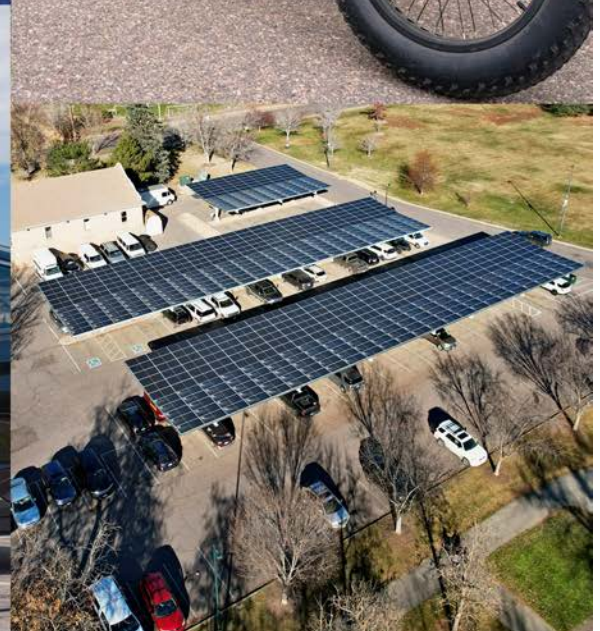


AUDIT REPORT

Office of Climate Action, Sustainability, and Resiliency **Climate Protection Fund**

MAY 2025



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DENVER AUDITOR

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Cover photos courtesy of the Office of Climate Action, Sustainability, and Resiliency.

City and County of Denver



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AUDITOR'S LETTER

May 22, 2025

We audited the Climate Protection Fund in the Office of Climate Action, Sustainability, and Resiliency to determine how efficient and effective the office's processes are for monitoring and budgeting the Climate Protection Fund and communicating the office's performance to the public. I now present the results of this audit.

The audit found the office has insufficient staffing levels and formal processes to effectively monitor contract expenses and performance. Additionally, we found that projects the office funded for other Denver agencies did not always align with the Climate Protection Fund's allowable uses and the office's mission and goals and were not always sufficiently monitored. Lastly, the office's budgeting method was not sufficiently researched and supported by data.

By implementing recommendations for stronger policies and more formal rules, the Office of Climate Action, Sustainability, and Resiliency will be better able to ensure the Climate Protection Fund is achieving the intent of Denver voters to reduce greenhouse gas emissions.

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 in the Office of Climate Action, Sustainability, and Resiliency 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



HIGHLIGHTS

Climate Protection Fund

MAY 2025

Key facts

- Denver residents voted for a 0.25% sales tax in November 2020 to fund efforts to tackle climate change.
- These tax dollars go into the Climate Protection Fund.
- Denver's goal is to eliminate 100% of greenhouse gas emissions by 2040 with a 65% reduction by 2030.
- The Office of Climate Action, Sustainability, and Resiliency manages the fund and is bound by the city's ordinance that determines the types of projects the money can be spent on.

The city agreed
with all 14
recommendations

What we found

- **THE OFFICE OF CLIMATE ACTION, SUSTAINABILITY, AND RESILIENCY DID NOT HAVE ENOUGH STAFF TO MONITOR ITS PROGRAMS.** Project managers did not monitor contracts consistently and lacked sufficiently detailed policies and procedures to guide contract monitoring. Also, individual allowable use teams were monitoring and evaluating their programs' performance inconsistently.
- **THE OFFICE FUNDED PROJECTS AND PROGRAMS THAT DID NOT FULLY ALIGN WITH THE ORDINANCE'S ALLOWABLE USES, ITS MISSION AND GOALS, AND INTERNAL POLICIES.** Climate Action, Sustainability, and Resiliency and the Budget and Management Office have different definitions for supplanting, or substituting, when it comes to what projects it can fund for other city agencies. Also, other agencies' expenses could not be independently verified.
- **THE CLIMATE PROTECTION FUND'S BUDGETING PROCESS WAS BASED ON ESTIMATES WHEN THE OFFICE WAS FIRST CREATED BECAUSE THERE WAS NOT ENOUGH DATA TO GO ON.** But the office has not reviewed the process since then, meaning it may not be the most effective way for the office to achieve its goals.

Why we did this audit

We conducted this audit in response to community feedback and risks related to new programs funded by the tax.

We wanted to see how efficient and effective the office's processes are for monitoring and budgeting the Climate Protection Fund and for communicating its performance to the public.

Why it matters

Without sufficient staffing levels and formal processes in place, the Office of Climate Action, Sustainability, and Resiliency cannot ensure that available Climate Protection Fund money is fully spent and that the fund is meeting the intent of Denver voters to mitigate climate impacts.

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BACKGROUND

The Climate Protection Fund was created in November 2020 when Denver residents voted for a 0.25% sales tax increase to develop and implement programs to eliminate greenhouse gas emissions, air pollution, adapt to climate change, and create new jobs for Denver residents.

CLIMATE PROTECTION FUND DEVELOPMENT – In 2019, Resilient Denver – a community organization – led an effort to tax Denver residents based on how much electricity and natural gas they used. This proposed energy tax was projected to raise over \$30 million a year.

However, this ballot measure was postponed so that Denver’s former mayor could create the Climate Action Task Force to explore other ways of raising money for such a fund. The task force determined funding should come from a sales tax instead of an energy consumption tax because it would be less burdensome for low-income Denver residents. These recommendations were presented to the City Council in August 2020, and the proposal was put on the ballot in November 2020.

Additionally, the Sustainability Advisory Council – a group of 120 environmental and social justice advocates, scientists, engineers, and Denver residents – established Denver’s goal of eliminating 100% of greenhouse gas emissions by 2040 with a 65% reduction by 2030.

OFFICE OF CLIMATE ACTION, SUSTAINABILITY, AND RESILIENCY – The city also created the Office of Climate Action, Sustainability, and Resiliency in city ordinance to manage the fund. The office started with just 11 staff members in 2020 which increased to 66 staff by the end of 2024.

The office’s mission is to “act with urgency to proactively mitigate climate change by advancing science-based strategies to reduce greenhouse gas emissions on a scale and timeline that aligns with the recommendations from the Intergovernmental Panel on Climate Change.” Additionally, the Climate Action Office seeks to support resiliency for emergencies related to climate change and secure “an economically, socially, and environmentally sustainable city.” The office also collaborates with other city agencies to develop a workforce to implement low carbon solutions.

Allowable uses

The Climate Protection Fund has seven allowable uses for fund allocation:

- Job creation in renewable and clean energy and natural resources for people with low-income and limited access to services.
- Investments in solar power, battery storage, and other renewable energy technology.

- Environmental and climate justice programs based on neighborhood needs.
- Climate adaptation and resiliency programs for vulnerable communities.
- Clean transportation services and programs.
- Upgrades for energy efficient buildings and homes.
- Administrative costs used to manage the fund that cannot exceed 8% of the fund's revenue each year.

Additionally, half the Climate Protection Fund's money is meant to prioritize programs with equity, race, and social justice components that directly benefit Denver's most climate-vulnerable communities like indigenous people, communities of color, and low-income communities.

The office also created allowable use teams to help develop and implement policies and programs for climate change. These teams include:

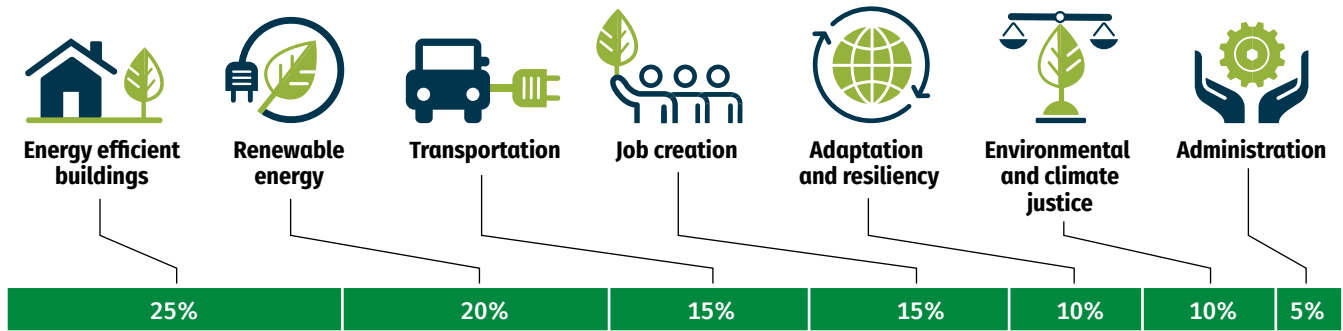
- **GREEN WORKFORCE** – works with partners to create jobs in clean energy technology and natural resources management for people with low-income and limited access to services.
- **MOBILITY AND ENERGY TRANSITION** – develops renewable energy programs and services and provides clean and reliable transportation options such as e-bikes, electric vehicles, shuttles, and carsharing programs.
- **ENVIRONMENTAL JUSTICE** – addresses the environmental impacts of pollution and climate change on disproportionately impacted communities by creating programs that are equitable, fair, and inclusive.
- **ADAPTATION AND RESILIENCY** – prepares communities most vulnerable to income disparities for climate changes by investing in cooling, green space, and flood prevention projects within impacted communities.
- **BUILDINGS AND HOMES** – develops and implements energy efficiency and energy reduction programs – such as the ordinances for Energize Denver and green buildings – for homes, offices, and industry to lower utility bills, reduce indoor air pollution, and reduce Denver's overall greenhouse gas emissions.

The Finance and Administration Division manages the office's operations, annual budgets, grants, projects, and administers and oversees contracts with vendors and consultants.

The Communications and Engagement Division communicates climate change impacts and conducts outreach to community-based organizations.

As shown in Figure 1 on the next page, the Climate Protection Fund's budget is allocated by allowable use categories with the energy efficient buildings allowable use receiving the largest percentage of funds at 25%.

FIGURE 1. Climate Protection Fund budget allocations by allowable use, 2021 through 2025



Source: Created by Auditor’s Office staff using information from the Office of Climate Action, Sustainability, and Resiliency’s Climate Protection Fund Five-Year Plan.

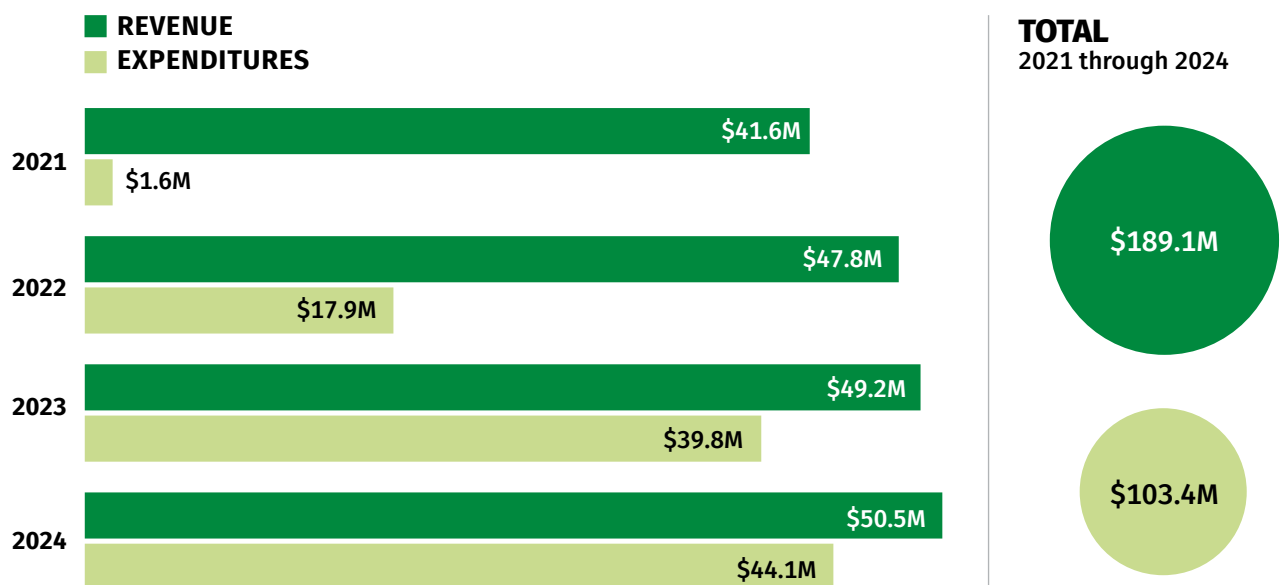
Funding and expenses

Since 2021, the Climate Protection Fund has generated over \$40 million a year from the 0.25% sales tax. The fund can accumulate unused money each year and remain available for spending on allowable uses in future years.

As shown in Figure 2, the Climate Protection Fund collected about \$41.6 million in 2021, increasing to about \$50.5 million in 2024.

Since 2021, the Climate Protection Fund has paid out about \$103.4 million to support efforts to mitigate climate change. Expenses increased from about \$1.6 million in 2021 to \$44.1 million in 2024.

FIGURE 2. Climate Protection Fund revenue and expenditures by year



Source: Created by Auditor’s Office staff using information from Workday.

FUNDING CAPITAL PROJECTS – In 2021, the City Council created the Climate Protection Capital Projects Fund to fund climate-related capital projects such as solar panels and other physical infrastructure. Capital funding appropriations are transferred from the Climate Protection Fund and must be approved by the City Council during the annual budget process or through a separate mid-year ordinance request.

Contracts and project monitoring

The Climate Protection Fund and the Climate Protection Capital Projects Fund have provided funding for 114 contracts with vendors and consultants to help address climate change.

The Office of Climate Action, Sustainability, and Resiliency's project managers are responsible for monitoring vendor performance, reviewing invoices for completeness and accuracy, and submitting payments to vendors in a timely manner. The Finance and Administration Division performs a secondary invoice review to ensure compliance with project terms such as benchmarks, milestones, and invoice requirements.

FINDING 1 AND RECOMMENDATIONS

Low staffing levels and informal processes make program monitoring less effective

The Office of Climate Action, Sustainability, and Resiliency does not have enough staff or formal processes for oversight activities such as contract and performance monitoring. Multiple staff and office managers said requests for more staff being consistently denied has led to the office not being able to spend all its Climate Protection Fund money each year on additional programs. The office must request and receive approval for positions from the Position Review Committee, which oversees the decision-making process for filling vacant positions.

The office's overall staffing levels have increased since it was created in 2021. However, the Position Review Committee's denials have not allowed the Climate Action Office to stay sufficiently staffed to keep pace with its growing number of programs and to spend all the money collected in the Climate Protection Fund from Denver taxpayers each year. Since the creation of the Climate Action Office, the number of programs the office manages has grown. In 2021, the office had eight programs, increasing to 27 in 2022 and 33 in 2023, and the office was managing 48 programs by mid-year 2024. Without additional staff, the office cannot address climate change and resiliency on the scale allowed for with the Climate Protection Fund.

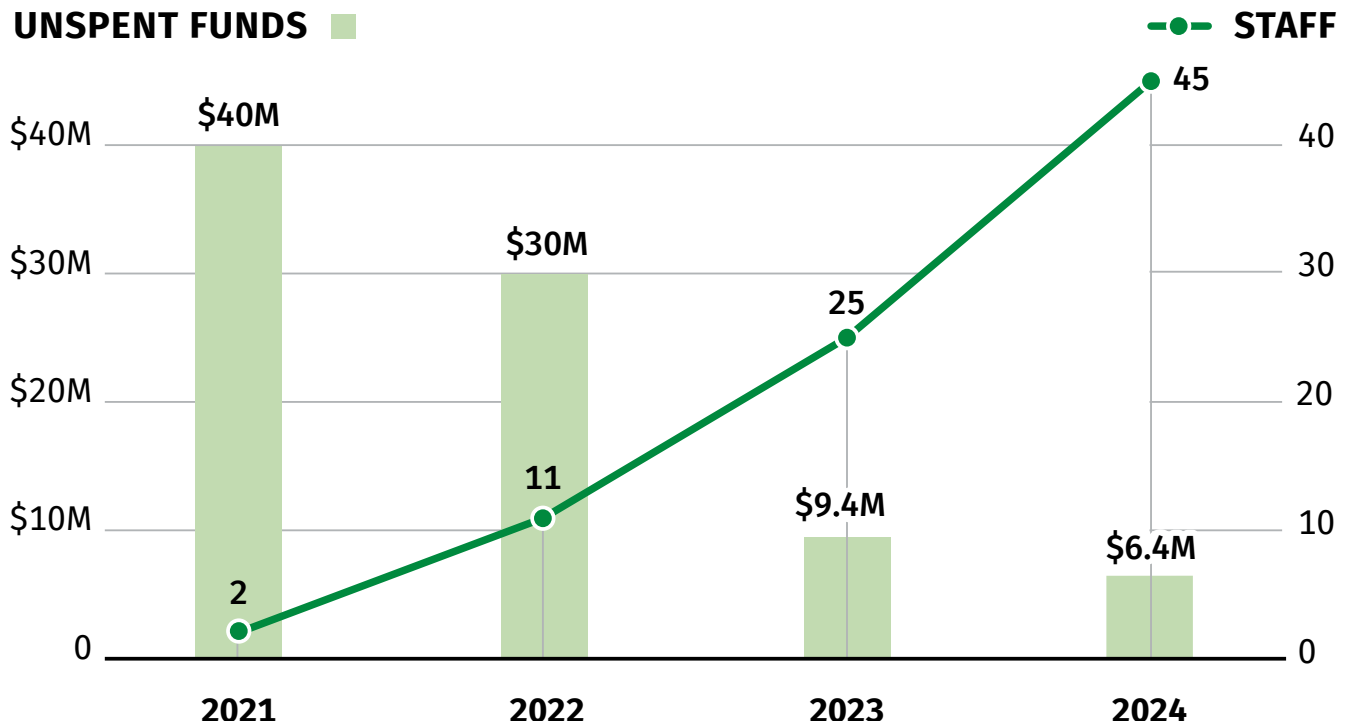
As shown in Figure 3 on the next page, the office had about \$40 million in unspent Climate Protection Fund dollars with 2 of 4 positions paid for by the fund filled in 2021. Unspent funds decreased to about \$30 million with 11 of 17 positions filled in 2022 and went down to about \$9.4 million with 25 of 42 positions filled for 2023. In 2024, unspent funds were about \$6.4 million with 45 of 59.75 total positions filled.

Climate Action had an overall vacancy rate of 33% at the end of 2024. This is significantly higher than the city's overall 2024 vacancy rate of 17%.

POSITION REVIEW COMMITTEE – The committee was created in 2023 and consists of the Department of Finance, the Mayor's Office, and the Office of Human Resources. The voting members are not specific individuals, but a representative from each agency must be present for the committee's weekly meetings.

When an agency requests to fill an open position, it must complete a position approval form and position justification questionnaire in Workday. The committee then reviews requests and makes a final decision or asks for additional information. The city's Budget and Management Office approves or denies the request based on the Position Review Committee's final decision.

FIGURE 3. Unspent Climate Protection Fund money versus staffing levels by year



Source: Created by Auditor’s Office staff using information from Workday and the Office of Climate Action, Sustainability, and Resiliency.

Note: The number of staff in each year includes only positions funded by the Climate Protection Fund. The office has additional staff paid for by other funding sources that do not do work on the Climate Protection Fund.

The Office of Climate Action, Sustainability, and Resiliency has been consistently denied requested staffing positions by the Position Review Committee with no explanation provided.

Climate Action has consistently been denied requested staffing positions by the Position Review Committee with no explanation provided — including requests for critical positions that are fully funded by external sources such as federal grants. For example, in 2023, seven of 10 requested positions were denied with no explanation provided.

In addition, the office was unable to meet with Department of Finance leaders to discuss staffing needs as requested by the committee despite Climate Action’s multiple attempts to set up the requested meeting. Furthermore, Department of Finance leaders and the Budget and Management Office did not respond to multiple email requests from the Climate Action Office to discuss the provided staffing plan and continued denial of requested positions.

We reviewed the office’s staffing plan and found it includes many necessary elements of a staffing plan, but it was missing some important elements recommended by leading practices from the U.S. Office of Personnel Management’s “Workforce Planning Guide,” such as:

- Assessing gaps and analyzing risks between the current and future state of its workforce.

- Developing and implementing a workforce action plan that identifies strategies to close gaps and measure overall progress.
- Defining roles, responsibilities, and expectations for staffing.
- Evaluating the workforce action plan periodically to include improvements needed to address new workforce issues.

We also found the office does not have formal policies and procedures in place for contract and performance monitoring.

Project managers do not consistently monitor contracts to ensure all costs are supported and allowable

The Office of Climate Action, Sustainability, and Resiliency has many contracts it funds from the Climate Protection Fund. Each contract is overseen by a project manager within the office, who is responsible for monitoring the performance-related aspects of the contract, such as project deliverables and tracking overall progress. In our review of the office’s monitoring of select contracts, we found that monitoring was inconsistent, which led to unallowable and unsupported costs being approved. These issues were caused, in part, by staffing shortages, staff being unaware of office policies, and a lack of formal processes for contract monitoring.

We reviewed invoices from the three highest dollar-value contracts related to the Climate Protection Fund to assess how the contracts and expenses from the fund are monitored. Together, these three contracts total about 53% of the Climate Protection Fund’s committed spending as of May 2024. These contracts include:

- McKinstry Essention LLC for the construction of electric vehicle charging stations and solar panel arrays around the city. The maximum amount of the contract is \$44,300,000 — or 21% of the Climate Protection Fund’s committed spending as of May 2024. This contract ends in 2046, so the maximum contract amount will not be fully spent until then.
- APTIM Environmental & Infrastructure LLC for the administration of two rebate programs: one for home energy incentives like heat pumps, water heaters, and rooftop solar installations, and another for electric bike vouchers. The contract is for a maximum of \$27,000,000 — or 12.8% of the fund’s committed spending.
- Michael’s Energy Inc. for the administration of a rebate program for electrification incentives for commercial and residential buildings. The contract’s maximum amount is \$41,380,993 — or 19.6% of the fund’s committed spending.

For each of the three contracts, we reviewed a random sample of 10 invoices, resulting in a total of 30 invoices reviewed — including any supporting documents. We looked at each invoice and its included expenses. Then we examined its alignment with the contract, allowable use, and the office’s invoicing policy. We also compared the Climate Action Office’s contract monitoring procedures to leading practices.

We found issues with multiple invoices from all three contracts, indicating the office's current contract monitoring process is insufficient.

INADEQUATELY DOCUMENTED EXPENSES – We found two of the 30 invoices (7%), both from the contract with Michael's Energy, included expenses that were not allowed by that invoice's contract. Those expenses, totaling \$418, were for meals, mileage, and parking. Leading practices around procurement from the state of Colorado say invoices should be reviewed for allowable expenses. Furthermore, the department's invoicing policy requires staff to verify the services billed on an invoice are allowed by the contract.

Additionally, we found five of the 30 invoices (17%), all from the contract with Michael's Energy, did not have adequate documentation to support all the invoiced expenses. City Fiscal Accountability Rule 2.5, related to supporting documentation, says all financial transactions must be accompanied by adequate documentation. In one instance, the project manager responsible for the invoice said that supporting documentation was no longer available, as the invoice was nearly two years old. However, the city's Records Retention Schedule says that supporting documentation must be retained for seven years.

In another case, we found one of the 30 invoices (3%), from the contract with McKinstry, contained an incorrect description of the services billed. Although the invoice was for the correct amount, leading practices around procurement from the state of Colorado say invoice payments should be based on services performed. Likewise, the department's invoicing policy requires staff to verify the services described on an invoice before approving it for payment.

NONCOMPLIANCE WITH OFFICE POLICIES – Finally, we found several instances of noncompliance with the office's invoice review policy. Due to the effective date of the policy, only 20 of the 30 total invoices from our sample were eligible for review against the policy. The policy requires staff to add checkmarks and a review text box to each invoice to indicate its review. We found that 14 of the 20 eligible invoices (70%) – all from the McKinstry and APTIM contracts – did not contain checkmarks; and eight of the 20 (40%), all from the contract with APTIM, did not contain a text box. The policy also requires staff to update an invoice's date when the vendor resubmits the invoice to correct any errors found during review, and we found that three of the 20 eligible invoices (15%), all from the contracts with McKinstry and Michael's Energy, were not updated to reflect the date they were resubmitted.

Although the issues noted above vary, the underlying causes are the same. Project managers, for the three contracts, were not aware of the office's invoicing policy. And the policy does not contain guidance on supporting documentation. Additionally, the Office of Climate Action, Sustainability, and Resiliency does not have an agencywide policy that offers direction in areas like the type and frequency of monitoring, how to track contract deliverables, or how to resolve issues with a vendor. Office staff said one is being created. Federal guidance from the U.S. Government

Accountability Office says managers are responsible for designing policies and procedures tailored to their operational needs. Additionally, the city’s Executive Order No. 8 says agencies should establish and implement policies and procedures for monitoring contracts.

The office lacks sufficient staff to perform contract monitoring. Climate Action staff said invoice review has historically been problematic and a position that would assist with dual-reviewing invoices was denied by the Position Review Committee in April 2024. This meant there was only one person conducting this review for all the office’s 114 contracts. In another example, office leaders said they were at risk of not being able to accept federal grants to fund new programs and the additional staff to manage them because the Position Review Committee denied the grant-funded position, and their existing project managers already had excessive workloads, preventing them from managing the grant programs themselves.

Without adequate staffing levels and comprehensive policies and procedures related to contract monitoring, the Office of Climate Action, Sustainability, and Resiliency cannot ensure that it is effectively spending money from the Climate Protection Fund in alignment with the ordinance’s allowable uses, current and future contracts, or the intent of Denver voters.

1.1

RECOMMENDATION

Revise staffing plan

The Office of Climate Action, Sustainability, and Resiliency should revise its existing staffing and hiring plan to determine its staffing needs to meet program objectives and goals. The plan should outline steps to be taken for completing the assessment, give details for the roles and responsibilities for requested positions, and show how staffing gaps will be addressed.

AGENCY RESPONSE – AGREE

CASR agrees that it should revise its existing staffing and hiring plan. CASR’s needs have shifted as it transitions from its inception and rapid growth-phase into a more established agency. CASR is developing a plan to align our objectives and goals with our workforce to achieve our mission.

— Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY SEPT. 15, 2025

1.2**RECOMMENDATION****Update invoice review process guide**

The Office of Climate Action, Sustainability, and Resiliency should update its invoice review process guidance to include information on retaining supporting documentation. The office should also ensure all project managers are trained on documentation retention requirements.

AGENCY RESPONSE – AGREE

We work continuously to improve our invoice review processes to ensure that expenditures are reviewed for compliance and accuracy. Part of this process includes requiring the necessary supporting documentation from vendors for verification of costs related to contract compliance. Along with the document retention requirements for the CCD, these requirements are part of the revamped training platform we are implementing beginning in mid-2025 to ensure that all employees are properly trained.

— Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY AUG. 29, 2025

1.3**RECOMMENDATION****Develop contract monitoring policies and procedures**

The Office of Climate Action, Sustainability, and Resiliency should develop and document policies and procedures for contract monitoring and ensure that all project managers are trained on it.

AGENCY RESPONSE – AGREE

We have been building our contract administration team's capacity to fortify the contract monitoring role. By enhancing our policies and procedures, training curriculum and requirements for staff, we will equip our team members with these comprehensive tools to ensure uniform and standardized performance monitoring and evaluation of contracted work. Revamped training requirements will kick-off in mid-2025 and will be an ongoing requirement for onboarding and continuous training.

— Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY AUG. 29, 2025

Allowable use teams do not have a comprehensive performance monitoring process

With the exception of the methods it uses to measure greenhouse gas emissions — the office lacks a comprehensive and formal process to monitor and track the performance of its programs.

Allowable use teams individually monitor and track performance without documented and standardized guidance. Specifically, the Climate Action Office's performance monitoring and evaluation process lacks:

- Documented policies and procedures to guide the monitoring and evaluation process.
- A plan that details the monitoring process, data collection methods, and frequency of assessments.
- Established goals, objectives, and key performance indicators for monitoring objectives.
- A model for all programs to evaluate and analyze inputs, outputs, and outcomes in both the short and long-term.

Climate Action Office leaders provided us with some performance tracking data, goals, and metrics, but the process differs for each allowable use team. There are also no policies or procedures from the office or individual allowable use teams to guide staff on performance monitoring and tracking.

For example, the climate adaptation and resiliency team tracks the number of trees planted, maintained, and replaced, but does not track the outcome of heat reduction directly. While the team does have maps tracking heat throughout the city, they are still developing their ability to track long-term heat reduction outcomes.

The mobility and energy transition team often measures impact by the number of projects completed and the energy generating capacity of those projects.

The environmental justice team uses its own key performance indicators, while the buildings and homes team uses external data from the Department of Community Planning and Development and Xcel Energy to track performance. The buildings and homes team also tracks the number of projects completed, the estimated energy and greenhouse gas savings of their programs, and progress toward meeting target goals.

POSITIVE EFFORTS



The Office of Climate Action, Sustainability, and Resiliency follows best practices for communicating the office's progress to the public. While we noted areas for improvement in the office's data tracking and monitoring, the Climate Action Office communicates the data and program progress it already has to the community effectively. For example, the office developed an effective outreach plan, identified the appropriate audiences, tailored its messages to fit those audiences, and gathered feedback from its audience to further enhance its future communications.

The office published an external impact evaluation and recommendations report conducted by Bennett Midland in its 2023 annual report that some allowable use teams are using to develop key performance indicators, but the development of each team's key performance indicators is ongoing and incomplete. The external evaluation reviewed the Climate Action Office and its allowable use teams to determine the effectiveness of its programs and offered recommendations on data collection and monitoring.

In our review of three allowable use teams' performance monitoring data, we found the office and the teams were tracking performance data inconsistently and without formal guidance.

Additionally, we found several discrepancies in the performance tracking spreadsheets and documents provided by the mobility and energy transition, green workforce, and climate adaptation and resiliency teams. We also identified several gaps in the Climate Action Office's performance monitoring processes and procedures for tracking its outputs and outcomes compared to leading practices.

MOBILITY AND ENERGY TRANSITION – The mobility and energy transition team tracks program data for spending, budget projections, progress on objectives, and outputs like electric vehicle charger use and solar panel installations. But we found blanks in several data fields.

For example, due dates for all the team's capital projects and community programs — like electric vehicle charging stations and e-bike rebates respectively — were missing. Data on reaching 2024 goals for e-bike vouchers, solar panel installation, and electric vehicle charging stations was also missing. Finally, the team did not have all metrics completed for some of its programs, like its solar outdoor learning and secure bike storage programs. Office managers later said metrics were missing for some programs — like the solar outdoor learning program — because the team decided not to move forward with them, but the program was not removed from the spreadsheet.

GREEN WORKFORCE – The green workforce team provided us with data on the number of people served, trained, or placed in a new job in its programs as well as various demographic data on the participants. But we found missing data on date of hire and length of employment for 165 of 192 people and missing demographic information — like people receiving public assistance, veterans, and city residents — for most people being tracked. However, office staff said vendors were not required to provide this data until 2025.

ADAPTATION AND RESILIENCY – The adaptation and resiliency team provided us with its goals and metrics as well as a spreadsheet used to track the progress and milestones of its projects. While the team has developed some potential program goals and metrics, they are incomplete. Staff said program goals and metrics are still in draft form.

Allowable use managers said the data and draft metrics were missing because they had either prioritized tracking other information, some data

was unnecessary or no longer relevant, there had been staffing changes, and they had insufficient staff overall.

Guidance from the U.S. Government Accountability Office’s “Standards for Internal Control in the Federal Government” says managers should evaluate the reliability of internal and external data sources on a timely basis to ensure effective performance monitoring. It also says managers should define objectives – whether quantitative or qualitative – to be measurable and free from bias.

As mentioned above, these inconsistent performance tracking methods occurred because the Office of Climate Action, Sustainability, and Resiliency and its allowable use teams lack documented policies and procedures for performance monitoring, an overall monitoring plan with measurable goals and objectives, and a model to analyze outputs and outcomes.

The U.S. Government Accountability Office’s “Designing Evaluations” guidance says managers should use performance indicators to measure progress toward preestablished goals. Managers should also develop a model that outlines inputs, outputs, and outcomes to help staff set expectations and define the performance measures needed to meet those goals. Performance evaluations can be based on policies and procedures established by agency managers, professional standards, expert opinions, past performance, and the performance of other entities.

The Government Accountability Office’s “Standards for Internal Control in the Federal Government” also says managers should document policies and procedures defining responsibilities for operational processes and control activities as well as to ensure the procedures allow for effective control activity monitoring.

The International Labour Organization’s “Basic Principles of Monitoring and Evaluation” similarly recommends defining objectives and indicators for collecting and analyzing data to allow for monitoring and evaluating programs.

Multiple leaders said their teams had staffing constraints and key positions were vacant, which affects their ability to deliver on projects and monitor performance properly. Climate Action Office leaders said they were denied several positions needed to develop a data model and conduct impact evaluations. The office’s staffing plan says it needs two to three more data analysts and another manager to complete this work. Office leaders said having adequate staff would enable them to:

- Frequently track and monitor program performance.
- Expand the scope of performance tracking activities.
- Improve documentation of formal performance monitoring procedures.

Without a robust process for monitoring and tracking the performance of its programs and initiatives, the Office of Climate Action, Sustainability, and

Managers said key position vacancies and staffing constraints affect their ability to deliver on projects and monitor performance properly.

Resiliency cannot guarantee that the Climate Protection Fund’s programs are achieving their goals or the intent of Denver voters.

In addition to Recommendation 1.1 that addresses the office’s staffing plan, we offer the following recommendations to improve the Climate Action Office’s monitoring of its programs’ performance.

1.4 **RECOMMENDATION** **Develop objectives, goals, and indicators**

The Office of Climate Action, Sustainability, and Resiliency should develop and document clear objectives, key performance indicators, and measurable goals.

AGENCY RESPONSE – AGREE

As demonstrated by its annual report, CASR tracks several metrics and key performance indicators to continuously monitor program performance and provide decision makers the ability to report and evaluate across investments. CASR is hiring a Data Impact Evaluation Lead that will help to enhance this work and improve consistency across the agency. It will help to document clear overarching objectives and measurable goals for the agency.

– Office of Climate Action, Sustainability, and Resiliency
IMPLEMENTATION EXPECTED BY SEPT. 15, 2025

1.5 **RECOMMENDATION** **Document a monitoring plan**

The Office of Climate Action, Sustainability, and Resiliency should develop and document a monitoring plan for its programs and projects outlining the monitoring process, data collection, and the frequency of assessments.

AGENCY RESPONSE – AGREE

CASR will develop and document a consistent approach to monitor programs and projects. Our new Data Impact Evaluation Lead will help to implement policies, procedures, business practices, and control mechanisms, to assure data integrity and availability. The collected data will be used in impact monitoring and evaluation efforts to inform performance and strategic decision making.

– Office of Climate Action, Sustainability, and Resiliency
IMPLEMENTATION EXPECTED BY SEPT. 15, 2025

1.6

RECOMMENDATION

Develop performance monitoring policies

The Office of Climate Action, Sustainability, and Resiliency should develop policies and procedures for documenting each program’s inputs, outputs, program activities, and outcomes.

AGENCY RESPONSE – AGREE

CASR will develop and document a consistent approach to program inputs, outputs, activities, and outcomes. CASR’s new Data Impact Evaluation Lead will help to create consistency across CASR teams and programmatic efforts. Outputs will feed into dashboards, charts, graphs, maps, and other visualizations to help stakeholders understand information and make informed decisions.

– Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY SEPT. 15, 2025

1.7

RECOMMENDATION

Document performance evaluation action plan

The Office of Climate Action, Sustainability, and Resiliency should develop and document an action plan to respond to and improve issues identified in performance evaluations.

AGENCY RESPONSE – AGREE

Developing a performance evaluation action plan will go hand-in-hand with other efforts related to CASR’s establishment of clear goals and indicators (recommendation 1.4), a monitoring plan (1.5), and performance monitoring policies (1.6). Collectively, these resources will enable CASR to successfully respond to and improve upon identified issues. CASR embraces a culture of innovation and continuous improvement and these activities are well aligned with our approach.

– Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY SEPT. 15, 2025

FINDING 2 AND RECOMMENDATIONS

Projects funded for other Denver agencies did not always align with the ordinance’s allowable uses and the office’s mission and goals

The Office of Climate Action, Sustainability, and Resiliency needs more formal rules and processes for funding other Denver city agencies’ projects through the Climate Protection Fund.

We found the office lacks sufficiently formal and documented processes for funding and monitoring other agencies’ projects, tracking expenses from other agencies through the Climate Protection Fund, and when the Climate Protection Fund can replace money for projects previously funded by the city’s General Fund. As a result, the Climate Action Office cannot ensure projects for other city agencies funded through the Climate Protection Fund are meeting the intent of Denver voters or the office’s mission and goals.

The office funded programs that did not fully align with the ordinance’s allowable uses, the office’s mission and goals, and internal policies

As of June 2024, the Climate Action Office had 22 agreements — totaling over \$14 million in expenses — to fund projects and staff in other city agencies. These agreements included projects like installing solar carports and electric vehicle charging stations on Department of Parks & Recreation and Denver Human Services property, conducting energy audits of city buildings, and providing an electric vehicle to the Department of Transportation & Infrastructure to run a shuttle program.

The office has a documented process for creating funding agreements with other city agencies that includes several layers of review and approval from the office’s executive director, its Finance and Administration Division, and supervisors. Office leaders said the preferred way for interagency agreements to begin was for the partner agency to meet with the office directly so Climate Action staff can ensure the project or positions align with the Climate Protection Fund’s allowable uses or the office’s strategic plan and goals.

But Climate Action leaders said the Department of Finance’s Budget and Management Office sometimes advocates for the office to fund other agencies’ projects and positions with the Climate Protection Fund to cover urgent funding needs. These projects do not always fully align with the Climate Protection Fund’s allowable uses, the office’s mission and goals, or the office’s internal policies and procedures.

Specifically, the office said it was requested to fund three projects — four

Projects do not always fully align with the Climate Protection Fund's allowable uses, the office's mission and goals, or the office's internal policies and procedures.

positions in the Department of Community Planning and Development, the Department of Transportation & Infrastructure's Colfax Bus Rapid Transit program, and electric vehicles for the city's fleet of vehicles.

These projects and positions were funded because the Office of Climate Action, Sustainability, and Resiliency does not have formal rules and regulations outlining the process for the Climate Protection Fund to pay for other city agencies' projects or what the office should consider when determining whether to fund a project.

The office has an allowable use cost policy that provides more detailed definitions and example projects for each allowable use as well as a five-year plan that includes investment strategies and priorities for each allowable use. But these policies are not established in formal city rules, and Climate Action leaders said other city agencies do not consider its internal policies and procedures as binding. As a result, the office is considering developing formal rules and regulations. The Climate Protection Fund ordinance gives the office's executive director the responsibility of administering and managing the fund as well as developing "any rules necessary for the proper administration" of the fund.

The Government Finance Officers Association's "Recommended Budget Practices" says governments should document policies to guide programs and services. While the office's internal policies already include some of the considerations from these leading practices, it also says these policies could address service delivery issues, performance standards, time frames, and expected costs. For example, Portland, Oregon's Clean Energy Community Benefits ordinance has a section that lists the factors all funding decisions must consider before using money from the fund. Some factors it says to consider include:

- Whether the project prioritizes both greenhouse gas reduction and environmental justice.
- Whether the project benefits specific neighborhoods and the entire city.
- Whether the funds are going to nonprofit organizations that benefit people with economic disadvantages.
- Whether the project can use other government or private sector funding sources.

The projects and positions the Budget and Management Office advocated Denver's Climate Action Office to fund are:

COMMUNITY PLANNING AND DEVELOPMENT POSITIONS – Climate Action Office leaders said the Budget and Management Office requested the office to fund four positions in the Department of Community Planning and Development after the department expressed its need for the positions to the previous mayor. This resulted in an agreement with Community Planning and Development for the Climate Protection Fund to cover the costs of two inspectors for the city's Green Building Ordinance and the Denver Green Code, a city planner to oversee climate and sustainability

changes to Denver’s zoning code, and an architect to monitor plan reviews and inspections for the International Energy Conservation Code.

Office leaders said they did not want to fund the inspector positions because inspections are a Community Planning and Development function that does not align with the Climate Protection Fund’s intended outcomes. Funding these positions does not align with the office’s mission to “proactively mitigate climate change by... reduc[ing] greenhouse gas emissions” on the United Nations’ Intergovernmental Panel on Climate Change’s recommended timeline because they do not directly contribute to reducing greenhouse gas emissions. The panel recommended that greenhouse gas emissions be cut in half by 2030.

It also does not align with Denver City Council’s intent in placing the Climate Protection Fund up for voter approval — as documented in the ordinance — which says, “climate change demands swift and meaningful action, including steep reductions in fossil fuel consumption.”

Additionally, the Department of Community Planning and Development used Climate Protection Fund money to pay for two positions that were not involved in climate-related work — without reporting it to the Office of Climate Action, Sustainability, and Resiliency. The Climate Action Office only discovered this after it asked Community Planning and Development for an update on what the positions were working on before approving an extension of the original agreement.

The two agencies had originally agreed the climate fund would pay for two inspector positions with limited five-year terms. But Community Planning and Development moved the Green Building Ordinance and Denver Green Code inspection responsibilities from temporary staff to more experienced, permanent staff members. As a result, the positions paid for by the Climate Protection Fund were not allowed under the fund’s ordinance.

While the Climate Action Office corrected the issue to ensure the fund paid for two staff positions dedicated to doing climate-related work in May 2024, the office had not been reimbursed for the funding spent on the wrong positions as of February 2025.

Community Planning and Development was able to misuse Climate Protection Fund money because the Office of Climate Action, Sustainability, and Resiliency does not have a formal, documented process for monitoring projects it funds for other city agencies. Project managers develop the agreements with other city agencies, review invoice reconciliations twice a

Community Planning and Development used Climate Protection Fund money to pay for two positions not doing climate-related work without reporting it to the office.

REVISED GREENHOUSE GAS REDUCTION GOALS

Although the Office of Climate Action, Sustainability, and Resiliency is required to follow the Intergovernmental Panel on Climate Change’s greenhouse gas reduction goals of a 50% reduction by 2030, the office revised its goals to a 65% reduction by 2030 based on Local Governments for Sustainability’s assessment of Denver’s “fair share” of emissions to achieve global emissions goals. The organization says meeting global climate goals equitably requires high-emitting countries and cities to reduce their emissions by more than 50%.

year, and are encouraged to monitor interagency agreements “as needed,” but their monitoring responsibilities are not documented. Additionally, partner agencies “rarely” provide supporting documentation to the office showing their expenses aligned with the agreement and the Climate Protection Fund’s allowable uses.

The U.S. Government Accountability Office’s “Standards for Internal Control in the Federal Government” says managers are responsible for monitoring processes performed by external parties. It also says managers should document these processes in policies and procedures. The city’s General Records Retention Schedule says city agencies must keep records documenting the cost of interagency transactions for at least three years. The retention schedule also says that city agencies can keep documents developed for budget requests or proposals — such as “records used in the budget preparation and decision-making process” — for its administrative value.

COLFAX BUS RAPID TRANSIT PROGRAM – The Budget and Management Office also advocated for the Climate Action Office to fund the Department of Transportation & Infrastructure’s Colfax Bus Rapid Transit program. The office contributed \$6 million toward exclusive lanes for the bus program so the city could qualify for matching funding from the federal government.

While Climate Action staff said the project “partially” aligns with the Climate Protection Fund’s transportation allowable use, they also said the project’s greenhouse gas reduction benefits do not justify the \$6 million committed to the project. Additionally, although the agreement to fund the Colfax bus program was signed in October 2023, none of the climate fund money had been spent as of June 2024. This meant that not only had Transportation & Infrastructure not yet spent the \$6 million it had received, but the Climate Action Office could not use those funds on other projects that would have a more immediate impact on greenhouse gas emissions.

As a result, the office and the Climate Protection Fund have been placed in a position where they were not able to maximize the reduction of greenhouse gas emissions as directed by city ordinance.

ELECTRIC FLEET VEHICLES – The Budget and Management Office also requested the Office of Climate Action, Sustainability, and Resiliency pay \$4.6 million out of the Climate Protection Fund to electrify the city’s fleet vehicles because it was one of the mayor’s key priorities in the 2025 budget. Before this request, the Climate Action Office’s internal allowable use policy did not allow the Climate Protection Fund to pay for city fleet vehicles. The office had this policy in place because of concerns with the way the city’s vehicle fleet was managed and wanted to ensure any electric vehicles would replace an existing gas-powered vehicle rather than adding another car onto the city’s existing fleet.

The Climate Protection Fund has been placed in a position where it was not able to maximize the reduction of greenhouse gas emissions.

FLEET MANAGEMENT AUDIT

See our [Fleet Management audit](#) for more on how the city manages its fleet vehicles.

Again, office leaders said other city agencies do not regard their internal policies as binding. As a result, the office agreed to pay for new electric vehicles despite its concerns.

The Office of Climate Action, Sustainability, and Resiliency and the Budget and Management Office have different definitions for supplanting

Denver’s ordinance says Climate Protection Fund money “may not replace nor supplant any General Fund appropriations allocated each year” to the Office of Climate Action, Sustainability, and Resiliency. However, Climate Action managers said the ordinance is unclear on whether the Climate Protection Fund can replace other agencies’ money from the city’s General Fund.

While the ordinance specifies climate funds cannot replace General Fund money allocated to the office, it does not place this same restriction on other city agencies. This means a project paid for by another agency’s General Fund money could be funded through the Climate Protection Fund the next year to reduce the city’s General Fund expenses. That is why the office recommended keeping the fund “additive” to the Budget and Management Office to prevent it from becoming a substitute for other agencies’ projects.

Meanwhile, the Budget and Management Office said that while the Climate Action Office was correct that the “spirit” of the Climate Protection Fund was meant to be in addition to the General Fund, the legal language gives the city the “opportunity” to adjust how specific climate initiatives are funded each year. Managers said that because programs grow, it is unreasonable to expect the General Fund to continue funding rapidly expanding programs — especially if the General Fund is not growing.

These different interpretations happened because the Climate Action Office has not received documented guidance on what is and is not supplanting from the Budget and Management Office despite several requests for guidance to Budget and Management. Budget and Management said its interpretation of supplanting is based first on the ordinance language, then guidance from the City Attorney’s Office, and lastly, on the definition of supplanting in the city’s Fiscal Accountability Rules.

While managers in the Budget and Management Office said they received supplanting guidance from the City Attorney’s Office dating from when the

SUPLANTING

Supplanting means replacing existing and available money with another funding source, such as replacing Denver’s General Fund money with federal funds even though the General Fund money was already available. Monitoring potential supplanting is important to prevent one funding source from becoming a substitute for another and reducing the impact of the original funding source.

The office has not received documented guidance on what is and is not supplanting from the Budget and Management Office despite several requests for guidance.

city's Parks Legacy Fund was created in 2018, they were unable to find and provide that guidance to us.

Additionally, managers said the supplanting definitions in the Climate Protection Fund ordinance, the city's Fiscal Accountability Rule 9.2, and the City Attorney's Office guidance all aligned with each other. However, we found the ordinance and the fiscal rule's supplanting definitions do not fully align. While the climate ordinance specifies supplanting cannot take place for funds allocated each year, the fiscal rule does not specify that supplanting only applies within the same budget year.

Leading practices from the U.S. Government Accountability Office's "Standards for Internal Control in the Federal Government" say managers should define objectives in measurable terms that allow for consistent measurement without subjective judgments. Additionally, the U.S. Department of Justice's "Guidance Regarding Supplanting" says governments should retain documentation that helps verify that supplanting has not occurred when there is a question on whether supplanting is occurring. Along with other verification details, this documentation may include annual appropriations, city council resolutions, or meeting minutes about budget cuts. Further, potential supplanting situations should be monitored.

Other agency expenses cannot be independently verified

Although the Office of Climate Action, Sustainability, and Resiliency said it spent over \$14 million on projects and positions for other city agencies from Jan. 1, 2021, through June 30, 2024, we could not independently verify whether this was accurate.

The office tracks its expenses — including to other city agencies — in a budget forecast spreadsheet and an internal dashboard. However, both the spreadsheet and dashboard have several limitations making determining total costs to city agencies difficult, including:

- Personnel costs for funded positions within the Department of Community Planning and Development and the Department of Transportation & Infrastructure were combined with the office's own personnel costs.
- Some agreements with other city agencies — like Denver Public Library and Denver Golf — were not included in the spreadsheet or dashboard.
- The spreadsheet has inconsistent names for the same city agencies, such as "Parks & Recreation" and "Parks and Rec."

Despite these difficulties, we tried to confirm the office's spending on other city agencies ourselves using the city's financial system of record, Workday. However, because of several limitations in Workday and insufficient policies and procedures, we were unable to determine Climate Action's expenses for other city agencies on our own.

Because of limitations in Workday and insufficient policies and procedures, we were unable to determine Climate Action's expenses for other city agencies.

To create a report in Workday identifying Climate Protection Fund money going to other city agencies, office staff said we would need to know:

- The specific purchase orders used to send money to other city agencies.
- Past and present office employees for filtering out unwanted expenses.
- Which funds were spent versus just committed to another city agency.
- Personnel and payroll costs received in reports from the Department of Finance.

Further complicating this effort, Climate Action staff said the Department of Finance did not align Workday to match payroll funds the office agreed to pay for other city agencies in 2024. Staff acknowledged that determining the office’s expenses to other agencies is “very complicated,” which is why they rely on the budget forecast spreadsheet rather than Workday to determine the office’s expenses. Staff said they plan to use program codes in Workday in the future to make identifying other agency expenses easier.

Additionally, Climate Action’s policies and procedures do not say how the office determines its expenses to other city agencies. While the office does have procedures to conduct monthly reconciliations of Climate Protection Fund expenses using information in Workday, they focus on ensuring all expenses match across different Workday reports and that transactions have the correct equity codes. The procedures do not mention analyzing expenses to other city agencies.

However, leading practices from the U.S. Government Accountability Office’s “Standards for Internal Control in the Federal Government” say managers should document responsibilities in policies and procedures. Effective documentation establishes the “who, what, when, where, and why” of these responsibilities to communicate that knowledge to staff and external parties, like auditors.

Without formal policies and processes for all these issues, the Office of Climate Action, Sustainability, and Resiliency cannot ensure the Climate Protection Fund is meeting the intent of Denver voters or the office’s mission to reduce greenhouse gas emissions by the Intergovernmental Panel on Climate Change’s established timelines.

Climate Action’s policies and procedures do not say how the office determines its expenses to other city agencies.

2.1

RECOMMENDATION

Document rules and regulations for funding decisions

The Office of Climate Action, Sustainability, and Resiliency should develop and document formal rules and regulations for what it considers when making funding decisions and the process for making funding decisions for other city agencies.

AGENCY RESPONSE – AGREE

CASR will develop and document rules and regulations regarding funding decisions, including agency agreements.

– Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY NOV. 19, 2025

2.2

RECOMMENDATION

Document monitoring process

The Office of Climate Action, Sustainability, and Resiliency should document and implement a process to monitor other city agencies' projects funded by the Climate Protection Fund to ensure funds are used in alignment with the ordinance's allowable uses and interagency agreements.

AGENCY RESPONSE – AGREE

The Climate Protection Fund enabling ordinance describes the fund as a catalytic opportunity for Denver. CASR embraces this role, and recognizes the opportunity that the fund presents to help other institutional decision-makers and city agencies shift the status quo. While we are proud of the collaborative work that CASR has engaged in with our partner agencies, we recognize the importance of formal processes and documentation to better monitor other city agency projects that are funded.

– Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY AUG. 29, 2025

2.3

RECOMMENDATION

Retain supporting documentation

As a part of implementing Recommendation 2.2, the Office of Climate Action, Sustainability, and Resiliency should document and implement a process to retain supporting documentation of its funding decisions and expenses to other city agencies in alignment with the city's General Records Retention Schedule.

AGENCY RESPONSE – AGREE

As a part of implementing Recommendation 2.2, the Office of Climate Action, Sustainability, and Resiliency should document and implement a process to retain supporting documentation of its funding decisions and expenses to other city agencies in alignment with the city's General Records Retention Schedule.

– Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY JULY 31, 2025

2.4**RECOMMENDATION****Document supplanting guidance**

The Office of Climate Action, Sustainability, and Resiliency should work with the City Attorney's Office and the Budget and Management Office to develop and document formal guidance on what is and is not considered supplanting for the Climate Protection Fund. Once this guidance is documented, the office should document and implement policies and procedures to monitor programs to ensure supplanting does not occur.

AGENCY RESPONSE – AGREE

We will continue to work with the City Attorney's Office and the Department of Finance to define supplanting. Subsequent policies and procedures will be documented and implemented to ensure compliance.

— Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY SEPT. 30, 2025

2.5**RECOMMENDATION****Document expense tracking method**

The Office of Climate Action, Sustainability, and Resiliency should develop, document, and implement a method to track Climate Protection Fund spending on other city agencies' programs, such as using program codes in Workday.

AGENCY RESPONSE – AGREE

We have initiated using program codes in our financial system of record (Workday) to track spending on other agency programs through our inter-agency agreements. Use of program codes will allow for financial reporting in a way that permits independent verification. We are finalizing our policy and procedure for assuring that our finance team enters expense data accordingly and that project managers submit requests for payment with necessary supporting documentation.

— Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY JULY 31, 2025

FINDING 3 AND RECOMMENDATIONS

The Climate Protection Fund’s budget process is not sufficiently researched and supported by data

By not assessing and adjusting its budgeting methods as needed, the office may not be able to achieve the Climate Protection Fund’s goals effectively.

Without a well-researched, data-driven budgeting process for the Climate Protection Fund, Climate Action is limited in its ability to allocate resources efficiently and strategically. Comprehensive analyses and clear objectives would empower the office to maximize its overall impact. Further, by not assessing and adjusting its budgeting methods as needed, the office may not be able to achieve the Climate Protection Fund’s goals effectively.

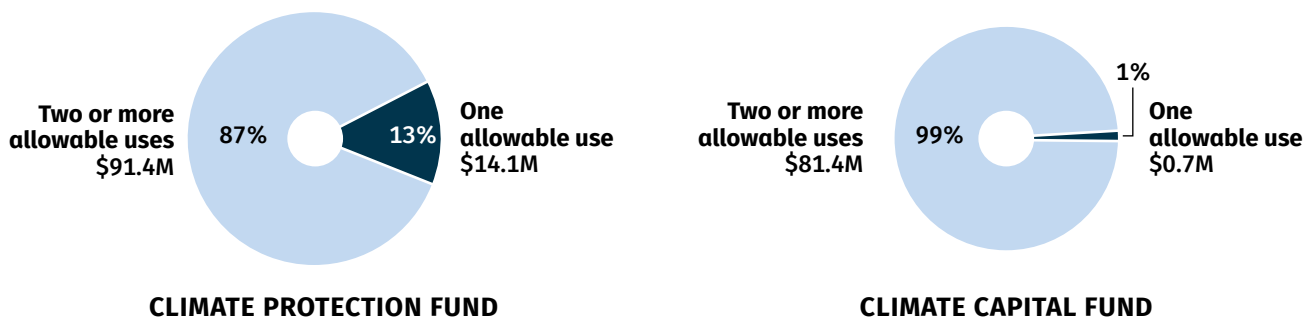
Climate Action uses a percentage-based budgeting process that divides Climate Protection Fund money into specific allowable use categories, with each category assigned a fixed percentage of the total funds. This process is documented in the office’s five-year plan, published in 2021.

But Climate Action managers said the percentage-based budget approach may not be the most effective way to allocate the Climate Protection Fund’s resources. They said this approach creates challenges, as many projects span multiple allowable use categories and do not fit into a single classification. Managers further said the office should consider adopting a more strategic approach that reflects how its projects overlap across different allowable uses and allows for greater alignment with the Climate Protection Fund’s overall mission.

As shown in Figure 4, over \$91.4 million of the \$105.5 million allocated from the Climate Protection Fund – 87% – was used for contracts that span multiple allowable use categories.

Additionally, 38 of the 103 total Climate Protection Fund contracts involved two or more allowable uses. For the Climate Capital Fund, over \$81.4

FIGURE 4. Distribution of contract funds by single allowable use versus multiple allowable uses



Source: Created by Auditor’s Office staff using information from Workday and the Office of Climate Action, Sustainability, and Resiliency.

million of the \$82.4 million, or 99%, was allocated to contracts involving multiple allowable uses, with seven of the 11 contracts involving two or more allowable uses. This shows that most project funds were spent across multiple allowable uses while the Climate Protection Fund is budgeted by individual allowable uses.

Climate Action leaders said they used percentage-based budgeting because there was significant uncertainty about when the funds would become available when the fund was approved in 2020. By 2021, when the agency began receiving funds, they had to quickly develop a spending plan. However, due to time constraints and limited data, the agency adopted an approach based on estimates and broader goals rather than specific research and data. For example, the office allocated a larger percentage of the Climate Protection Fund to renewables and transportation, assuming these allowable uses would have a greater impact on reducing greenhouse gas emissions and require larger investments.

The Government Accountability Office's "Standards for Internal Control in the Federal Government" says that government agencies should regularly assess their procedures to ensure they remain relevant and continue to meet the evolving needs of the organization. These assessments should be used to help confirm agency processes continue to align with their objectives and remain relevant to achieving the agency's overall goals.

The Government Finance Officers Association's "Recommended Budget Practices" also stresses the importance of agencies identifying and analyzing their management systems, examining their strengths and weaknesses, and considering factors that could influence these systems in the future. It also recommends agencies maintain budgeting documents that clearly describe key programmatic and financial policies, plans, and goals. These documents should include the agency's short-term and long-term financial plans and provide its readers with a comprehensive guide to understanding how these plans will guide the agency's operations moving forward.

Without conducting an assessment on its budgeting method, the Office of Climate Action, Sustainability, and Resiliency risks missing opportunities to achieve the Climate Protection Fund's goals effectively and maximize its overall impact.

3.1

RECOMMENDATION

Evaluate budgeting processes

The Office of Climate Action, Sustainability, and Resiliency should conduct and document an evaluation of its budgeting process for the Climate Protection Fund to explore whether its budgeting method or alternative methods best suit its needs. This evaluation should document the data and information used to evaluate budgeting methods.

AGENCY RESPONSE – AGREE

In the early years of the CPF, limited data was available to inform budget decisions. Moving forward, CASR will utilize data from program evaluation and best practices to make decisions regarding the highest and best use of the CPF to achieve its stated outcomes. CASR has already begun to incorporate impact assessments into the budget allocation process for 2025. CASR also completed a comprehensive impact evaluation in 2024 for years 2021-2023 of the CPF.

— Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY SEPT. 15, 2025

3.2

RECOMMENDATION

Implement desired budgeting method

After completing Recommendation 3.1, the Office of Climate Action, Sustainability, and Resiliency should implement its desired budgeting method and document it in formal policies and procedures.

AGENCY RESPONSE – AGREE

CASR currently allocates budget to seven allowable use cost centers, aligning with the allowable uses of the fund. CASR will examine whether this practice is the most effective and efficient way to allocate, track and report on the budget.

— Office of Climate Action, Sustainability, and Resiliency

IMPLEMENTATION EXPECTED BY SEPT. 15, 2025

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

To determine how efficient and effective the Office of Climate Action, Sustainability, and Resiliency's processes are for monitoring and budgeting the Climate Protection Fund and communicating the office's performance to the public.

Scope

We reviewed how well the Office of Climate Action, Sustainability, and Resiliency is achieving its goals for the voter-initiated Climate Protection Fund and how well it is complying with fund use requirements. This included analyzing outputs and outcomes for fund spending.

We reviewed data and documentation from January 2021 through June 30, 2024.

Methodology

To accomplish our audit objectives, we:

- Interviewed staff from the Office of Climate Action, Sustainability, and Resiliency and the Department of Finance's Budget and Management Office.
- Reviewed applicable international and local laws and regulations.
- Reviewed applicable city executive orders, annual budgets, contracts, financial reports, agency plans, and 311 data — as well as annual reports from the Office of Climate Action, Sustainability, and Resiliency.
- Analyzed samples of invoices, expense and revenue data, and performance monitoring and tracking data.
- Analyzed leading practices from the U.S. Government Accountability Office, the U.S. Office of Personnel Management, the U.S. Department of State, the U.S. Department of Justice, the International Labour Organization, and the Government Finance Officers Association.
- Conducted various analyses relevant to our audit objectives including assessing staffing plans, contract monitoring and invoice review procedures, funding decisions to other city agencies, budgeting procedures, performance tracking and monitoring, and communication to the public.

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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Our Mission

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.
