FOLLOW-UP REPORT
Mayor's Office
Office of Sustainability Audit
December 2017

Office of the Auditor
Audit Services Division
City and County of Denver

Timothy M. O'Brien, CPA
Denver Auditor

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City and County of Denver

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Timothy M. O'Brien, CPA
Auditor

December 7, 2017

Jerry Tinianow, Chief Sustainability Officer
Office of Sustainability
City and County of Denver

Re: Audit Follow-Up Report

Dear Mr. Tinianow:

In keeping with generally accepted government auditing standards and the Audit Services Division's policy, as authorized by D.R.M.C. § 20-276, our Division has a responsibility to monitor and follow up on audit recommendations to ensure that audit findings are being addressed through appropriate corrective action and to aid us in planning future audits.

This report is to inform you we have completed our follow-up effort for the Office of Sustainability audit issued December 30, 2016. Our review determined that the Office of Sustainability has adequately implemented only one of the three recommendations made in the audit report. Auditors therefore determined that the risk associated with the audit team's initial findings has not been fully mitigated. As a result, our office may revisit these risk areas in future audits to ensure appropriate corrective action is taken.

For your reference, this report includes a highlights page that provides background and summary information on the original audit and the completed follow-up effort. Following the highlights page is a detailed implementation status update for each recommendation.

This concludes audit follow-up work related to this audit. I would like to express our sincere appreciation to you and to department personnel who assisted us throughout the audit and follow-up process. If you have any questions, please feel free to contact me at 720-913-5000 or Yvonne Harris-Lott, Internal Audit Supervisor, at 720-913-5086.

Denver Auditor's Office

Timothy M. O'Brien, CPA
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Office of Sustainability
December 2017

Scope

The scope of the audit was to evaluate the extent to which the Office of Sustainability was positioned to lead and guide the City's efforts toward sustainability and meet the 2020 Sustainability Goals.

Background

The Office of Sustainability was established under Executive Order 123. The office is responsible for leading, guiding, and coordinating the City's efforts toward sustainability. In addition to establishing the Office of Sustainability, the executive order also supported the creation of the 2020 Sustainability Goals. The 2020 goals focus on the following 12 resources: air quality, climate change, energy, food, health, housing, land use, materials, mobility, water quantity, water quality, and workforce.

Purpose

The audit sought to determine whether the Office of Sustainability was positioned to accomplish its mission and whether the Agency has control mechanisms in place to adequately monitor and assess the City's progress toward the 2020 Sustainability Goals.

REPORT HIGHLIGHTS

Highlights from Original Audit

In March 2013, the Office of Sustainability, under the direction of the Mayor, introduced the City's 2020 Sustainability Goals. In total, there are 24 goals that link to 12 resources, including air quality, climate change, and water conservation. For each resource, there is one City goal and one community goal. City agencies such as the Department of Environmental Health, General Services, and Department of Public Works are responsible for implementing the 12 government goals. These same City agencies partner with community leaders to help them progress toward achieving 12 community goals.

The audit found that the Office of Sustainability did not have sufficient authority or resources to ensure the City's 2020 Sustainability Goals would be achieved. First, we noted the Office of Sustainability did not have a strategic plan for implementing the 2020 Goals. Although some coordinating agencies had individual strategic plans that incorporated the agencies' sustainability efforts, there was no overarching strategic plan to ensure agency-specific initiatives would be achieved to accomplish the citywide objective of sustainability. We also noted, based on benchmarking against nine other cities, that Denver was the only city without a strategic plan for accomplishing its sustainability goals.

Second, we found that the Office of Sustainability did not have an effective mechanism in place to report on the City's progression toward meeting the 2020 Sustainability Goals. Executive Order 123 requires annual reporting; however, it does not grant the Office the authority to establish or enforce reporting deadlines by which City agencies should provide the Office with updates regarding its sustainability initiatives. We found that minimal reporting existed to show how close the City was to meeting the 2020 Goals.

Findings at Follow-up

The Office of Sustainability has fully implemented one of the three recommendations made in the 2016 audit report. The Office has submitted recommended changes to Executive Order 123 that would enhance their authority to hold agencies responsible for submitting timely sustainability progress reports to the Office. The remaining two recommendations have not been fully implemented. One these recommendations relates to the agency's development of a sustainability strategic plan. The other recommendation relates to the monthly progress reports.

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Recommendations: Status of Implementation

Recommendation		Auditee Action	Status
FINDING: The Office of Sustainability Does Not Have Sufficient Authority or Resources to Ensure that the City's 2020 Sustainability Goals Are Achieved			
1.1	**Strategic Plan**— The Office of Sustainability should develop a strategic plan that encompasses the City's strategy and activities for achieving the 2020 Sustainability Goals. Furthermore, the Office should work with other City agencies with specific projects or initiatives linked to the 2020 goals as well as the Sustainability Implementation Committee to help ensure that each agency's sustainability plan supports the office's overarching strategic plan. Finally, the Office of Sustainability's strategic plan should include, at a minimum, each of the 2020 goals, specific strategies to achieve each goal, an action plan describing how the strategies will be implemented, and performance measures for each goal.	The Office of Sustainability (Office) has created the "2020 Sustainability Plan," (Plan) dated September 2017. The Plan includes the City's 2020 Sustainability Goals along with strategies and activities that agencies are taking or planning to take towards achieving the 2020 Goals. To gather this information, the Office requested, and incorporated into the Plan, sustainability-related project information and related initiatives from City agencies toward meeting the 2020 Goals. Based on our review, the Plan contains some of the strategies for the 2020 Goals, some action plans of how the strategies will be implemented, and some performance measures for each goal that the City is pursuing to achieve the 2020 Goals. As such, we have determined that the Office has partially implemented the recommendation as agreed to in our December 2016 audit report.	**Partially Implemented** **Original target date for completion: June 2017**

Recommendations: Status of Implementation

	Recommendation	Auditee Action	Status
1.2	**Executive Order –** The Office of Sustainability should review and, at a minimum, recommend changes to Executive Order 123 that will include specific language increasing the Office's oversight and enforcement authority and designate specific agency responsibility for ensuring that progress toward the 2020 Goals is being achieved. This language should include an accountability mechanism to hold agencies responsible for submitting required data and information to the Office of Sustainability in a timely manner. Additionally, specific responsibilities should be defined for reporting and penalties should be established for not meeting submittal deadlines or submitting required data and information.	The Office of Sustainability recommended changes to Executive Order 123 to the Mayor on June 30, 2017, with specific language increasing the Office's oversight and enforcement authority. For example, although unclear in the current Executive Order, the proposed Executive Order includes language that will designate the agencies responsible for ensuring progress toward specific goals. To help ensure agencies submit monthly progress reports to the Office in a timely manner, the proposed draft includes language whereby the Office will apprise the Mayor of those agencies that do not submit timely reporting. As such, we have determined that the Office has fully implemented the recommendation as agreed to in our December 2016 audit report.	**Implemented** **Original target date for completion: June 2017**

Recommendations: Status of Implementation

	Recommendation	Auditee Action	Status
1.3	**Monthly Progress Reports –** The Office of Sustainability should work with agencies through the Sustainability Implementation Committee to develop and ensure that consistent reporting of sustainability performance and outcomes are included in the agency monthly reports to the Mayor and Chief of Staff, in order to assist in the monitoring, tracking, and achievement of the 2020 Goals. The Chief Sustainability Officer should also receive from each agency a sustainability update and progress information on a monthly basis.	The Office of Sustainability has created an Agency Monthly Report template for the goal leader at each agency to report to the Office on the status of sustainability-related projects. Although agencies provide monthly reporting to the Office, at a minimum, they are only required to provide information on one sustainability project. The Office then summarizes and records the reports in a monthly report tracker in Excel. The Office follows up with questions if needed. The audit recommendation suggested requiring monthly reports from agencies to detail progress. However, a sample of monthly reports shows that information provided does not indicate what has been implemented or what progress has been made toward goals. The Chief Sustainability Officer views the reports as a tool to educate the agencies to create a philosophy or culture of sustainability rather than as a tool to measure progress. As such, the Office still does not have a mechanism in place to monitor progress toward the 2020 Goals. Based on this, we have determined that the Office has not fully implemented this recommendation.	**Partially Implemented** **Original target date for completion: March 2017**

Conclusion

While the Office of Sustainability has implemented one recommendation made in our 2016 audit, others have yet to be acted upon or need to be fully implemented. Auditors therefore determined that the risk associated with our initial findings has not been fully mitigated. For example, the Office has created and implemented a monthly reporting tool for agencies to report on sustainability projects. However, this tool does not require agencies to report on all sustainability-related projects nor does it require them to explain the progress that each project has made toward 2020 goals. As a result, our Office may revisit these risk areas in future audits to ensure appropriate corrective action is taken.

On behalf of the citizens of the City and County of Denver, we thank staff and leadership from the Office of Sustainability for their cooperation during our follow-up effort and their dedicated public service.