerns raised. Acknowledging the complexity and history of relationship, the parties are committed to exploring the appropriate method to evaluate the items identified in Table 1 and reserve the opportunity to identify the best tools and processes to achieve mutually beneficial outcomes.*

## FINDING 2 | The Denver Art Museum should strengthen its art inventory planning and practices, as well as its emergency response plans



### FULLY IMPLEMENTED

#### Recommendation 2.1

**UPDATE POLICIES AND PROCEDURES TO DOCUMENT CURRENT PRACTICES** – The Denver Art Museum’s Exhibition and Collection Services Department should update the museum’s inventory guidelines appended to its collections management policy or create separate procedures to document the museum’s current practices related to missing and nonaccessioned collection objects.

#### AGENCY ACTION

##### **Agency’s original target date for completion: Sept. 30, 2021**

The Denver Art Museum’s Exhibition and Collection Services Department updated the inventory guidelines attached to the museum’s collections management policy. The updated policy expands on processes related to missing objects and now includes guidance on inventorying all artworks in the museum’s collections and on loan.

The 2021 policy now includes guidance for inventorying all artworks within the museum’s collections and on loan, including nonaccessioned objects. Furthermore, the policy explains that once an inventory is completed, collections staff will reconcile discrepancies and report missing objects. For example, the updated guidance now has policies and procedures that define steps for locating all objects in the museum’s care when needed and for producing an accurate list of objects in a particular location. The policy includes additional details related to missing objects that we discuss in the museum’s implementation of Recommendation 2.2.

Given the updates to the collections management policy, we consider this recommendation fully implemented.

#### **ACCESSIONED ARTWORK**

**Artwork stored and exhibited at the museum is assigned a specific legal status that establishes whether the object has been accepted, or “accessioned,” into the museum’s permanent collection.**

**Recommendation 2.2**

**UPDATE POLICIES AND PROCEDURES TO STRENGTHEN OVERSIGHT OF MISSING OBJECTS** – The Denver Art Museum should update the museum’s guidelines appended to its collections management policy or create separate documented procedures to strengthen its oversight of missing objects. Additional policy or procedure elements should include a process for analyzing missing objects to identify trends as well as standard steps for investigating and resolving missing objects.

**AGENCY ACTION**

**Agency’s original target date for completion: Jan. 31, 2022**

We compared the museum’s collections management policy from 2019 to the one updated in 2021 to determine whether the museum strengthened its oversight of missing objects. As part of this work, we analyzed the museum’s new inventory processes and confirmed the policy was expanded to include information such as inventory goals, anticipated time frames, and a minimum number of staff needed to conduct inventories.

By establishing comprehensive inventory processes, the museum is better positioned to track all objects in its collection as well as follow a consistent process for identifying and locating any missing objects.

In addition to updating its inventory processes, the museum also expanded its policy for handling missing objects.

Previously, we found that museum staff were taking additional steps not documented in the policy when handling missing objects, which museum leaders said was to provide staff with some flexibility. The updated policy addresses this risk by including a comprehensive identification, reporting, and resolution process for missing items. For example, the museum’s policy now prioritizes missing objects based on specific criteria – such as value, potential for theft, or storage location. By updating and specifying guidance, staff can use a consistent approach and more accurately comply with museum procedures.

Lastly, the 2021 policy also includes new guidance for analyzing missing and located objects to identify any trends for future mitigation efforts and training, which addresses the risks identified in the original report.

Given that the museum strengthened its oversight of missing objects, we consider this recommendation fully implemented.

**Recommendation 2.3**

**UPDATE FORMAL STRATEGY FOR COLLECTION INVENTORIES** – The Denver Art Museum’s Exhibition and Collection Services Department should update its current strategy for conducting inventories of the museum’s art collection that:

- Identifies the museum’s priorities for physical inventories.
- Identifies those parts of the collection that have not been inventoried in more than 10 years.
- Includes an inventory schedule that allows as comprehensive an inventory as possible of all objects in the museum’s care within a stated time frame.

## AGENCY ACTION

### Agency’s original target date for completion: Jan. 31, 2022

The Denver Art Museum’s Exhibition and Collection Services Department updated its strategy for conducting inventories. To confirm implementation of this recommendation, we compared the 2019 collections management policy with the version updated in 2021.

Previously, we found the museum had an inventory schedule for spot-checking some items, but the approach did not follow a risk-based model and it applied only to items in its permanent collection and objects on loan. To assess whether the updated guidance now follows a risk-based model where, for example, high-value or easily misplaced objects would be inventoried more than less-vulnerable objects, we analyzed the four different inventory processes described in the new policy.

We determined two follow a risk-based model: a spot-check inventory and a project inventory. For example, the spot-check inventory says staff should select objects randomly or from areas or a collection that has undergone “extensive activity or is high value,” and these are to occur at least monthly. The remaining two inventory processes — a sectional inventory and a temporary storage inventory — take a holistic approach, requiring an inventory of every item in the museum’s storage over a set period.

Additionally, as discussed earlier, the museum updated inventory guidance to include all artworks in the museum’s collection or on loan.

After reviewing the updated inventory processes, we confirmed that the sectional inventory schedule and process — which requires staff to check every item within the museum’s collection over 10 years — will lead to the identification and documentation of parts of the collection not inventoried in more than 10 years.

Lastly, we confirmed the museum created a 10-year schedule and had begun the inventory process. Based on information provided by the museum, we also confirmed that several objects reported missing during an inventory were later located and the records updated.

Because the museum updated its strategy for conducting inventories to prioritize areas and collections with high activity or high value and to ensure a comprehensive inventory of all objects in the museum’s collections within 10 years, we consider this recommendation fully implemented.

**Recommendation 2.4**

**STRENGTHEN SYSTEM CONTROLS** – The Denver Art Museum’s director of technology and its Registrar’s Office should update the ARGUS database to the version with audit trail capabilities, or they should restrict user access to delete object records and require and document a periodic review of objects marked as “missing.”

**AGENCY ACTION**

**Agency’s original target date for completion: Jan. 31, 2023**

In late 2021, the Denver Art Museum updated its ARGUS database to a version with audit trail capabilities, and staff configured the system to track key data fields.

We randomly selected an object from the art inventory to observe its history in the system, and we saw the system showed changes to the record, such as an update to the object’s location and a field that includes an assessment of the object. Each change included a timestamp and the username of the individual who made the update. The prior information remains visible in gray, crossed-out text. Similarly, the audit trail functionality also tracks when new records are added and when records are deleted.

Also, since our original audit, the museum transferred user management and system security from the Registration Department to the Information Technology Department. This was to separate these functions from database management and limit the number of people who had access to art collection storage and the ability to delete records. As a result, now only four individuals can delete records from ARGUS – and only two of them are registrars who also have access to collection storage.

In addition to the audit trail functionality and greater separation of duties among those who manage artwork and have the ability to change or delete records, the museum also developed inventory management policies that define periodic reviews of objects with a missing status that are to occur upon the conclusion of a scheduled inventory or through a quarterly check of research into missing objects.

Therefore, we consider this recommendation fully implemented.

**Recommendation 2.7**

**RECONCILE ALL EMERGENCY RESPONSE DOCUMENTATION** – The director of the Denver Art Museum should ensure museum staff reconcile all emergency response documentation to ensure procedures are aligned and consistent across various documents, including the emergency response plan and the flipbook.

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**AGENCY ACTION**

**Agency's original target date for completion: Sept. 30, 2021**

The Denver Art Museum eliminated the emergency procedures flipbook in response to our recommendation.

Previously, we found inconsistencies in procedures outlined in the museum's emergency response plan compared to the emergency procedures flipbook that was given to all museum staff. To address this risk, museum officials decided to eliminate the flipbook and replace previously printed hard-copy emergency response plans with an electronic version that is less costly and more easily updated when needed.

By eliminating the flipbook and providing for more frequent updates to the emergency response plan, staff have consistent procedures across the museum, a vital component for a successful emergency response.

Given this, we consider this recommendation fully implemented.



**PARTIALLY IMPLEMENTED**

**Recommendation 2.5**

**IMPLEMENT ADDITIONAL BADGE CONTROLS** – The Denver Art Museum's Protective Services Department should implement an automated control to ensure badges cannot be valid for more than one year, or the department should establish a requirement for an annual review to identify and deactivate security badges that are active beyond the allowable period. The results of this review should be documented.

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**AGENCY ACTION**

**Agency's original target date for completion: Jan. 31, 2021**

The Denver Art Museum's Protective Services Department updated its badge and access policy to include a quarterly audit. But because of software limitations, staff must audit badges manually, which has resulted in some clerical errors.

During our follow-up, we reviewed the updated policy and confirmed that an auditing component had been added to the policy. Specifically, museum staff will now audit all badges in the museum's badging software every quarter.

Staff will print a list of all badges and go line-by-line to identify which badges have expired or which employees no longer work for the museum, and then they will remove their profile from the badging system.

Because of this manual check, we noted several clerical errors when we analyzed the conclusions from the badge audits. For example, for the June 2023 badge audit, museum staff reported 957 active badges and 26 terminated badges. However, our analysis of the same data showed the museum had 931 active badges and 26 terminated badges at the time, a difference of 26 active badges.

While the errors were minor, they affect the accuracy of the active badges staff reported. Additionally, by relying on manual entries and data management, there is still a risk that data could be incorrect and delay badge renewals or staff background checks.

Although the museum has taken steps to address the risks identified in the original report, such as updating its policy to include auditing requirements, clerical errors from manually auditing badge information leaves some of the original risks unaddressed. Given this, we consider this recommendation only partially implemented.



## NOT IMPLEMENTED

### Recommendation 2.6

**INCORPORATE LEADING PRACTICES IN EMERGENCY RESPONSE PLANNING** – The director of the Denver Art Museum should ensure the museum’s emergency response plan and processes incorporate practices recommended by leading organizations, as described in Figure 7 of [the original] audit report – including developing a risk assessment and a continuity of operations plan, maintaining records for staff training attendance, and developing a process for the board of trustees to review and approve the emergency response plan.

### AGENCY ACTION

**Agency’s original target date for completion: Jan. 31, 2023**

While the Denver Art Museum is updating its emergency response plan and processes, more than half of the elements described by best practices and our recommendation are not implemented. In October 2023, museum staff said that they were still working to implement this recommendation by January 2024.

We reviewed a draft emergency response plan the museum is developing, and we compared it to the best practices we listed in the original audit. Of the 13 specific elements we recommended the museum include in its new emergency response plan, we found the draft plan includes six of them. For example, the draft has a continuity plan that would be used to guide the performance of essential functions during an emergency and it has

a section that describes how the emergency plan would be developed, maintained, and updated.

However, the draft plan was still missing the other seven elements described in our original audit. For example, the plan does not include accessibility details or an emergency response training schedule for staff to follow. Museum staff acknowledged the training plan is still being developed, and we learned both the training plan and the emergency response plan will not be complete until January 2024, about three years after our original audit was published and a year after the deadline the museum had set for itself.

Given the draft update to the Denver Art Museum's emergency response plan lacks at least half of the elements described by best practices and is not expected to be finalized until early next year, we consider this recommendation not implemented.

### Recommendation 2.8

#### **DEVELOP AND DOCUMENT FORMAL POLICY FOR PLAN DEVELOPMENT AND**

**MAINTENANCE** – The director of the Denver Art Museum should develop and document a formal policy for developing and maintaining the museum's emergency response plan. This policy should outline a comprehensive approach to revising the emergency plan, and it should:

- Define the roles and responsibilities for developing and maintaining the plan.
- Describe the departments responsible for updating the plan and state their specific responsibilities.
- Describe how revisions should be coordinated across departments.
- Outline a formal review and approval process and review time frames.

### AGENCY ACTION

#### **Agency's original target date for completion: Sept. 30, 2021**

While the Denver Art Museum is updating its emergency response plan and processes, we learned this recommendation is not yet implemented.

During our follow-up, we reviewed an early draft of the museum's updated emergency response plan and found that some, but not all, of this recommendation was incorporated. For example, the plan will include details on time frames for reviewing the plan, details on the staff responsible for initiating a request for feedback from museum departments, and details on staff responsible for approving the plan's final version.

But the draft plan was still missing details prescribed by the recommendation, such as a description for what the revision process would look like across the museum's different departments. Because the draft was still being developed during our follow-up, we were unable to fully assess

all aspects of the emergency plan and we could not confirm whether it would resolve all risks noted in the original report.

Therefore, we consider this recommendation not implemented.

## FINDING 3 | The Denver Art Museum Board of Trustees should enhance its governance approach



### FULLY IMPLEMENTED

#### Recommendation 3.2

**REQUIRE MEETING MINUTES FOR THE COMMITTEE ON TRUSTEES** – The Denver Art Museum Board of Trustees should add a requirement to its bylaws that the Committee on Trustees keeps meeting minutes.

#### AGENCY ACTION

**Agency’s original target date for completion: March 31, 2022**

Since the original audit, the board updated its bylaws twice: in November 2021 and again in January 2023. The bylaws now require the chairperson of each committee, or a designee, to prepare agendas and minutes of all committee meetings, take attendance at the meetings, and provide a brief summary of committee activities. This summary is to be available at the next meeting of the full board of trustees.

We were given examples of these minutes from meetings of the Committee on Trustees, which demonstrates the new bylaws requirement is being followed.

Therefore, we consider this recommendation fully implemented.

#### Recommendation 3.7

**REGULARLY REVIEW AND UPDATE GOVERNING DOCUMENTS** – The Denver Art Museum Board of Trustees should review and revise its bylaws to reflect current practices. This should include a requirement for regular review and revision to all governing documents – including the bylaws – and specify how often this review should occur.

#### AGENCY ACTION

**Agency’s original target date for completion: March 31, 2022**

As previously discussed, the museum updated its bylaws in November 2021 and again in January 2023. Both of these reflect updates made by the board to be consistent with current practices.

For example, during the original audit we found the bylaws had outdated committee names and an inaccurate number of members serving on the executive committee and audit committee. More people served on both the executive committee and audit committee than were allowed according to the bylaws.

Additionally, we observed the board's bylaws did not reflect the role and attendance expectations of the board secretary that were in place at that time. Specifically, the bylaws said the secretary attends all board meetings even though our attendance analysis showed this was not accurate. Also, the bylaws said the secretary was responsible for tasks such as sending meeting notices and keeping meeting minutes, actions that were actually performed by the museum director's executive assistant.

To assess the revised bylaws' accuracy, we collected the most recent annual report from the museum's website to review the board committee names and the number of members. We found the revised bylaws now include the updated committee names. Additionally, the revised bylaws no longer put a limit on the number of executive committee and audit committee members. The bylaws say only that each must have at least five members.

Additionally, the revised bylaws now provide more flexibility for the board secretary's responsibilities and attendance. Specifically, the new bylaws allow the secretary to delegate duties to another staff person. While the duties still reference giving notice of all meetings and attending all board meetings, this revision means other staff can fulfill these duties as needed and still meet the bylaws requirement.

Meanwhile, both of the revised bylaws include a new provision that says that the bylaws "and other Board approved governing documents" shall be reviewed "from time to time and not less frequently than once every five years" to determine whether changes are needed. The board's determination that the review should happen "not less than once every five years" meets the spirit of our recommendation.

Lastly, museum officials gave us examples of other policies that were recently updated and approved by the board such as the collections policy and gift acceptance policy.

Therefore, we consider this recommendation fully implemented.



## PARTIALLY IMPLEMENTED

### Recommendation 3.6

**UPDATE BYLAWS TO REQUIRE BOARD SELF-ASSESSMENT** – The Denver Art Museum Board of Trustees should update its bylaws to include a requirement that the board conduct and document the results of regular

self-assessments of its performance and adherence to leading practices. The requirement should stipulate how often these self-assessments should occur and the specific areas to be evaluated including, at minimum, trustees' attendance rates and their training needs.

**AGENCY ACTION**

**Agency's original target date for completion: March 31, 2022**

The bylaws have been updated to include a requirement for the board to conduct a self-assessment. This requirement says the executive committee will review the results of the self-assessment, including any suggestions for board member training to discuss with the board.

Although the board committed to implementing this recommendation by the end of March 2022, we learned the board has still not completed this self-assessment. As of August 2023, the board was developing a draft board self-assessment to be completed in early 2024.

Meanwhile, this new requirement does not specify how often self-assessments should occur nor does it mention using the self-assessment to evaluate trustees' attendance rates.

As a result, we consider this recommendation only partially implemented.



**NOT IMPLEMENTED**

**Recommendation 3.1**

**DEVELOP AND DOCUMENT FORMAL BOARD POLICIES AND PROCEDURES** – The Denver Art Museum Board of Trustees should develop and document formal recruitment, nomination, and renewal policies and procedures. These policies and procedures should include a periodic review of the board's ideal composition (e.g., skills, experience, and diversity among trustees, officers, and committee members) and an action plan including descriptions of the board's diversity goals and the steps necessary to achieve these goals. If necessary, the board should revise its bylaws to ensure consistency with its current recruitment and nomination practices.

**AGENCY ACTION**

**Agency's original target date for completion: March 31, 2022**

The group tasked with recruitment for the board is the Committee on Trustees. Since our original audit, the committee developed a document that details:

- The committee’s responsibilities.
- Criteria for selecting and renominating trustees.
- High-level principles related to board composition — including members having “extensive leadership experience within the business, civic, or art communities” and a “diversity of talents, skills, viewpoints, backgrounds, ethnicity, age, gender, and life experiences.”

While we credit the museum for creating this document, it is only an initial step toward completing the recommendation. No additional policies or procedures were provided to us.

Also, the recommendation said the board should conduct a “periodic review of the board’s ideal composition” and develop an action plan that described how the board will achieve its diversity goals. The board gave us no evidence of either a periodic review or an action plan.

Two updates we noted to the board’s bylaws do not address the specific areas of concern in the recommendation that include regularly reviewing the board’s composition and developing an action plan.

For example, the board added a short paragraph saying that the committee “shall take into consideration the museum’s commitment to diversity and inclusion and the museum’s ongoing efforts to develop more diverse leadership on the board of trustees, on committees and on advisory bodies of the museum.” The other relevant update provides a more detailed description of the Committee on Trustees’ process after it has a list of potential new board members. More specifically, it says that the names of all nominees shall be posted on the museum’s website no less than 10 days before the annual meeting of the board.

Because we saw no evidence of the primary actions called for in the recommendation, we consider this recommendation not implemented.

**Recommendation 3.3**

**UPDATE BYLAWS WITH ATTENDANCE REQUIREMENT** – The Denver Art Museum Board of Trustees should update its bylaws to include a description of board attendance requirements.

**AGENCY ACTION**

**Agency’s original target date for completion: March 31, 2022**

Although the museum’s board has been tracking board member attendance at meetings this year, the update to the board’s bylaws lacks sufficient detail about expectations for meeting attendance.

During the original audit, we found the board lacked a documented attendance policy for board meetings, and it operated with informal expectations. Various board members reported different understandings

of attendance expectations. Additionally, the museum board did not track attendance beyond noting in the minutes who attended a meeting and many trustees believed meeting attendance was good, even though our analysis found otherwise.

Since then, the board updated its bylaws to say that board members are “expected to attend board meetings.” But the bylaws do not reference a specific requirement, such as a minimum number of meetings that a member should attend to remain in good standing.

Because the bylaws lack specific board attendance requirements, we consider this recommendation not implemented.

#### **Recommendation 3.4**

**UPDATE BYLAWS WITH LIMIT TO CONSECUTIVE TERMS SERVED** – The Denver Art Museum Board of Trustees should update its bylaws to include a limit on the number of consecutive terms trustees and officers can serve. To retain institutional knowledge, the board could create an honorary status for long-serving trustees transitioning off the board.

#### **AGENCY ACTION**

##### **Agency’s original target date for completion: March 31, 2022**

Museum officials said the board members discussed mandating term limits in their bylaws, but after significant discussion, they chose not to limit consecutive terms served. The museum officials said the board has consistently added new trustees while balancing the board’s need for continuity and the board’s member reelection process provides a way to rotate trustees off the board.

We reviewed the updated bylaws and confirmed no limit on consecutive terms. The bylaws say only that each term lasts three years.

Additionally, the board did not change any language regarding term limits for board officers (e.g., chair, vice chair, secretary). The bylaws say officers can hold their offices “for such terms [...] as shall be determined from time to time by these bylaws, the board of trustees, or the chairperson.”

We also saw no evidence, either within the bylaws or in the meeting minutes provided to us, that the board created an honorary status for long-serving trustees transitioning off the board.

Therefore, we consider this recommendation not implemented.

**Recommendation 3.5**

**DEVELOP AND DOCUMENT PROCESS FOR ONGOING TRAINING** – The Denver Art Museum Board of Trustees should develop and document a process for identifying ongoing training needs, such as a periodic survey of trustees, and for providing the required training. Financial literacy training needs to be among the types of training regularly provided to all trustees.

**AGENCY ACTION**

**Agency’s original target date for completion: March 31, 2022**

Museum officials said they regularly seek input on training topics during one-on-one conversations with board members. However, these discussions are not documented.

We were given evidence of the museum’s new racial equity training for staff and board members. A staff member also noted that new board members go through extensive orientation training but our review of that training material found it does not include any proposed, planned, or completed financial literacy trainings.

Although the board may learn of training suggestions through its self-assessment process, as described above in connection with Recommendation 3.6, we could not determine how useful this method will be since the board has not yet conducted a self-assessment.

Furthermore, we did not see evidence of a documented process to identify ongoing training needs, such as a periodic survey of trustees. A staff member said the board’s finance committee discussed its role and responsibilities with the board in May and July 2023. But this discussion was no different from the limited training we identified during the original audit when we found that the board could not provide documentation showing formal training offered to trustees.

Instead, education primarily occurred during board meetings through presentations from museum staff and board committees. And this is still true based on the staff member’s response that the method for collecting information from board members on requested training is informal and undocumented.

Therefore, we consider this recommendation not implemented.

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