Peak Academy
Performance Audit

October 2015

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

Timothy M. O’Brien, CPA
Auditor
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Report number: A2015-007
October 15, 2015

Honorable Michael Hancock, Mayor  
Mayor’s Office  
City and County of Denver

Dear Mayor Hancock:

Attached is the Auditor’s Office Audit Services Division’s report of their audit of Peak Academy. The purpose of the audit was twofold. First, the audit sought to determine how effective Peak Academy is in helping the Peak Performance program provide an effective avenue for innovative change and continuous improvement throughout the City. Second, we sought to determine whether identified and actualized savings resulting from Peak Academy’s training are accurately collected, tracked, and reported. In addition, during the audit, we identified a concern related to the collection of revenue generated when Peak Academy provides Lean process improvement training to external organizations and certain City agencies. As a result, we also assessed the controls over the collection of this revenue.

Audit work revealed that Peak Academy has provided many City employees with training on Lean concepts, and provides a methodology or structure to help them identify innovation ideas. However, Peak Academy could enhance its innovation data, provide better information regarding its effectiveness in helping the overall Peak Performance program achieve its goals, establish controls over revenue collected for external training, and take additional steps to help foster more innovation in the City.

If you have any questions, please call Kip Memmott, Director of Audit Services, at 720-913-5000.

Sincerely,

Timothy M. O’Brien, CPA  
Auditor

cc:   Honorable Members of City Council  
      Members of Audit Committee  
      Ms. Cary Kennedy, Deputy Mayor, Chief Financial Officer  
      Ms. Janice Sinden, Chief of Staff  
      Mr. David P. Edinger, Chief Performance Officer
Ms. Beth Machann, Controller
Mr. Scott Martinez, City Attorney
Ms. Janna Young, City Council Executive Staff Director
Mr. L. Michael Henry, Executive Director, Board of Ethics
Mr. Brian Elms, Manager, Peak Academy
AUDITOR'S REPORT

We have completed an audit of Peak Academy, which is an element of Denver's Peak Performance program. The purpose of the audit was to determine how effective Peak Academy is in helping Peak Performance provide an effective avenue for innovative change and continuous improvement throughout the City. The audit also assessed whether savings resulting from innovation are accurately collected, tracked, and reported. Finally, the audit assessed the internal controls over the collection of Peak Academy training revenue.

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, and was conducted 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.

The audit found that Peak Academy has trained many City employees on process efficiency concepts and techniques and serves as a conduit for employees to promote their ideas for innovative change and continuous improvement. However, Peak Academy could better collect, track, and report meaningful and reliable information on the program's impact. Specifically, we have recommended that Peak Academy: enhance its data collection practices to ensure the data is accurate and reliable; report savings resulting from innovations in a fully transparent way in the City and County of Denver Mayor's Budget; and conduct enhanced reporting related to the effectiveness of its training activities. We also found that Peak Academy should enhance controls over revenue it generates from training provided to external organizations and certain City agencies. Finally, we identified several practices that Peak Academy could adopt to help foster additional innovation in the City.

We extend our appreciation to the City’s Chief Performance Officer, the Peak Academy Manager, and the personnel who assisted and cooperated with us during the audit.

Audit Services Division

Kip Memmott, MA, CGAP, CRMA
Director of Audit Services
Peak Academy
October 2015

The audit assessed the effectiveness of Peak Academy in helping Denver’s Peak Performance program foster a culture of continuous improvement throughout the City.

Background
Denver launched the Peak Performance initiative in July 2011. The initiative’s goal is to transform government from antiquated, bureaucratic, and wasteful to customer-driven, creative, sustainable, and data-oriented. Peak Performance seeks to achieve this goal by improving efficiency and service delivery in the City.

The Peak Academy initiative was created in 2012 to provide City employees with techniques and training to help identify process improvements. Peak Academy trains City employees in Lean principles, which focus on the identification and elimination of waste within a process and encourages staff-driven improvements.

Purpose
The purpose of this audit was to determine how effective Peak Academy is in helping the Peak Performance program provide an effective avenue for innovative change and continuous improvement throughout the City, and to determine whether identified and actualized savings are accurately collected, tracked, and reported.

Highlights
Peak Academy has trained thousands of City employees on process efficiency concepts and techniques, serving as a conduit for employees to promote their ideas for innovative change and continuous improvement within the City. Employees who have participated in Peak Academy have generally reported having a positive experience and have identified both budget and time savings. However, Peak Academy is a relatively new City program and, as such, its processes and practices have yet to fully mature. Accordingly, we identified several program elements that could be improved to better enable Peak Academy to enhance and fully demonstrate its overall impact and level of effectiveness.

Specifically, we identified four areas where Peak Academy could enhance its practices. First, we found that some Peak Academy training data and innovation information is inaccurate and incomplete and that reported savings are not fully transparent and accurate, including performance information regarding savings included in the City and County of Denver Mayor’s Budget.

Second, Peak Academy should develop and report more performance information to demonstrate the effectiveness of its training activities and to provide increased transparency of agency participation.

Third, because Peak Academy provides training to external organizations and to City enterprise fund entities, the controls over processes for billing and collecting the revenue generated from such training need to be enhanced to ensure the proper amounts are collected.

Finally, Peak Academy could adopt additional practices to help facilitate further innovation throughout the City.

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Or Contact the Auditor’s Office at 720.913.5000
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INTRODUCTION & BACKGROUND

Denver's Peak Performance Initiative

In July 2011, newly inaugurated Mayor Michael Hancock launched Denver's Peak Performance initiative as part of his vision of “delivering a world class city where everyone matters.” The goal of the initiative is “to transform government from antiquated, bureaucratic, and wasteful systems into a customer-driven, creative, sustainable, and data-oriented government.” In doing so, Peak Performance strives to improve efficiency and service delivery and identify cost savings. Peak Performance personnel seek to achieve program goals by partnering with City agencies and engaging staff at all levels of the organization. The Peak Performance program is guided by the following three principles:

1. Engage, support, and focus on the people, employees, and customers of your process.
2. Lean your process with whatever resources you already have on hand.
3. Structure all of your technological solutions to fit your process and its people.

Mayor Hancock created the position of Chief Performance Officer (CPO) to oversee the initiative. The CPO utilized the knowledge and expertise of the existing Budget and Management Office (BMO) Process Improvement Manager to help develop and implement the organizational structure and focus of the Peak Performance initiative.

Peak Performance’s goal is to transform government from antiquated, bureaucratic, and wasteful systems into a customer-driven, creative, sustainable, and data oriented government, and in doing so, improve efficiency and service delivery and identify cost savings.

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4 Unless otherwise noted, information in this section was obtained from the 2012 and 2015 City and County of Denver Mayor’s Budgets, http://www.denvergov.org/finance/DenverDepartmentofFinance/CityBudget/tabid/442869/Default.aspx; Peak Performance’s goals outlined in the City’s 2016 Budget Manual; and information from Peak Performance’s webpage such as quarterly newsletters, training materials, and performance reviews, http://www.denvergov.org/mayorhancock/MayorsOffice/ProgramsInitiatives/PeakPerformance/tabid/444377/Default.aspx.
5 Prior to the implementation of the Peak Performance initiative, BMO had two sections in place that were responsible for process improvement activities. The Performance Initiatives section, overseen by the Manager of Performance Initiatives, worked to facilitate a performance management system throughout the City that incorporated strategic planning and problem solving. In addition, the Business Process Analysis section, overseen by the Manager of Business Process Analysis, was responsible for performing business process mapping and analysis to improve Citywide service delivery. According to the City and County of Denver Mayor’s 2011 Budget, the Performance Initiatives section was no longer funded in 2011. The Manager of Business Process Analysis is also known as the Process Improvement Manager.
Peak Performance endeavors to ensure that City funds are spent as efficiently as possible toward improving Denver’s quality of life and fulfilling the Mayor’s vision. Therefore, Peak Performance-related activities reflect the City’s strategic framework, comprising the following five components:

1. **Youth**—Investing in Denver’s youngest residents
2. **Jobs**—Supporting the economy through business development, workforce development, lending, and investment
3. **Safety Net**—Protecting and serving every resident, including the most vulnerable and needy, to provide the opportunity to live in a safe and healthy environment
4. **Sustainability**—Securing an economically, socially, and environmentally sustainable city for future generations
5. **Customer Experience**—Improving the experience customers have when interacting with city government

Figure 1 illustrates the Peak Performance organizational framework. This framework encompasses the areas of work in which Peak Performance is engaged, including:

- **Strategic Planning**—Developing agency strategic plans that support the Mayor’s priorities and performance metrics for analysis and reporting of the strategic plans
- **Innovation**—Identifying ways to improve City operations through employee-driven ideas and providing the knowledge and tools for continuous improvement
- **Monitoring**—Tracking and reporting process improvements

**Figure 1. Denver's Peak Performance Framework**

*Source: City and County of Denver 2016 Budget Manual.*
To address the first organizational framework element, in 2011 and 2012, Peak Performance worked with City agencies to develop strategic plans and establish performance metrics by which to measure and assess agency performance. To address the second and third organizational framework elements, the CPO and BMO Process Improvement Manager created the Peak Academy to provide City employees with tools and methods to help identify waste and improve City processes. Peak Academy personnel also track and report on identified and implemented process improvements. The following sections describe each of these areas in greater detail.

**Strategic Planning**

The first element of Denver's Peak Performance framework is strategic planning. The intent of this element is to enable City agencies to establish their vision of success. The Government Finance Officers Association (GFOA) defines strategic planning as, “A comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization’s mission and achieve consensus on strategies and objectives for achieving that mission.” GFOA recommends that governmental entities use strategic planning to link organizational goals with authorized spending. Strategic plans should include:

- A mission statement that expresses an entity’s purpose in broad, but clear, terms
- Broad goals that address the entity’s most critical issues
- Strategies to achieve the goals
- An action plan to implement the strategies
- Objectives that are specific, measurable results to be achieved
- Performance measures that provide information on whether goals and objectives are being met that provide the link between the goals, strategies, actions, and objectives

To carry out strategic planning throughout the City, the CPO and BMO Process Improvement Manager worked with City agencies to assist them in establishing their respective visions and aligning their strategic plans with the Mayor’s Citywide strategic framework. They then worked with agencies to develop performance metrics intended to measure achievement, identify areas of improvement, and provide the link between the mission, goals, strategies, and objectives stated in the strategic plan and the programs and activities funded in the budget.

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6 “Peak Performance 2015 Guidelines,” provided by the CPO.
8 City agency strategic plans are available at Denver’s Peak Performance website, [http://www.denvergov.org/mayor/MayorsOffice/ProgramsInitiatives/PeakPerformance/PerformanceReviews/tabid/444465/Default.aspx](http://www.denvergov.org/mayor/MayorsOffice/ProgramsInitiatives/PeakPerformance/PerformanceReviews/tabid/444465/Default.aspx).
To provide a reporting avenue for highlighting agency accomplishments and for identifying and prioritizing improvement areas, in 2012, Peak Performance initiated periodic City agency performance reviews in eighteen agencies.\(^9\)\(^10\) By 2015, annual performance reviews were required of all City agencies that report directly to the Mayor. For consistency, Peak Performance provides all agencies with a Microsoft PowerPoint template for communicating strategic plan performance. The 2015 template includes the following elements:

- A visual depiction of the agency’s strategic plan
- A visual depiction showing mission-level outcome metric performance for at least two years and the current year’s goal
- Visual five-year trends and one-year projections of key budget employee indicators, such as hours not worked by type (Family Medical Leave, sick, vacancy, or paid-time off/vacation), and backfill hours by type (overtime, contract, or compensatory time)
- Employee engagement based on the Citywide Office of Human Resources (OHR) biennial survey results and any other employee surveys that may have been conducted
- Budget expansion updates as they relate to the agency’s strategic plan and the resulting effects on performance
- An update on agency projects sponsored through the City’s Innovation Fund (iFund)\(^11\)
- A report on any significant agency sustainability initiatives
- Customer experience investments and outcomes
- Specific examples of outputs and outcomes achieved that can be used as part of the Mayor’s State of the City address

Peak Performance representatives and other City personnel from the Offices of Sustainability, Human Resources, and Budget and Management provide assistance to agency personnel in developing, reviewing, and finalizing their performance review materials. The performance reviews are then presented orally, using the PowerPoint template as a visual aid, to a group of City leaders that includes the Mayor or his Chief of Staff, Controller, BMO Director, Chief Information Officer, OHR Director, Chief Sustainability Officer, and other Mayor’s Office and BMO personnel. In 2015, these reviews occurred between late February and mid-May, near the beginning of the annual

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\(^9\) These periodic performance reviews were modeled after those performed in Baltimore, Maryland, as part of Baltimore’s CitiStat management improvement program. CitiStat uses data to measure and assess agency performance. Baltimore, Maryland’s Office of CitiStat webpage, accessed May 12, 2015, [http://archive.baltimorecity.gov/Government/AgenciesDepartments/CitiStat.aspx](http://archive.baltimorecity.gov/Government/AgenciesDepartments/CitiStat.aspx).

\(^10\) The following agencies participated in 2012 periodic performance reviews: the Clerk and Recorder, Community Planning and Development, Denver Public Library, Safety, Development Services, Environmental Health, Excise and Licenses, Fire Department, General Services, Human Services, Motor Vehicle, Office of Children’s Affairs, Office of Economic Development, Parks and Recreation, Police Department, Public Works, Sheriff Department, and Technology Services.

\(^11\) The iFund was designed to fund improvement projects that would measurably improve operations and service delivery within the City.
budget process. According to the CPO’s 2015 Peak Performance Guidelines provided to City agency leaders, agencies made progress in 2014 integrating performance reporting and the annual budget process. In addition, the City’s 2016 Budget Manual identified that agencies should strive to use Peak Performance to support resource requests and to explain activities through the use of performance metrics. City and County of Denver Mayor’s Budgets include details on City agencies’ visions, missions, strategies, mission-level metrics, and performance measures. Because the development of agency strategic plans and performance metrics, and reporting on those metrics, appears integral to the City’s budget process, this process and the reliance on reported metrics to make budget decisions will be reviewed during the Auditor’s Office’s upcoming audit of BMO.

Innovation

The second element of Denver’s Peak Performance framework is innovation, which is defined in the City and County of Denver 2016 Budget Manual as a strategic change that positively impacts performance. Innovation, in the context of government, generally refers to operational improvements that enhance the delivery of public services. As identified in our recent Innovation Fund audit report, the public sector is increasing its focus on innovating to drive down costs, increase accessibility, and improve services.

Strategic planning and performance measurement generally require the involvement of high-level agency executives and management who are responsible for determining strategic direction and developing the policies and plans to meet strategic goals. This management-led, or top-down, approach has distinct advantages in that an organization’s direction and activities are focused on a specific set of objectives and goals that are in alignment with the direction of the organization as established by top-level management. However, a disadvantage of this approach is that the high-level executives and members of management may develop strategy without the benefit of the knowledge and experience of employees at the lower levels, who are on the front lines of service delivery. Recognizing this potential limitation, the CPO and BMO Process Improvement Manager developed a bottom-up approach intended to provide City employees the opportunity to contribute innovations that may affect their agencies’ strategic plans.

Peak Academy—In keeping with the government trend towards innovation and to provide City employees with the opportunity to impact agency strategy, in 2012, Peak Performance launched the Peak Academy, a training program initially taught by BMO’s Business Process Improvement Team. According to the Peak Performance 2015 Guidelines provided to agencies, “While strategic plan reporting enables you to set the

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12 City agency performance reviews are available at Denver’s Peak Performance website, http://www.denvergov.org/mayor/MayorsOffice/ProgramsInitiatives/PeakPerformance/PerformanceReviews/tabid/444465/Default.aspx.
13 City and County of Denver Auditor’s Office Innovation Fund Performance Audit, July 2015, http://denvergov.org/Portals/741/documents/Audits%202015/Innovation_Fund_Audit_Report_07-13-15.pdf. The audit reviewed whether the iFund has a transparent and equitable governance structure and whether the iFund’s financial tracking and reporting is accurate.
14 This team consisted of BMO’s Process Improvement Manager and two management analysts.
vision (and key performance indicators) for your organization, Peak Academy enables the innovation that helps you achieve your strategic plan.”

Peak Academy teaches City employees various tactics for identifying process improvement needs within their agencies based on the principles of Lean. The primary concept of the Lean methodology is to maximize customer value while minimizing waste. Lean encourages staff-driven improvements by asking front-line staff to develop solutions aimed at improving their processes. Lean principles are modeled after the Toyota Production System (TPS), also known as the “lean manufacturing system.” This system is based on two primary elements: jidoka and just-in-time. Jidoka, or “automation with a human touch,” means that when a problem occurs, the process is halted immediately so that defective products are not produced. Just-in-time means that each process is efficient, only producing what is necessary to ensure continuous flow into the next process. Additionally, the concept of kaizen, or continuous improvement, is a core requirement of Lean.

An important tenant of the Lean philosophy is the adoption of a bottom-up approach, which is led and supported by executive leadership and facilitated by middle management. Lean relies on an organization’s front-line employees to identify waste and provide solutions to processes in which they are directly involved. In addition, members of middle management need to be change agents, or facilitators, of the Lean process.

Peak Academy trains City employees on lean tools and methodologies to identify waste in their processes. Examples of such tools include, but are not limited to, process maps and five-why and gap analysis techniques.

- **Process Maps**—A process map visually illustrates a process flow to identify what is occurring and whether each step of the process adds value. If a step does not improve the outcome of the process, it should be eliminated. The exercise should result in an improved, more efficient process.

- **Five-Why Analysis**—This iterative questioning technique is used to explore cause and effect in relation to an identified problem. Rather than asking once why a problem exists, the users ask “why?” four subsequent times to the preceding question’s answer. The process helps uncover the root cause of a problem.

- **Gap Analysis Techniques**—Employees use gap analysis techniques to identify areas where an agency is performing below customer standards. Examples of gap analysis techniques used by Peak Academy include spaghetti and fishbone diagrams.

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Spaghetti Diagrams—A spaghetti diagram lays out a work area, showing how and where employees interact with customers. This visual representation of employee movement throughout a work space can help identify unnecessary steps in order to create a more streamlined process.

Fishbone Diagrams—A fishbone diagram helps employees visualize all of the potential causes of a problem, often identified while performing a five-why analysis.

In addition, Peak Academy provides employees with four primary tools to eliminate waste. These include Just Do Its (JDIs)/Just Stop Its (JSIs), Rapid Improvement Events (RIEs), Workshops, and Projects. The innovations identified using these four tools are based on a planning template called an A3. A completed A3 contains detailed information about an innovation, including why a change was needed, an explanation of the current state versus the desired future state, an action plan for realizing the innovation, and any lessons learned.17 The problems and improvement efforts identified using these four tools are initiated by Green Belt- and Black Belt-trained City employees.18 RIEs, Workshops, and Projects are larger-scale events that are generally facilitated by Peak Academy personnel, but they can also be facilitated by Peak Academy-trained Black Belts who seek to bring Lean concepts to their home agencies.

- **Just Do It/Just Stop It**—A JDI or JSI is a small-scoped improvement to a process that can be carried out by one to a few individuals. A JDI or JSI is intended to help employees identify quick, easy-to-implement solutions to a problem that is generally within an individual’s control. Because this type of event is small-scoped and typically involves few people, it does not require significant pre-analysis.19 Therefore, it is initiated by the individual identifying the problem. Examples of common JDIs include moving a piece of equipment, updating a website, or creating a checklist or process and procedure document to lead someone through a task. As shown in Table 1, JDIs/JSIs are the most popular tool used by Peak-trained City employees to eliminate waste.

- **Rapid Improvement Event**—An RIE is a four-day event in which a team of experts, with support from executive management, work together to improve a process, with a report out on the fifth day. A trained RIE facilitator assists the team to help ensure that they have developed and implemented solid improvements with sound performance metrics. This type of event typically originates from a Value Stream Analysis (VSA), which identifies activities that contribute to value creation from activities that create waste, to find solutions for improvement.20 The first day of the event covers the current state of the process, including why action is...

17 See the Appendix for the A3 template.
18 Green Belt and Black Belt are levels of training in the Lean methodology and will be discussed later in the Introduction and Background section of this report.
19 Significant pre-analysis would include determining baseline (where/what the current state of the process is) and target (where/what the process should be) metrics before the event.
20 While RIEs typically originate from a VSA, some Peak-trained employees identify process improvements and solutions through VSAs themselves. Therefore, employees report both types of tools as used to identify and implement innovations.
needed, while the second day covers the future state of the process, or what the process should be. The third day of the event is used to test the new process, and the fourth day is used to adjust and fine tune the process. The final day is used to report to executive management on the process improvement to be implemented. An example of an RIE is developing standard procedures for a process that affects employees in multiple groups, such as a P-card reconciliation process. Also shown in Table 1, RIEs are the second-most popular tool used by Peak-trained City employees to eliminate waste.

- **Workshop**—A Workshop is a one- to three-day process improvement event that addresses a small-scoped and/or infrequent problem and generally includes a few to several individuals. This type of event does not require significant pre-analysis and is initiated by the individual(s) identifying the problem. An example of a Workshop includes multiple employees evaluating the customer complaint process to eliminate duplication of efforts when resolving the complaint.

- **Project**—A Project is a long-term effort for improving a process involving significant amounts of pre-work and many groups or agencies and usually requires additional resources, such as technology. An example of a Project includes the assessment of and resulting change to the approach of collecting child support by reallocating existing resources to realize higher payments.

Table 1 provides a breakdown of the number of JDIs/JJs, RIEs, Workshops, Projects, and Value Stream Analyses that have been reported to Peak Academy by City employees and the amount of savings that has been identified and actualized through these efforts as of April 13, 2015.\(^{21}\)

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number</th>
<th>Savings Identified</th>
<th>Savings Actualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Just Do It/Just Stop It</td>
<td>766</td>
<td>$9.7 million</td>
<td>$4.5 million</td>
</tr>
<tr>
<td>Rapid Improvement Event</td>
<td>52</td>
<td>$10.6 million</td>
<td>$4.1 million</td>
</tr>
<tr>
<td>Workshop</td>
<td>30</td>
<td>$1.2 million</td>
<td>$197,000</td>
</tr>
<tr>
<td>Project</td>
<td>10</td>
<td>$1.9 million</td>
<td>$415,000</td>
</tr>
<tr>
<td>Value Stream Analysis</td>
<td>17</td>
<td>$1.5 million</td>
<td>$11,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>875</strong></td>
<td><strong>$24.9 million</strong></td>
<td><strong>$9.2 million</strong></td>
</tr>
</tbody>
</table>

*Source:* Developed by auditors using data from Peak Academy’s database obtained on April 13, 2015.

Peak Academy offers two different levels of Lean process improvement training and a fellowship program to train Lean facilitators throughout the City: Green Belt training, Black Belt training, and the Peak Performer Fellowship Program. Through its training program, Peak Academy strives to embed Lean knowledge throughout the City by encouraging trained City employees to help integrate Lean concepts into their home.

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21 This table was developed using data from Peak Academy’s training and innovation database. The Finding section of this report discusses concerns noted over the database’s accuracy.
agencies. For example, some Peak Academy-trained Black Belts have conducted Green Belt training of other City employees and helped facilitate Lean events such as RIEs or Workshops. These individuals are not Peak Academy employees, but employees of various City agencies. Some City agencies have personnel dedicated to process improvement. For example, Denver International Airport (DIA) has a Peak Performance Team of three DIA employees dedicated to achieving DIA’s Peak Performance goals. These employees conduct various Lean trainings for DIA employees, support DIA Black Belts, and help facilitate DIA Peak Performance events.22

- **Green Belt Training**—This training program is a four-hour introduction to Lean process improvement tools. The training can be taken in person during an instructor-led Green Belt training class or online through City University.23 Employees must submit at least one innovative idea related to their work activities in order to obtain Peak Academy Green Belt designation. As identified in Table 2, as of March 2015, approximately 3,000 City employees have completed Green Belt training.

**Black Belt Training**—This training program is a four-and-one-half day class for City employees interested in becoming process improvement leaders within their agencies. Trainees learn how to facilitate improvement events and create a Peak framework within their agencies. Employees interested in this training must complete a training application to be approved by Peak Academy.24 In order to qualify for the training, employees must have manager and department approval to participate and be classified as a current, unlimited employee.25 In addition, Peak Academy imposes an annual performance evaluation requirement to help ensure that trainees are supported by management, have the ability to prioritize time to apply the training, and put it to use in their agencies. After training, Peak Academy provides employees with language to be incorporated into their annual performance evaluation plans. Peak Academy training guidance specifies that employees are expected to document and provide to Peak Academy ideas that are tied to their agency’s strategic plan.26 These ideas are linked to their annual performance review conducted by their agency manager. As identified in Table 2, as of March 2015, approximately 500 City employees have attended Black Belt training. The Finding section of this report addresses concerns related to Black Belt-trained City employees being recognized for innovations.

22 Lean trainings provided by DIA’s Peak Performance Team include, but are not limited to, new employee Lean Awareness training and Green Belt training.

23 City University is an online professional education portal providing relevant training for all City and County of Denver employees by making available more than 5,000 online courses, 10,000 books, hundreds of training videos, as well as facilitated courses.

24 The Black Belt training application is available on the City and County of Denver’s Jobs webpage and is titled “Peak Academy,” https://www.governmentjobs.com/careers/denver.

25 Within the City and County of Denver, an unlimited employee is an employee who has been hired on a permanent basis rather than in a temporary or on-call arrangement.

26 The number of annual ideas required is dependent upon the Black Belt training date. Employees trained in the first half of the year are expected to provide more ideas than those trained later in the year.
• **Peak Performer Fellowship Program**—The Peak Performer Fellowship Program is a more in depth twelve-month program. The first three months of the fellowship program include the five-day Black Belt training and designation followed by the employee facilitating improvement events. The remaining nine months of the fellowship include the employee working half-time as a fellow, setting up Lean/Peak Performance within his or her home agency. Upon becoming a Peak Performer, each fellow is expected to perform and provide documentation to Peak Academy of at least three improvement initiatives annually that should be aligned with his or her agency’s mission-level metrics. According to the Peak Academy Manager, four Peak Performers have completed the Fellowship Program.27

Peak Academy does not require City employees to participate in either training offerings or the fellowship program. Therefore, throughout the City, there are different levels of participation in Peak Academy’s training program. Table 2 shows the number of City employees by department who have been Black Belt and Green Belt trained as of March 31, 2015.28 It is important to clarify that more than 200 of the City employees trained are certified as both Green Belts and Black Belts.29 Therefore, approximately 3,400 individual City employees have been trained. More than 2,200—or 62 percent—of the City employees trained are employed within five agencies: Department of Public Works, Department of Human Services, Denver International Airport, Department of Finance, and Department of Parks and Recreation. Approximately 87 percent of all City employees trained are employed within ten departments.

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27 The Peak Academy Manager stated that due to a low level of fellow participation, this program is being reconsidered as part of Peak Academy’s offerings.

28 The database information provided included trainees from outside the City, employees from the Denver Employees Retirement Plan, and employees that have been identified as no longer employed with the City. In addition, the database included some trainees with information missing. Therefore, we could not make an assessment about whether these individuals were Green Belt or Black Belt trained. Auditors calculated the number of City employees trained excluding these individuals.

29 Peak Academy does not require that a City employee attend Green Belt training prior to attending Black Belt training. However, some employees choose to attend both trainings.
### Table 2. Black Belts and Green Belts Trained, by Agency

<table>
<thead>
<tr>
<th>City Agency</th>
<th>Black Belts Trained</th>
<th>Green Belts Trained</th>
<th>Total Trained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Public Works</td>
<td>78</td>
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</tr>
<tr>
<td>Denver Human Services</td>
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<td>Department of Finance</td>
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<td>Department of Parks and Recreation</td>
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<td>Office of Economic Development</td>
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<td>Department of Environmental Health</td>
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<td>City Attorney’s Office</td>
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<td>127</td>
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<tr>
<td>Denver Public Library</td>
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<tr>
<td>Other City Agencies</td>
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<td>390</td>
<td>454</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>506</strong></td>
<td><strong>3,095</strong></td>
<td><strong>3,601</strong></td>
</tr>
</tbody>
</table>

**Source:** Developed by auditors using data from Peak Academy’s database obtained on April 13, 2015.

### Monitoring

The third element in the Peak Academy framework is tracking and reporting process improvements. To address this element, Peak Academy tracks and reports on identified process improvements, which are submitted by Peak Academy participants. Innovations are submitted using an A3 form, which is the primary document used to support innovations.

**Peak Academy’s Tracking Approach**—Peak Academy tracks the number of employees trained and innovations submitted as well as employees’ participation in submitted innovations. This data is input and tracked in three Microsoft Access database tables: Trainee Information, Innovation Information, and Participant Information.

- **Trainee Information**—The information in the Trainee Information database table includes data on City employees who have completed Green Belt and Black Belt training. Information tracked includes, but is not limited to, trainee name, employee email, agency affiliation, and the highest level of training achieved. In Peak Academy tracks a wide range of program performance data regarding employee participation and innovations.
addition, if the employee attended Green Belt training, the entry includes the training date; if the employee attended Black Belt training, the entry includes the cohort number.  

- **Innovation Information**—The information in the Innovation Information database table includes innovations identified by City employees and submitted to Peak Academy using an A3. Data tracked includes, but is not limited to, agency affiliation; City employee name and level of training achieved, when applicable; type of event used to identify and document the innovation; date and title of the innovation; soft and hard dollar savings identified; whether the savings were actualized and the actualization date; and whether there was a service level improvement related to soft dollar savings. Hard dollar savings are defined as a reduction in budget expenses resulting from an innovation. For example, a reduction in supplies or postage purchased or reduced reliance on printing and paper copies result in hard dollar savings. Soft dollar savings are defined as a reduction in time required of employees, such as reducing unnecessary approvals in a contract review process. A service level improvement is defined as an innovation that saves the customer’s time (soft dollar costs) and resources (hard dollar costs) such as reducing wait times or fees charged. Although Peak Academy personnel review participants’ calculations of hard and soft dollar savings for reasonableness, they do not validate the reported savings amounts for accuracy. The Finding section of this report addresses concerns with some savings amounts reported.

- **Participant Information**—The information in the Participant Information database table includes employees who have participated in identifying or carrying out an innovation, not just those who submitted the A3 for the innovation. This information also differs from Trainee Information because not all individuals who have completed training have participated in an innovation. Data tracked about participants includes employee name and agency affiliation; type of event participated in; description of the event participated in; and whether the participant has completed Green Belt or Black Belt training.

**Peak Academy’s Tracking Systems**—Over time, Peak Academy’s approach to maintaining data has evolved as the volume of the data it collects about trainees, innovations, and participants has increased. Originally, Peak Academy personnel entered and maintained information in a Microsoft Excel spreadsheet. In mid-2014, when the spreadsheet could no longer accommodate the volume of information tracked by Peak Academy, the data was migrated to a Microsoft Access database. However, Peak Academy also encountered issues with the viability and functionality of this database tool. To address those concerns, Peak Academy is working towards migrating its stored

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30 Peak Academy also tracks individuals trained from outside organizations in this database table. Training provided to these individuals is discussed later in the Introduction and Background section of this report.
data a second time into a system called Salesforce, a Customer Relationship Management software product. The goal of moving to Salesforce is to centralize information, improve efficiency, and eventually make the application database accessible to external stakeholders, including participants and City agencies. Only Peak Academy personnel and employees embedded in City agencies who conduct Peak activities will have access to input information into the Salesforce application.

**Peak Academy Reporting**—Peak Academy reports training and innovation data using multiple avenues. In addition, Peak Academy provides agencies the opportunity to highlight innovation success. These reporting mechanisms include:

- **City and County of Denver Mayor’s Budget**—Peak Academy highlights its performance achievements in the annual City and County of Denver Mayor's Budget. Peak Academy reports five different performance measures regarding its activities in three different areas. The first two measures report the percentage of the City’s workforce that has completed Green and Black Belt training. The third metric is the number of RIEs facilitated each year. The final two metrics represent dollar figures summarizing savings associated with innovations identified and implemented by Peak Academy-trained City employees. The reported metrics are based upon data collected in Peak Academy’s training and innovation database.

- **Peak Academy Quarterly Newsletters**—Peak Academy issues a quarterly newsletter highlighting City agencies’ innovation successes and Peak Academy’s performance achievements. The newsletters include examples of innovations identified during the quarter, as well as their projected savings. The newsletter also allows Peak Academy-trained City employees the opportunity to discuss their Lean journeys and innovation successes. Finally, Peak Academy provides an update on its performance that includes the dollar amount of savings associated with innovations identified and implemented. These dollar amounts are further defined by whether they were initiated by Green and Black Belts using a JDI or JSI or through an event (RIE, Workshop, or Project). Peak Academy also compares the amounts reported to their yearly goals of $10 million in identified savings and $5 million in actualized savings. Peak Academy’s updates are based upon data collected in its training and innovation database.

- **Peak Academy Impact Statements**—In late 2013, Peak Academy began issuing periodic impact statements as an avenue to highlight innovation successes. These impact statements include an explanation of an innovation, as well as the financial (soft or hard dollar savings) and qualitative (time savings) results of the innovation.

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31 The City and County of Denver Mayor’s Budgets can be found at the BMO webpage, http://www.denvergov.org/finance/DenverDepartmentofFinance/CityBudget/tabid/442869/Default.aspx.
32 Peak Academy’s quarterly newsletters can be found at the Peak Performance website, https://www.denvergov.org/mayorhancock/MayorsOffice/ProgramsInitiatives/PeakPerformance/tabid/444377/Default.aspx.
33 Peak Academy’s impact statements can be found at the Peak Academy webpage, “Continuous Improvement” section, http://www.denvergov.org/mayor/MayorsOffice/ProgramsInitiatives/DenverPeakPerformance/PeakAcademy/tabid/444380/Default.aspx.
The Finding section of this report addresses concerns related to Peak Academy’s data collection and the accuracy and transparency of its reporting.

**Peak Academy’s Structure and Costs**

As noted, Peak Academy was launched in 2012, and the training program was initially taught by BMO’s Business Process Improvement Team, which consisted of the BMO Process Improvement Manager and two management analysts. The City then made a two-year commitment of iFund resources to further staff the Peak Academy with six additional management analysts.\(^3^\) The City funded the Peak Academy iFund proposal, titled “Process Improvement,” for two years under the condition that the Academy provide a return on investment in order to receive permanent funding going forward. A total of $1.276 million was budgeted from the iFund in 2013 and 2014, with more than $1.27 million spent through April 22, 2015.

Based on savings calculations quantified from Peak Academy’s innovation tracking system, the Process Improvement proposal achieved the return on investment and received permanent funding through the 2015 budget. At that time, the Peak Academy personnel who were previously funded through the iFund were reclassified as full-time employees of BMO and paid through BMO’s General Fund operating budget. The 2015 budget for Peak Academy is $928,560, of which $781,940 is dedicated to personnel. As identified in Figure 2, as of April 2015, Peak Academy’s team consisted of one manager, seven management analysts, and one data scientist. The Peak Academy Manager reports to two individuals: the CPO for Peak Performance-related activities and the City’s Budget Director for administrative functions.

![Figure 2. Peak Academy Organization Chart](http://www.denvergov.org/finance/DenverDepartmentofFinance/CityBudget/tabid/442869/Default.aspx)

Source: Budget and Management Office Organization Chart, effective April 10, 2015.

\(^3^\) The City and County of Denver Mayor’s 2015 Budget specifies that the iFund “provides funding for the implementation of projects designed to improve City operations and efficiencies through automation and business process improvements for agencies within the General Fund.” City and County of Denver Mayor’s 2015 Budget, p. 85, [http://www.denvergov.org/finance/DenverDepartmentofFinance/CityBudget/tabid/442869/Default.aspx](http://www.denvergov.org/finance/DenverDepartmentofFinance/CityBudget/tabid/442869/Default.aspx).
Peak Academy Interagency Training

Peak Academy works with agencies across the City, most of which are funded through the City’s General Fund, but some of which are funded through their own enterprise funds.\(^{35}\) One of the enterprise fund agencies with which Peak Academy works is DIA. Since DIA is an enterprise fund agency, Peak Academy charges DIA for its employees to attend Black Belt training. Costs to attend these trainings were $1,500 per person in 2012 and 2013, $1,600 per person in 2014, and $2,000 per person in 2015. As shown in Table 3, Peak Academy received $124,500 for providing Black Belt training to DIA employees between 2012 and June 2, 2015.

![Table 3. DIA Training Revenues Received](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>DIA Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$19,500</td>
</tr>
<tr>
<td>2013</td>
<td>$57,000</td>
</tr>
<tr>
<td>2014</td>
<td>$32,000</td>
</tr>
<tr>
<td>2015</td>
<td>$16,000</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td><strong>$124,500</strong></td>
</tr>
</tbody>
</table>

*Source:* Developed by auditors using the City’s PeopleSoft system.

The Finding section of this report addresses concerns that Peak Academy is not equitably charging other City enterprise fund agencies for Black Belt training.

Peak Academy External Training

Although Peak Academy’s training efforts are primarily focused on City employees, Peak Academy began training personnel from non-City entities in 2013. Peak Academy reserves two to three slots in each Black Belt training session for attendance by non-City personnel. Entities are then invoiced the cost of the training at the same rate as DIA employees attending Black Belt training. In addition, Peak Academy receives inquiries from various non-City entities to conduct Peak Academy’s Lean training on-site rather than sending their employees to Denver. To date, Peak Academy has conducted three such trainings in 2014 and 2015 in McKinney, Texas; Los Angeles, California; and Ottawa, Canada. Between January 1, 2014 and June 2, 2015, Peak Academy had received approximately $83,000 for training personnel from external entities, of which $54,000 and $29,000 were received in 2014 and 2015, respectively.\(^{36}\) The Finding section of this report addresses concerns related to Peak

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\(^{35}\) Most City agencies are funded through the City’s General Fund, which accounts for all general government activity. The City’s four enterprise fund agencies—DIA, Wastewater, Golf, and Environmental Services—are financed and operated in a manner similar to private business and are funded by fee-for-service dollars.

\(^{36}\) Peak Academy did not charge non-City entities for Black Belt training prior to January 1, 2014. In addition, Peak Academy did not require payment for the first trainee from any non-City entity in 2014, and has refined that policy to only Colorado entities in 2015. Furthermore, non-profits and City vendors are not charged for their personnel trained. Peak Academy also did not charge for the first on-site training conducted in McKinney, Texas, as it was deemed a pilot training to determine whether Peak Academy should continue along this avenue of on-site trainings.
Academy's billing and receipting efforts for Black Belt trainings conducted for non-City personnel.
SCOPE

This audit assessed the effectiveness of the Peak Academy function of the City and County of Denver’s Peak Performance program.

OBJECTIVE

This audit had the following two objectives.

1. To determine how effective Peak Academy is in helping the Peak Performance program provide an effective avenue for innovative change and continuous improvement throughout the City.

2. To determine whether identified and actualized savings are accurately collected, tracked, and reported.

In addition, during audit fieldwork we identified a concern related to Peak Academy’s controls over revenue generated from providing Lean process improvement training to City agencies not funded by the City’s General Fund and external organizations and thus assessed the controls over the collection of training revenues.

METHODOLOGY

The methodologies utilized to achieve the audit objective included, but were not limited to:

- Interviewing Peak Performance, Peak Academy, and BMO personnel.
- Interviewing twelve City employees representing nine City agencies who attended Peak Academy’s Green Belt or Black Belt training, and reviewing their A3s submitted to Peak Academy.
- Attending a Peak Academy Green Belt training.
- Evaluating the accuracy of Peak Academy data related to training, innovations, and savings identified and actualized by reconciling database entries with supporting documentation.
- Assessing the metrics and other data used by Peak Academy to provide information on program effectiveness.
- Reviewing the A3 process to identify barriers to actualizing innovations.
- Reviewing training surveys conducted by Peak Academy to gather feedback.
- Reviewing results of the Citywide 2013 Denver Office of Human Resources Employee Survey.
- Reviewing Peak Academy’s controls over training revenue billing and collection.
- Determining the amount of training revenues received.
FINDING

Peak Academy Provides an Avenue for Innovative Change and Continuous Improvement within the City, but Additional Actions Are Needed To Recognize Peak Academy’s Full Potential and Impact Proposition

Peak Academy is important to the success of Denver’s Peak Performance program in accomplishing its goal of transforming the City into a customer-driven, creative, sustainable, and data-oriented government. We found that Peak Academy is successfully providing the City with an avenue for innovative change and continuous improvement in many ways. Peak Academy provides training to help employees identify inefficiencies and process improvements. Peak-trained employees have carried out innovations that have resulted in a reduction in budget expenses as well as a reduction in time required of employees. However, audit work also revealed several areas of concern that should be addressed to enable Peak Academy to fully recognize its overall impact as an element of the City’s Peak Performance program. These concerns relate specifically to training and innovation savings data collection, tracking, measurement, and reporting practices; controls over training revenue billing and collection processes; and additional practices that should be taken to help implement more innovations.

Peak Academy’s Tools and Structure Help To Effectuate Innovative Change and Continuous Improvement in the City

Audit work revealed that Peak Academy has tools and is structured in a manner to help City employees identify process improvements and other innovations that can contribute to a culture of continuous improvement throughout the City. Numerous City personnel have attended Peak Academy training sessions, which have helped them identify savings from innovations, and their experiences have been largely positive. Further, some external sources have identified the Peak Performance initiative, including Peak Academy, as a leading performance management program, based in part on its strong Mayoral support. Finally, since participation in Peak Academy is not required by the City, communicating with City employees about its existence and benefits is paramount. We found that information about Peak Academy activities and training opportunities is readily available to City personnel.

Peak Academy Participants Have Identified Innovation Savings and Reported Positive Training Experiences

Since its inception in 2012, Peak Academy has provided training to over 3,000 City employees on how to use the Lean methodology and develop innovations within their agencies, of which approximately 500 City employees attended Black Belt training. In addition, Peak Academy has also facilitated approximately 50 Rapid Improvement Events (RIEs). Further, this training activity has taken place in 36 different City departments and independent agencies. Peak Academy’s training has resulted in process
improvements and other innovations. The following examples illustrate the types of innovations City employees have identified.37

- One RIE assessed the fleet replacement process because the cost per mile to operate vehicles needing replacement was significantly higher than the cost to operate vehicles within their useful lifetime, and 64 percent of fleet units needed replacing. According to the RIE 2014 Year End report, process improvements resulted in both hard and soft dollar savings totaling more than $2 million.

- One employee whose agency provides residential services found that staffing levels were based on the facility being at full capacity. The average daily population for the prior six months was below capacity, so the employee proposed a reorganization. Residential units were consolidated, reducing the need for staff by four full-time employees. When implemented, this resulted in a reported savings of $171,000 annually.

- A group of City employees improved the process for receiving and storing reports that the agency relied on for day-to-day operations. After conducting a cost-benefit analysis and working to acquire software to help implement the process change, they developed a way to search data points to quickly identify errors causing problems within their processes. The employees reported that in three months, this innovation resulted in a reduction in the number of pages printed and also reduced the time spent researching problems from a total of ten hours per month to approximately three hours per month.

In addition, feedback from Peak Academy participants is largely positive. Employees we interviewed who have attended Green Belt or Black Belt training spoke highly of the Peak Performance program, the Peak Academy training, and the Peak Academy staff.38 Some reported that the training provided them with innovation ideas and encouragement to follow through with the innovation process. Although a number of individuals reported that they already had their innovation ideas in mind prior to attending Peak Academy, the training presented them with tools and methods by which to carry out their ideas.

Participant feedback provided directly to Peak Academy has been largely positive as well. In 2014, Peak Academy conducted a survey of Black Belt training participants. Survey responses revealed largely positive feedback regarding the tools learned and preparation to use them. Specifically, only 6 percent reported a low level of confidence using Black Belt innovation tools and only 5 percent reported not feeling prepared to carry out innovations in their agencies.39

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37 These examples are innovations reported as implemented in Peak Academy’s database.
38 To obtain feedback on Peak Academy training, auditors interviewed twelve City employees who have completed the Green Belt or the Black Belt training.
39 The survey was conducted as part of a broader study completed by a Master of Public Administration graduate student attending the University of Colorado Denver. Peak Performance Initiative for the City and County of Denver: Barriers to Innovation Implementation, Breanna Trexler PUAD 5361, Accelerated Master of Public Administration, Capstone Seminar, July 21, 2014.
Based on audit observation and assessment, it appears that Peak Academy is delivering valuable and actionable content. Auditors attended a Peak Academy Green Belt training, which provided attendees with some basic tools to implement process improvements, including a structured approach to document a problem, information on process mapping, definitions of types of waste, and tools for eliminating waste. We also reviewed the training materials used for the Black Belt training, in which Peak Academy expands on Green Belt training topics and introduces additional concepts. For example, Green Belt training devotes approximately one hour to tools for identifying waste while Black Belt training devotes an entire day to the topic.

**External Sources Indicate that the Peak Performance Initiative, including Peak Academy, Is a Leading Performance Management Program**

The National League of Cities recently studied existing performance management systems in ten United States cities through staff interviews and surveys, including Denver’s Peak Performance program. The resulting performance management guide identifies several consistent factors that help promote the growth of a performance management program. Denver’s program includes at least two of these factors—the presence of a performance management office within city hall and policies designed to enhance buy-in from city department staff, who are on the front lines of service delivery. The Mayor established a performance management office with the position of Chief Performance Officer to oversee the City’s Peak Performance initiative. In addition to a performance management office, the study cited Peak Academy’s method for overcoming departmental resistance and increasing buy-in from City employees. Specifically, City employees were initially concerned that if the Lean methodology enabled them to identify efficiencies, this would result in the City cutting positions. The Mayor and the Peak team responded by committing to employees that no jobs would be lost.

We also found that there is external demand for Peak Academy training. Specifically, we found that external entities have requested the opportunity to attend Peak Academy so that they can take the tools learned back to their own organizations. Peak Academy has provided training to more than 100 professionals from organizations outside the City and County of Denver, such as other city governments, the State of Colorado, and non-profit organizations such as Habitat for Humanity. Peak Academy staff reported that these organizations have requested its training because other Lean-based training is geared towards the private sector and can be prohibitively expensive while Peak Academy offers an affordable option that focuses on government. The fact that these external organizations are willing to pay for Peak Academy training indicates that they believe Peak Academy’s performance management system and training are more advanced.
than anything they might have, and indicate that Peak Academy is at the forefront of performance management in government.

**Mayoral Support Has Been Critical in Program Establishment**

As discussed in the Introduction and Background section of this report, Denver’s Peak Performance initiative was launched by current Mayor Michael Hancock shortly after his inauguration in 2011. Two facets of the program’s structure indicate Mayoral support for the program.

First, Peak Performance was established as a stand-alone City program with a Chief Performance Officer position that reports directly to the Mayor and staff to provide innovation training. A position that reports to the Mayor helps ensure a close tie between the Mayor and the program. Establishing this position and staff to focus solely on Peak Performance helps ensure that the program is fully implemented.

Peak Performance also has a permanent funding source, indicating support for the program by the City’s administration. This permanent source of funding indicates a longer term commitment to the Peak Performance initiative.

Several sources emphasize the importance of high-level executive support like that provided by Denver's Mayor. According to the National League of Cities' performance management study, “An executive level champion is a primary factor, and often the impetus, for effective performance management and is critical to infusing and sustaining a culture of performance in the city government.”41 Additionally, one of the case study interviewees who reported significant experience with Lean techniques stated that the program’s fundamental strength comes from it being a part of the City’s organizational structure.

**Peak Academy Is Visible to City Employees**

Since participation in Peak Academy is not required, communicating with City employees about its existence and benefits is crucial. If employees are not aware of the training and assistance opportunities offered by Peak Academy, training could slow and continuous improvement could stall.

We found that information about Peak Academy activities and training opportunities is readily available to City personnel. For example, the Peak Performance website contains information about the Peak Performance program and Peak Academy training, including videos of the Green Belt training. It also has numerous continuing education resources, from basic information such as a glossary of Peak terms to reference guides with information on specific methodologies for identifying and eliminating waste. There is a calendar with Green Belt and Black Belt training dates and dates for Peak Academy’s free Innovation Lab, which is offered to all City employees to learn more about how to work more efficiently and make improvements that improve customer service, save time or money, or enhance staff performance. Green Belts and Black Belts can receive assistance from the Innovation Lab in developing and documenting their ideas for

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process improvements, documenting metrics, or filling out the A3. In addition to the website, Peak Academy information is regularly included in the City’s Employee Bulletin, which is distributed weekly to all City employees.

**Peak Academy Should Take Action To Recognize its Full Potential and Impact Proposition**

Despite Peak Academy’s important contributions to the goals of the Peak Performance program, audit work revealed several areas of concern that should be addressed to enable Peak Academy to maximize its impact. First, we noted concerns with the collection, tracking, and reporting of Peak Academy’s training data, including innovation outcome results. Second, we identified a number of control weaknesses in Peak Academy’s processes for managing revenue billing and collection for training services provided to external entities and certain City employees. Finally, to further foster a culture of continuous improvement and increase the number of innovations implemented, Peak Academy should take additional steps to enhance the involvement of employees at the supervisory level and explore additional training options.

**Improved Data Collection Will Enhance Program Assessment and Reporting Practices**

Our review of Peak Academy’s data collection and tracking revealed several weaknesses that inhibit Peak Academy’s ability to assess and report meaningful and reliable information on the program’s impact. First, we found that Peak Academy’s process for collecting and tracking innovations has not provided for accurate, complete, or fully transparent data. Second, additional enhancements to performance reporting are necessary to fully assess innovation impacts on the City’s budget.

**Some Innovation Data Is Inaccurate and Incomplete, Hindering Program Transparency**

Our analysis of Peak Academy’s data collection and tracking processes identified weaknesses in three areas. First, some of the savings as recorded in Peak Academy’s database and reported publicly are inaccurate. Second, Peak Academy does not have a complete record of all innovations identified by City personnel. Finally, the costs associated with identifying and realizing innovations are not always reflected in related savings as calculated by employees. These weaknesses reduce Peak Academy’s ability to provide an accurate and transparent assessment of program impact.

Peak Academy participants submit innovation ideas to Peak Academy personnel for entry into the program’s database. For each innovation, Peak Academy records identified and actualized savings as well as the names of any City employees who participated in identifying the innovation (participants). As a result, Peak relies on self-reported savings from participants to quantify the impact of the program. Peak Academy also uses the database to record all City employees and non-City...
participants trained through Peak Academy’s Green Belt and Black Belt programs. As of March 31, 2015, the database housed records identifying more than 1,000 employee innovations with corresponding identified and actualized savings of approximately $25 million and $9 million, respectively. Audit work identified issues with the quality of data used to calculate these savings amounts.

Inaccurate Data—Our database review revealed several instances of misclassified innovation savings or implementations. Following are examples of the types of errors we identified.

- We found two innovation ideas in Peak Academy’s database that were incorrectly listed as not implemented. The employees who submitted them reported them as being successfully implemented. Since Peak Academy personnel did not update the database to reflect the innovations as implemented or take steps to revisit and confirm the implementation of these self-reported innovations, actualized soft dollar savings appear understated by approximately $51,000.

- Another innovation was submitted to Peak Academy with associated hard dollar savings. However, Peak Academy staff misclassified the savings as soft, creating an understatement of approximately $170,000 in hard dollar savings and a corresponding overstatement of soft dollar savings.

- One innovation submitted to Peak Academy was miscalculated by the participant, and the miscalculation was not recognized by Peak Academy staff. The participant identified approximately $4,400 in total hard dollar savings, which should have been $43,400. This error resulted in an understatement of approximately $39,000 in identified hard dollar savings.

- One City employee we interviewed had identified an innovation with annual soft dollar savings of approximately $103,000. However, this individual noted that the savings were realized at a much lower amount than originally estimated. The A3 referenced the discrepancy, stating: “This project did not accomplish the goals set out for it . . . in this form. In fact, it did not even come close to meeting these goals.” Peak Academy personnel did not adjust the actualized savings amount accordingly. We were unable to verify the actual amount of actualized savings. However, we noted that the actualized amount entered into the database was the same as the amount originally projected on the A3, creating an overstatement of the amount of actualized soft dollar savings.

Incomplete Data—We reviewed, on a test basis, innovation information in Peak Academy’s database and compared database information submitted by some City

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42 See the Introduction and Background section of this report for details regarding information maintained in Peak Academy’s Microsoft Access database.

43 As discussed in this section, audit work showed that data in Peak Academy’s Microsoft Access database are not accurate. We use database totals here to provide general information regarding the approximate amount of savings that have resulted from innovations.

44 The innovation identification date was late 2014, and Peak Academy personnel entered the realized savings amount four months later. Because the estimated savings were based on annual projections, it does not appear reasonable that $103,000 in savings could have been realized after only four months.
employees to verify the existence of proper supporting documentation and the completeness of the database. Our review revealed that Peak Academy personnel have not consistently completed all required database fields when performing data entry. Additionally, we discovered some innovations that have been carried out but not entered into Peak Academy’s database. Conversely, for some innovations that were entered into the database, Peak Academy does not have all corresponding documentation that would have been used to create the entries, such as an A3.

- We found multiple instances of database entries with missing information in required data fields. For example, we identified approximately 200 innovations recorded as fully actualized with no accompanying actualization date. These innovations totaled an estimated $1.5 million in actual soft dollar savings and $500,000 in actual hard dollar savings.45

- We identified at least three innovations submitted to Peak Academy by three City employees that do not appear to have been entered into Peak Academy’s database. Estimated savings were not identified for the innovations so there is no apparent dollar impact.

- One case study interviewee provided auditors with documentation of two completed A3s with estimates of soft dollar savings totaling over $7,000 that were not in the database. In addition, Peak Academy did not have the supporting documentation for either innovation. The absence of these innovations in the database results in an understatement of identified soft dollar savings.

- We examined twenty database entries and traced them to Peak Academy’s supporting documentation. It appears that supporting documentation was not retained by Peak Academy for one of the entries (5 percent). Conversely, we examined twenty A3 documents and traced them to Peak Academy’s database. Two of the innovations (10 percent) did not contain corresponding supporting database entries.

**Costs Not Always Reflected in Reported Savings**—Peak Academy’s reported savings do not consistently factor in the costs related to developing innovations. Specifically, during our interviews with ten Peak Academy trainees, 90 percent reported not documenting costs or time investments related to their innovations. In one instance, however, an interviewee reported having performed a cost-benefit analysis of implementing new software, which resulted in a more transparent and accurate estimate of ultimate dollar savings. None of the interviewees reported having tracked their time or the time of others involved in the process, so they were unable to provide a firm estimate of the cost or time associated with their innovations. However, several trainees indicated that developing their ideas was time-consuming; one estimated that it took approximately forty hours to map the process and complete the A3, and another estimated that it took more than two-hundred hours to develop three separate innovations.

45 Our review of the database revealed that Peak Academy has been entering this required information more consistently in 2015.
Data Weaknesses Result from Poor Database Controls and a Flawed Savings Calculation Methodology

The weaknesses identified have two primary causes: poor controls surrounding Peak Academy’s database, and a savings calculation methodology that does not require costs to be considered.

Poor Database Controls—With regard to a lack of controls, Peak Academy does not uniquely identify or assign specific key identifiers to database entries to distinguish between unique entries within the data. Specifically, Peak Academy has not assigned a numerical or alphanumerical string associated with each individual within its database to clearly differentiate between City employees with the same name. Further, the database is accessible by all members of Peak Academy, and all members of the City’s Budget and Management Office (BMO). Additionally, Peak Academy does not have a robust validation and reconciliation process to verify the true savings figures as identified by participants.

Information technology best practices speak to the importance of strong database controls. The United States Government Accountability Office’s Federal Information System Controls Audit Manual (FISCAM) states that proper access controls should limit or detect inappropriate access to computer data, which can protect the data from unauthorized modification or loss. Controls include logical access controls that require users, such as Peak Academy staff, to use passwords or other identifiers and limits access to files and actions staff can execute.

Physical access controls restrict physical access to computer resources, which protects from intentional or unintentional loss or modification.

In addition, FISCAM provides guidance regarding business process application level controls, which are controls over the completeness, accuracy, validity, confidentiality, and availability of data. Business process application level controls are intended to provide reasonable assurance that an organization’s recorded transactions occurred and are valid, helping to provide assurance that output contains only valid data. FISCAM suggests one-for-one checking or matching to ensure validity. One-for-one checking might include verifying that an A3 collected actually reflects accurate information by comparing the information listed on the A3 to agency supporting data, such as line item cost savings.

Without adequate access controls, unauthorized individuals can make undetected changes or deletions. In addition, even authorized users can intentionally or unintentionally add, delete, or modify data or execute changes that are outside their span of authority. Manipulation of Peak Academy’s current data could lead to altered programmatic decisions in the future. Furthermore, a lack of a validity control check to ensure the accuracy of savings reported by City employees calls into question the integrity of Peak Academy’s reported savings.
Lack of Policy Surrounding Savings Calculation Methodology—With regard to the savings calculation methodology, Peak Academy has not provided City employees with clear guidance about whether and how to quantify and report all resources required to carry out an innovation; therefore, participants are not always considering all associated costs when reporting savings amounts. By not factoring in the time and money required to identify and realize an innovation, the associated savings are not a true reflection of the net savings achieved and a complete understanding of the total time invested in the innovation process is unknown. Specifically, significant time may be spent completing an A3 and implementing an innovation. Similarly, investing in new software to carry out an innovation may save hours of productivity once implemented, but it will likely require up-front costs. The money spent to acquire the software as well as the time required to install it and train its users all represent costs that should be factored into ultimate cost savings. Unless these elements are identified and factored in, they remain hidden costs of innovation and lead to overestimated reported savings.

Accurate data is crucial for measuring program impact. Without demonstrating impact, Peak Academy cannot advance as a tool for creating a culture of continuous improvement in the City. Therefore, it is imperative that data be accurate, complete, and transparent. Further, inaccurate savings estimations and an incomplete record of innovations affect the accuracy of total reported programmatic savings.

Peak Academy management has recognized the need for improvement in their data collection and tracking methods and understands the importance of complete and accurate information. In addition to weaknesses in their data input process, Peak Academy had concerns about the stability of the database software, and the database’s limited reporting capabilities. Peak Academy also wanted to make its data accessible to participants and City employees embedded in City agencies that help facilitate Peak Performance in their home agencies. For these reasons, Peak pursued a new system called Salesforce, which is fully supported by the City’s Technology Services Department should Peak Academy require further assistance beyond initial installation. Two Peak Academy employees were tasked with reviewing database information for errors or inconsistencies and updating any information necessary prior to migrating the data into the Salesforce system. According to the Peak Academy Manager, subsequent to audit fieldwork, the employees completed this review and database information was updated.

To address the weaknesses in its data, we recommend that Peak Academy identify the responsibilities of individual users within the organization; determine the level of access required to fulfill those responsibilities; and formally develop, document, disseminate, and periodically update database access policies and procedures that clearly define the purpose, scope, roles, and responsibilities of individuals who have input rights. Peak

46 Due to the timing of the implementation of the Salesforce system, we were unable to assess the impact that Salesforce will have on ensuring the accuracy and completeness of Peak Academy data. We will assess the system when we conduct audit follow-up work.
Academy should also develop a robust quality assurance function to prevent miscalculations or incomplete database entries from becoming a permanent part of their collected information.

In addition, Peak Academy should develop guidance for participants regarding how to calculate overall innovation savings in a way that accounts for costs associated with identified and actualized savings. This guidance could instruct participants to account for hours dedicated to developing and implementing the innovation as well as the cost of any necessary software, hardware, or other tools.

**Performance Reporting Could Be Enhanced**

In addition to weaknesses in the data, we identified three areas where performance reporting could be improved to help Peak Performance and external stakeholders fully assess Peak Academy’s impact on the City’s operations and budget. First, the savings resulting from innovations should be accurately reported in the Mayor’s Budget. Second, City agencies should be more transparent by reporting how actualized hard dollar savings were reallocated and utilized to the betterment of the City. Finally, Peak Academy’s performance reporting could be enhanced by developing and reporting additional performance information regarding Peak Academy activities.

**Performance Information Regarding Savings in the City and County of Denver Mayor’s Budget Is Inaccurate and Overstates Results**

Our review of Peak Academy-related information reported in the Mayor’s 2015 Budget revealed that 2013 savings totals were overstated. Specifically, the reported savings amounts associated with efficiencies identified and efficiencies implemented are classified as solely soft dollar savings. However, we found that the reported totals include both soft and hard dollar savings. This overstates the savings reported because it implies that there are additional savings in the form of hard dollar savings. Because the Mayor’s Budget is a key publicly facing document, it is crucial that it contain accurate performance information. Therefore, we recommend that Peak Academy separate soft and hard dollar savings when reporting performance information in the Mayor’s Budget.

**Agencies Are Not Required To Report How Hard Dollar Savings Actualized Are Reallocated**

Peak Academy does not require City agencies to account for or report on how they redirect hard dollar savings that result from implemented innovations. This results in a lack of transparency and accountability regarding how innovation savings were used, thereby diminishing the ability to demonstrate the full impact and value of innovations.
Peak Performance and BMO personnel reported that savings resulting from innovations are reinvested by the agency, and although agencies are encouraged to leverage their Peak savings as part of the budget process, these savings are not reflected as a reduction in the subsequent year’s budget. As an example, a common innovation identified by Peak Academy participants is replacing a paper-based process with an electronic alternative, reducing the need for printing. This type of innovation often results in soft dollar savings by reducing employee time required to carry out the process. It will also result in hard dollar savings because the agency will not need to spend as much on paper, ink, or maintenance and replacement costs for printers. In this example, the resulting hard dollar savings may be used at the agency’s discretion. Rather than reduce the agency’s budget by the saved amount, the agency is allowed to retain and redirect the monies that were previously dedicated to printer-related costs.

This approach was applied to address the concern that if an agency’s budget was reduced by the amount of savings actualized through innovations, it would reduce the agency’s incentive to continue innovating. In doing so, Peak Performance personnel were trying not to penalize agencies for identifying savings.

Despite the lack of a formal policy regarding the redirection of hard dollar savings, in its 2013 Innovation Fund (iFund) proposal, Peak Performance stated that hard dollar savings represent a reduction in budget. This suggests that, at least early in the program, Peak Performance management may have intended for innovations to positively impact an agency’s budget, specifically by reducing budget amounts when hard dollar savings were actualized. Because agencies have not been required to reduce their budgets to account for hard dollar savings actualized through the innovation process or provide information accounting for how these hard dollar savings have been redirected, transparency over the innovation process is reduced and the true impact of the program is blunted.

Reducing agency budgets by the amount of hard dollar savings actualized could negatively impact innovation and reduce the associated savings in the City. However, to help ensure that savings are transparently applied for other agency purposes, a more modest approach would be for agencies to report, at least in general terms, how actualized savings were redirected. Because it may not be cost effective to account for how individual hard dollar savings have been reallocated, agencies could report annually in an aggregated manner. For example, if an agency implemented ten innovations of $10,000 each, saving a total of $100,000, the agency could report how the overall savings of $100,000 was repurposed. This could be reported in an existing format, such as the annual Peak Performance reviews, which are available on the Peak Performance website. Accordingly, we recommend that Peak Academy require

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47 Auditors will review the extent to which savings resulting from innovation are considered in the City’s budget process during the Auditor’s Office’s upcoming audit of the Budget and Management Office.
agencies to account for and report on how hard dollar savings actualized through implemented innovations have been reallocated for other agency purposes.

**Opportunities Exist To Enhance Peak Academy Reporting**

Audit work revealed that Peak Academy’s reporting could be enhanced to provide more information on the effectiveness of its training activities. Peak Performance’s overall goal is “to transform government from antiquated, bureaucratic, and wasteful systems into a customer-driven, creative, sustainable, and data-oriented government.”

The City established Peak Academy to support this overall goal by providing employees with Lean training methods to help foster a culture of continuous improvement in the City. Although Peak Performance has established some performance metrics to assess Peak Academy’s role in the Peak Performance initiative, additional metrics are needed to further assess whether Peak Academy is helping create a culture of continuous improvement. In addition, Peak Academy could better use data it already collects to publicly report on the effectiveness of its efforts and increase transparency of agency participation in Peak Academy training and innovation efforts.

**Performance Measurement Could Be Expanded**—Performance measures are used to assess how well a program is achieving its goals. There are five commonly used types of performance measures: inputs, outputs, outcomes, efficiency, and quality. Incorporating more than one type of measure ensures a balanced set of results. Peak currently uses five measures to assess program performance in three areas: the percentage of Denver’s workforce that has completed Green and Black Belt training, respectively; the number of RIEs facilitated; and dollar figures summarizing efficiencies identified and implemented, respectively. The first two measures—the percentage of the workforce that has received Green or Black Belt training and the number of RIEs facilitated—are output measures because they quantify how much Peak Academy is producing. However, they do not provide information on the extent to which these activities have impacted whether Peak Academy is helping to transform government by embedding continuous improvement in the City. On the other hand, Peak Academy does have an outcome measure in tracking efficiencies identified and implemented. However, this measure also does not address the degree to which a culture of continuous improvement has been achieved.

Guidance regarding program evaluation from the U.S. Government Accountability Office asserts that outcome measures must represent the nature of the expected program benefits in order to appropriately assess program effectiveness. Outcome measures should also address key aspects of desired performance. Additional outcome measures could help provide more information on the extent to which Peak Academy is helping the City achieve continuous improvement.

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49 U.S. Government Accountability Office, Designing Evaluations: 2012 Revision, GAO-12-208G (Washington, D.C.: Jan. 31, 2012). There is not a standard government definition of program. However, the term can be defined in various ways for budgeting or policy-making purposes, and may include activities, projects, functions, or policies.
Database Information Could Be Further Used To Report on Performance—Peak Academy could better utilize the data it already collects to report on effectiveness and increase transparency of agency participation.

- **Agency-Specific Training Participation and Savings**—Peak Academy does not separate the training it conducts or savings amounts it reports by agency. Rather, it reports the number of City employees trained and savings amounts in the aggregate: the number of Green Belts trained, the number of Black Belts trained, the amount of soft dollar savings identified, the amount of hard dollar savings identified, the amount of soft dollar savings actualized, and the amount of hard dollar savings actualized. However, if it reported savings by agency instead of in the aggregate, Peak Academy could provide increased transparency of agency participation in Peak Performance efforts and agency savings.

- **Hit Rate**—Peak Academy has recently developed some internal measures that are used to evaluate Peak Academy staff, but these are not reported publicly to assess the overall effectiveness of Peak Academy. For example, Peak Academy tracks a measure called the hit rate to help evaluate Peak Academy staff. The hit rate is the percentage of the amount of savings identified that are actualized. This is a useful outcome measure that Peak Academy could report to demonstrate impact and effectiveness.

- **Return on Investment**—In information submitted to extend funding from the City’s iFund, Peak Academy reported a Return on Investment (ROI) measure. This is a comparison of the funding provided by the City for the Peak Performance program to the total identified savings. However, in addition to concerns about the accuracy of the data, the ROI calculation does not take into account the total costs of the program, which results in an inflated ROI number. Although there are weaknesses in the current ROI calculation, Peak Academy could develop a reliable ROI measure that can quickly provide high level information about program effectiveness.

By not publicly reporting this type of information, it is more difficult for Peak Academy to demonstrate the degree to which it is effective in helping the Peak Performance program create a culture of continuous improvement. Without robust performance measures and adequate data for analysis, decision makers are unable to ascertain whether the program is achieving expected outcomes or whether opportunities exist to improve program effectiveness, accountability, and service delivery.

In guidance regarding program evaluation, the U.S. Government Accountability Office’s program evaluation guidance states that evaluations should include plans to track and
analyze data in such a way that program administrators and others stakeholders may draw causal connections and develop valid conclusions about program effectiveness.50 Therefore, after ensuring that data entered into the Salesforce system is accurate and complete, we recommend that Peak Academy develop and report additional measures and other performance information, which can be used to further demonstrate the effectiveness of its activities and to provide increased transparency of agency participation in Peak Performance efforts.

**Training Revenue Billing and Collection Processes Need Improvement**

In addition to weaknesses with Peak Academy's collection, tracking, and reporting of data, our review of training revenue billing and collection controls found concerns in several areas. First, Peak Academy lacks adequate internal controls over the billing and collection process for some trainings conducted. Second, Peak Academy has not been consistent in charging all applicable City agencies for Black Belt trainings.

**Peak Academy Lacks Robust Controls over Training Revenue Billing and Collection**

As discussed in the Introduction and Background section of this audit report, Peak Academy has provided training to personnel from outside organizations and began charging for these services in 2014. However, we found that Peak Academy does not have revenue controls to ensure that outside organizations have been billed accordingly and that payments have been received. According to Peak Academy's training and savings database, 130 individuals from outside organizations have been trained by Peak Academy in Black Belt sessions occurring between June 2013 and March 2015. The revenues received for outside organization trainings have been credited to BMO's General Fund budget, and totaled approximately $83,000 as of June 2, 2015.51

**Lack of Segregation of Duties over Training Billing and Collection**—We found that Peak Academy has not adequately established segregation of duties related to the billing and collection of training revenues. In addition, Peak Academy does not perform a reconciliation of amounts billed to amounts actually received. These weaknesses provide little assurance that all training revenue due is received.

The Controller's Office performs billing and revenue collection services using a list of the organizations that should be billed, the amount to bill, and the training sign-in sheet as supporting documentation.52 The Controller's Office creates invoices for outside attendees but does not provide Peak Academy with copies. In addition, according to Peak Academy personnel, the amounts requested to be billed are not tracked by Peak Academy.

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51 The auditor ran PeopleSoft queries of the City's General Fund and BMO organization codes for the years 2012 through June 2, 2015 to determine revenues received.
52 Peak Academy has developed an informal policy that non-profit organizations are not required to pay for Black Belt trainings. In addition, Colorado organizations are not billed for their first training attendee, but are for subsequent attendees.
When payment from an outside organization is received, it generally is returned to the Controller’s Office.53 The employee responsible for this task indicated that they do not reconcile the amount received to the original amount billed. In addition, according to Peak Academy personnel, they do not reconcile amounts requested to be billed with amounts received to ensure proper billing and collection.

In comparing the number of Black Belts trained from outside organizations between January 1, 2014 and November 30, 2014, to revenues received for the same period, we noted no instances of nonpayment, according to Peak Academy’s current billing policy.54 However, the City’s Fiscal Accountability Rule (FAR) 2.4 requires that functions be divided so that one person does not have control over an entire process or fiscal activity. This helps deter fraud, provides for checks and balances, and helps ensure that transactions are valid and properly recorded. If segregation of duties is not feasible, management oversight of the related financial activities is required as necessary.55

**Invoice Documentation Not Always Retained and Sometimes Insufficient**—Invoices generated by the Controller’s Office prior to September 2014 were not retained due to turnover in the position responsible for Peak Academy billings and the fact that Peak Academy does not retain all invoices generated on its behalf. As of June 2015, there have been three Controller’s Office employees who have conducted billing and collection activities for Peak Academy. Only the two most recent employees retained the Peak Academy invoices.56

In addition, Peak Academy did not retain the invoice generated for Lean training services provided to the City of Los Angeles. A Letter of Agreement outlined the services to be provided by Peak Academy totaling $13,200. The agreement required that an invoice be submitted to the City of Los Angeles after completion of the training, which was conducted in November 2014. According to Peak Academy management, Peak Academy personnel created and sent this invoice rather than utilizing the designated Controller’s Office personnel. Peak Academy personnel were unable to locate the invoice for auditor’s review.

FAR 2.5 requires adequate supporting documentation that provides a clear picture and substantiates all City financial transactions and provides an audit trail.57 Without proper

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53 According to the Peak Academy Manager, occasionally payment of training fees will come directly to Peak Academy. When this occurs, Peak Academy provides the check to an employee in the Department of Finance’s Cash, Risk, and Capital Funding Division who creates a cash receipt in the City’s Enterprise Cashiering System.

54 The number of Black Belts trained is according to Peak Academy’s Microsoft Access database as of April 13, 2015. The amount of revenues received for trainings to outside organizations is according to the City’s PeopleSoft Accounting system.


56 According to discussion with Controller’s Officer personnel, the invoices had been retained on the Department of Finance’s shared drive, but were deleted due to clean-up of the shared drive.

segregation of duties and subsequent tracking and reconciliation of amounts to be billed to actual invoiced amounts and amounts invoiced to amounts received, as well as retention of supporting invoices, Peak Academy cannot ensure it has received all revenues due. Therefore, we recommend that Peak Academy develop proper controls over the billing and collection of training revenues, including ensuring that there is segregation in the duties of invoicing and receipting and a reconciliation of the amounts billed with the amounts received. In addition, Peak Academy should develop formal policies and procedures documenting its revenue billing and collection process, including where invoices will be retained.

**Peak Academy Is Not Consistent in Charging City Agencies for Employee Black Belt Trainings**

Peak Academy has charged Denver International Airport (DIA) for the participation of its employees in Peak Academy-led Black Belt trainings since 2012. During our period of review, Peak Academy had not billed other City enterprise fund agencies for Black Belt trainings.58 In the fall of 2012, the Peak Academy Manager and DIA’s Chief Financial Officer discussed having DIA employees attend Peak Academy’s Black Belt training at the rate of $1,500 each. The agencies confirmed this agreement in September 2012, and through June 2, 2015, DIA has paid Peak Academy a total of $124,500 for Black Belt training.

Peak Academy did not apply the same billing policy to the City’s three other enterprise fund agencies—Wastewater, Golf, and Environmental Services.59 However, in July 2015, the Peak Academy Manager began working with the City’s Cost Allocation consultant to develop a method to recoup payment from them for trainings conducted in 2014.60 The Manager intends to continue this process in future years. To ensure equitability among City agencies and that Peak Academy receives all revenues due, we recommend that Peak Academy be consistent in its application of billings to City agencies for Black Belt training and continue to work with the City’s Cost Allocation consultant to recoup revenues for enterprise fund agencies’ Black Belt trainings conducted in 2014.

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58 General fund agencies are funded by taxpayer monies, whereas the City’s four enterprise fund agencies perform core activities that generate revenue by charging customers for sales and services delivered. The City’s four enterprise fund agencies consist of DIA, Wastewater (Department of Public Works), Golf (Department of Parks and Recreation), and Environmental Services (Department of Environmental Health). These agencies are required to reimburse the general fund for central services received.

59 According to Peak Academy’s training and innovation database, at least 13 City employees were Black Belt trained between January 1, 2013 and March 31, 2015 from these three other enterprise fund agencies. This number was determined by filtering the database for any Department of Public Works, Parks and Recreation, or Environmental Health trained employees further identified as Wastewater, Golf, or Environmental Quality employees. Environmental Health’s Environmental Quality Division is funded by the Environmental Services enterprise fund.

60 Cost allocation is a budgeting principle that allows central service departments in an organization to distribute costs of providing services to other departments in a fair and equitable manner. Each year, the City creates a cost allocation plan that calculates the value of central services provided to each department in the City. Based on these calculations, the City can recover the cost of central services provided to City-owned enterprises.
Additional Steps Could Be Taken To Help the City Implement More Innovations

We identified additional practices that can help Peak Academy enhance continuous improvement in the City’s work culture and foster the implementation of employee-identified innovations. Specifically, Peak Academy should take steps to ensure that employees at the middle manager or supervisor level are consistently involved in the innovation process, properly trained with Lean tools and practical techniques for leading change, and providing recognition of innovation efforts through the annual Performance Enhancement Plan as required for Black Belt-trained employees. Further, Peak Academy should consider providing new City employees the opportunity to learn about Lean processes to help build familiarity of and openness to Lean concepts early in their City careers. Finally, Peak Academy should consider training more City employees as Black Belts.

Enhanced Supervisor Involvement May Increase Implementation of Innovations

Although providing employees with tools and processes to identify areas in need of improvement is important, involving supervisors in the innovation process to lead the actual operational change is crucial for the overall success of the Peak Performance program. Audit work revealed three areas where supervisory involvement could be enhanced so that more of the innovations identified might be implemented. First, City employees at the supervisor level should be involved when innovations are identified by reviewing the innovations prior to submittal to Peak Academy. Second, these employees should be trained with Lean tools and practical techniques for leading change. Finally, Peak Academy should help ensure that supervisors are adhering to the requirement that innovation efforts be recognized through Black Belts’ annual performance reviews.

Supervisor Review of A3s—Peak Academy focuses on providing City employees with tools and encouragement to carry out innovative thinking. However, according to Peak Academy’s innovation tracking database, as of April 2015, only 37 percent of all innovations identified have been implemented. Increasing supervisor involvement in the innovation process could help increase this implementation rate.

Based on discussion with City employees interviewed, identified process improvements are not always reviewed by a supervisor before they are submitted to Peak Academy. Black Belt training guidance suggests that innovations be reviewed and approved by management before being implemented to ensure management buy-in; however, the guidance does not require management involvement at the point an innovation is identified. Our case study interviews found that while some agencies have developed internal processes to ensure supervisor review at the point of identification, others have not, and some innovations are being submitted directly to Peak Academy without supervisor awareness.

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61 The Lean information we reviewed uses the terms *middle management* and *supervisor* interchangeably. We use the term *supervisor* in this report because it is the term most commonly used in the City.
According to Lean principles, the various levels of employees in an organization have defined roles. Specifically, the role of senior management is to provide vision and incentive, and the role of front-line staff is to perform the work. In between this level of management and front-line employees is the supervisory level, the role of which is to lead the actual operational change. In order to lead the change, supervisors must be aware of the innovations identified by their staff. Supervisors can provide value in this process because they typically have more knowledge regarding the feasibility of innovation ideas and may even be able to provide assistance with the idea. Therefore, we recommend that Peak Academy reiterate the importance of supervisor awareness in the innovation process by requiring that trainees obtain supervisor review of the A3 prior to submitting it to Peak Academy.

**Lean Training for Supervisors**—We found that some City employees who have completed Peak Academy training desire stronger management support for their efforts to implement Lean principles within their agencies.

Peak Academy encourages all innovation regardless of cost or other feasibility concerns. However, we identified, at the supervisory level, a lack of understanding of the Lean process and a lack of commitment to following through on innovations identified by employees. Although audit work did not identify a pervasive lack of management support for Lean initiatives, a 2014 study identified some obstacles that City employees face in implementing innovations. Of the 155 City Black Belts who responded to the survey, approximately 9 percent indicated that management does not support Peak Performance and approximately 19 percent indicated that management does not support grassroots innovation.

To follow up on the survey responses, we conducted interviews with and reviewed innovation documentation for twelve City employees trained by Peak Academy at both the Green Belt and Black Belt levels. We reached similar conclusions from these interviews. Four employees (33 percent) reported that management did not actively support their innovations in some way, either by not providing assistance in ensuring that the innovations were implemented or by not recognizing the employees for their contributions to continuous improvement. For example, one respondent stated that several innovations they had identified in their former agency of employment were not implemented because they were the catalyst for realizing the innovations. When they transferred employment to a different City agency, the innovations’ implementation ceased. If realized, based on the employee’s estimations, these innovations would have resulted in hard dollar savings to the City. This employee’s supervisor may have determined that, for a number of possible reasons, the innovations identified were not implementable. For example, the innovations may not have been feasible, may not be aligned with agency priorities, or may have been too costly to implement. However, the

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62 Source: The Lean Enterprise Institute, Inc. (LEI) website, last accessed on August 18, 2015. See https://www.lean.org/images/october_webinar_project_slides.PDF. LEI is a nonprofit education, publishing, research, and conference organization.

63 The study was completed by a Master of Public Administration graduate student attending the University of Colorado Denver. *Peak Performance Initiative for the City and County of Denver: Barriers to Innovation Implementation*, Breanna Trexler PUAD 5361, Accelerated Master of Public Administration, Capstone Seminar, July 21, 2014.
lack of engagement by this employee’s supervisor ended the potential implementation of the innovation and may have discouraged further innovation efforts in this agency.

In order to bring about a shift in culture using Lean principles, it is important to have a multidimensional approach that starts from the top leadership, involves front-line staff, and uses staff at the supervisory level as change agents. The Peak Performance initiative, including Peak Academy’s role, has Mayoral support as discussed in the first section of this Finding. Peak Academy provides the avenue for front-line staff participation. However, Peak Academy could better use employees at the supervisory level as change agents. These employees function as facilitators of the Lean innovation process, and their buy in is crucial for the overall success of the Peak Performance program.

If supervisors are not familiar with the Lean process or techniques to facilitate the process, they may inadvertently discourage innovation, potentially reducing continuous improvement. Peak Academy recently initiated supervisor training in January 2015; however, to date, it has been rolled out in a limited capacity, and has been provided to just twelve City supervisors in three agencies. Consequently, there may be too few supervisors trained in the Lean methodology to effectively facilitate innovations. Therefore, we recommend that Peak Academy assess the feasibility of providing all supervisors with training in Lean tools and more importantly practical techniques for leading change in operational environments and consider approaches to providing such training. The latter is not necessarily to make innovators of all supervisors but rather to help supervisors foster an environment of innovation among their employees.

**Recognition through the Annual Performance Review Process**—Several Black Belt-trained employees we interviewed indicated that they were not recognized for their innovation efforts in their annual performance reviews, as required by Black Belt training guidance. We found that this lack of recognition in the employee’s Performance Enhancement Plan (PEP) is a source of frustration and discontent with the Peak Performance process and stems from lack of supervisor support.

Ensuring that employees are formally recognized for innovating could enhance employee engagement and help encourage further innovation. The City’s Office of Human Resources (OHR) conducts a comprehensive employee survey every two years. The 2013 OHR employee survey identified recognition as a driver of employee engagement and concluded that the City is underperforming in this area. Further, the survey asserted that increasing recognition efforts and overall appreciation should result in high engagement.

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in a higher level of employee engagement and more continuous improvement efforts throughout the City.65

In addition, recognition for innovations is a required component of Black Belt training. Peak Academy requires that applicants for Black Belt training complete a formal application. As with all applications for City positions, the application includes supplemental questions. One of the supplemental questions on the Peak Academy application asks the applicant to attest that they and their supervisor or manager understand and accept that if selected, the applicant’s annual PEP criteria will be adjusted. The purpose of updating the PEP is to ensure that trainees are supported by management and have the ability to prioritize time to apply the training. Peak Academy offers help in making sure that the employee’s PEP is adjusted, but it does not have the authority to enforce this requirement to ensure that PEPs are updated.

Discussion with Peak Academy personnel revealed that although Peak Academy provides suggested language directly to the Black Belt-trained employee to update the PEP with an outcome titled “Black Belt Innovation,” this language is not provided to the employees’ supervisors. Without the authority to enforce adding Black Belt language to a Black Belt-trained employee’s PEP, one step Peak Academy could take to help ensure that the PEP is adjusted is to send the suggested language directly to the Black Belt-trained employee’s supervisor. Therefore, we recommend that Peak Academy provide both Black Belt-trained employees and their supervisors with the suggested PEP language to help facilitate proper recognition through the annual performance review process.

**Leveraging New Employee Engagement May Enhance Continuous Improvement**

The 2013 OHR employee survey includes questions about employee engagement. Employee engagement is measured in many different ways but generally takes into account satisfaction, commitment, and specific variables that measure an employee’s involvement with their work and workplace. Measuring employees’ perceptions and attitudes about the work environment is important because research links engagement with quality of work performance.

One of the findings in the 2013 employee survey was that new employees—those with less than one year of tenure—are a group of City employees who are significantly engaged. Actively engaged employees have been identified as those who consistently perform at high levels and want to use their talents and strengths at work every day. They work with passion and they drive innovation and move their organization forward.66

As the survey noted, engaged employees inspire organizational innovation. One of the drivers of engagement for Denver employees includes departmental innovation in providing services and products to clients. The survey found that only 19 percent of all employees who responded to the survey strongly agreed that their agency was

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65 2013 Denver Employee Survey Summary of Findings, Citywide Results, prepared by OHR – Analytics Bureau, 2013, [http://www.denvergov.org/LinkClick.aspx?fileticket=H8RlUtKrOMY%3d&tabid=444377&mid=512461](http://www.denvergov.org/LinkClick.aspx?fileticket=H8RlUtKrOMY%3d&tabid=444377&mid=512461). The 2015 survey was being conducted during audit fieldwork.

66 2013 Denver Employee Survey Summary of Findings, Citywide Results, prepared by OHR – Analytics Bureau, 2013, [http://www.denvergov.org/LinkClick.aspx?fileticket=H8RlUtKrOMY%3d&tabid=444377&mid=512461](http://www.denvergov.org/LinkClick.aspx?fileticket=H8RlUtKrOMY%3d&tabid=444377&mid=512461). The 2015 survey was being conducted during audit fieldwork.
innovative in the way it provides services and products. Continuing to offer Green Belt and Black Belt training should help advance continuous improvement efforts. However, if the results of the 2015 employee survey find similar results as the 2013 survey, Peak Academy should assess the feasibility of having all new City employees attend Green Belt training within their first year of service or developing a training specifically suited for new employees. Actively engaging new City employees early in their careers will help capitalize on their greater level of engagement to further drive continuous improvement throughout the City.

**Focusing on Black Belt Training May Increase Innovation across the City**

Our analysis of Peak Academy's database revealed that the majority of Peak Academy training delivered is through Green Belt classes, but the majority of innovations are generated by staff who attend Black Belt training. This analysis suggests that the City might realize more innovations and therefore more savings if Peak Academy focused on providing more Black Belt training classes.

As shown in Table 2 in the Introduction and Background section of this report, Peak Academy has provided training to over 3,000 City employees, of which approximately 500 are trained as Black Belts. However, our analysis of the Just Do It and Just Stop It innovations in the database shows that Black Belts generate the majority of savings identified and actualized. Table 4 summarizes the savings identified and actualized by Green Belt and Black Belt trainees for these types of innovations, respectively.

![Table 4. Total Identified and Actualized Savings, by Trainee Type](image_url)

<table>
<thead>
<tr>
<th>Type of Savings</th>
<th>Green Belt</th>
<th>Black Belt</th>
<th>Total Savings</th>
<th>Percentage of Savings Attributed to Black Belts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identified</td>
<td>$1,650,000</td>
<td>$8,050,000</td>
<td>$9,700,000</td>
<td>83%</td>
</tr>
<tr>
<td>Actualized</td>
<td>$920,000</td>
<td>$3,570,000</td>
<td>$4,490,000</td>
<td>80%</td>
</tr>
</tbody>
</table>

**Source:** Developed by auditors using data from Peak Academy's database obtained on April 13, 2015.

There are a number of possible explanations for the larger amount of savings identified by Black Belt-trained employees. First, Black Belts are expected to submit three A3s during the year in which they attended training, while Green Belt-trained employees are only required to submit one A3 to receive the Green Belt designation. Further, the Black Belt training is designed for employees who are interested in becoming process improvement leaders within their agencies, suggesting a greater degree of motivation for innovating than perhaps is apparent in Green Belt trainees. Finally, due to the more extensive nature of their training, Black Belts have more tools at their disposal, such as how to facilitate improvement events and create a Peak Performance framework within their agencies. Therefore, it is reasonable to find more innovations attributed to Black Belt-trained employees. However, this also a good reason to consider training more City employees as Black Belts.
Accordingly, we recommend that Peak Academy determine whether there is sufficient demand to warrant additional Black Belt training, assess how many additional Black Belts could be trained with current resource levels, and consider ways to increase Black Belt training participation.
RECOMMENDATIONS

To help Peak Academy fully demonstrate its overall impact on the Peak Performance program, the City’s Chief Performance Officer and Peak Academy Manager should:

1.1 **Policies and Procedures**—Determine the responsibilities of individual users within Peak Academy and the level of access required to fulfill their responsibilities. The CPO and Peak Academy Manager should also formally develop, document, disseminate, and periodically update database access policies and procedures that clearly define the purpose, scope, roles, and responsibilities of individuals who have input rights to their database.

1.2 **Quality Assurance**—Develop a robust quality assurance function to prevent miscalculated or incomplete database entries.

1.3 **Including Costs in Savings Calculations**—Develop guidance for participants regarding how to calculate overall innovation savings in a way that accounts for costs associated with identified and actualized savings.

1.4 **Savings Reported**—Separate soft and hard dollar savings when reporting future savings in the City and County of Denver Mayor’s Budget.

1.5 **Account for Hard Dollar Savings**—Require agencies to account for and report on how hard dollar savings actualized through implemented innovations have been reallocated for other agency purposes.

1.6 **Develop Performance Information**—After addressing weaknesses in the Peak Academy data, develop and report additional measures and other performance information, which can be used to further demonstrate the effectiveness of its activities and to provide increased transparency of agency participation in Peak Performance efforts.

1.7 **Training Revenue Billing and Collection Controls**—Develop proper controls over the billing and collection of training revenues, including ensuring that there is segregation in the duties of invoicing and receipting and a reconciliation of the amounts billed with the amounts received. In addition, the Peak Academy Manager should develop formal policies and procedures documenting the revenue billing and collection process, including where invoices will be retained. The Peak Academy Manager should also be consistent in its application of billings to City agencies for Black Belt training and continue to work with the City’s Cost Allocation vendor to recoup revenues for enterprise fund agencies’ Black Belt trainings conducted in 2014.

1.8 **Supervisor Review of A3s**—Reiterate the importance of supervisor awareness in the innovation process by requiring that trainees obtain supervisor review of the A3 prior to submitting it to Peak Academy.
1.9 **Additional City Employee Training**—Assess the feasibility of providing all supervisors with training in Lean tools and practical techniques for leading change in operational environments and providing new City employees with Peak Academy Green Belt training within their first year of service or developing a training specifically suited for new employees.

1.10 **Recognize Employee Innovation**—Provide both Black Belt-trained employees and their supervisors with the suggested Performance Enhancement Plan language to help facilitate proper recognition through the annual performance review process.

1.11 **Leverage Black Belts**—Determine whether there is sufficient demand to warrant additional Black Belt training, assess how many additional Black Belts could be trained with current resource levels, and consider ways to increase Black Belt training participation.
APPENDIX – Peak Academy’s A3 Template

<table>
<thead>
<tr>
<th><strong>Title</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Team Members</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Event Date</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Author/Facilitator</strong></td>
<td></td>
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<tr>
<td><strong>Exec Sponsor(s)</strong></td>
<td></td>
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<tr>
<td><strong>Process Owner</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Version Date</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 1. Why Change is Needed
**Sample Questions:**
- Why are we doing/changing this?
- What is the circumstance or emergency demanding change (burning platform)?
- What is the chief complaint (e.g., Voice of the Customer)?
- What is the impact of this issue?
- Intent of the action
- Scope - start and end points

### 2. Current State
- Quantitative metrics of the current state (X widgets go through the process per year in Y days on average)
- Qualitative metrics - customer satisfaction, etc.

### 3. Future State
- Quantitative metrics for the future (e.g., cut process time in half, double the output with current level of resources, etc.)
- Qualitative metrics (e.g., increase customer satisfaction by 25%, etc.)
- Include hard dollar savings, soft dollar savings, service level improvements, and human development
- Ensure metrics are clearly defined and achievable

### 4. Gap Analysis
- What holds us back from the target state?
- What are the root causes of these roadblocks?
- What tools are available to ID waste? Process maps, communication circles, fishbone diagrams, spreadsheets

### 5. Brainstorming

<table>
<thead>
<tr>
<th>If we...</th>
<th>Then we...</th>
</tr>
</thead>
</table>

### 6. Experiments

<table>
<thead>
<tr>
<th>Action/Innovation</th>
<th>Actual Outcome</th>
</tr>
</thead>
</table>

### 7. Action Plan

<table>
<thead>
<tr>
<th>Action Item</th>
<th>Assigned To</th>
<th>Date Completed</th>
</tr>
</thead>
</table>

### 8. Results

<table>
<thead>
<tr>
<th>IS</th>
<th>Ts</th>
<th>30d</th>
<th>60d</th>
<th>90d</th>
</tr>
</thead>
</table>

### 9. Insights / Lessons-Learned

<table>
<thead>
<tr>
<th>Went Well / Helped</th>
<th>What Didn’t Go Well / Hindered</th>
</tr>
</thead>
</table>
October 1, 2015

Mr. Kip R. Memmott, MA, CGAP, CRMA
Director of Audit Services
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. Memmott:

The Office of the Auditor has conducted a performance audit of Peak Academy.

This memorandum provides a written response for each reportable condition noted in the Auditor’s Report final draft that was sent to us on September 18, 2015. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING
Peak Academy Provides an Avenue for Innovative Change and Continuous Improvement within the City, but Additional Actions Are Needed To Recognize Peak Academy’s Full Potential and Impact Proposition

RECOMMENDATION 1.1
Policies and Procedures—Determine the responsibilities of individual users within Peak Academy and the level of access required to fulfill their responsibilities. The CPO and Peak Academy Manager should also formally develop, document, disseminate, and periodically update database access policies and procedures that clearly define the purpose, scope, roles, and responsibilities of individuals who have input rights to their database.

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<tbody>
<tr>
<td>Agree</td>
<td>October 31, 2015</td>
<td>Greg Reger 720-913-5093</td>
</tr>
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</table>

Narrative for Recommendation 1.1
Transferring the Peak Academy database from Microsoft Access (originally in Excel) to the Salesforce.com platform has addressed a significant number of concerns from this report. Salesforce.com provides limited access to database records, enables secure sign-on, and tracks changes to database entries. System changes required or requested from Peak Academy can only be sent by two users and must go through proper Technology Services channels. Peak Academy will work with Technology Services to officially document the requested policies and procedures.
RECOMMENDATION 1.2
Quality Assurance—Develop a robust quality assurance function to prevent miscalculated or incomplete database entries.

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Narrative for Recommendation 1.2
Peak Academy reviewed the existing database in July-September 2015 and made efforts to attach documentation, verify information, and complete fields for database entries. Peak Academy staff will be meeting on October 12, 2015 to develop and document a robust process for entry, verification, and follow-up of database entries. Standard work and related support for this process will be provided to all users of the Peak Academy instance of Salesforce.com.

RECOMMENDATION 1.3
Including Costs in Savings Calculations—Develop guidance for participants regarding how to calculate overall innovation savings in a way that accounts for costs associated with identified and actualized savings.

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Narrative for Recommendation 1.3
Peak Academy staff will be meeting on October 12, 2015 to develop standards on incorporating costs in innovations and will determine how to communicate this change to Peak Academy trainees. Standard work and related support for this process will be provided to all users of the Peak Academy instance of Salesforce.com.

RECOMMENDATION 1.4
Savings Reported—Separate soft and hard dollar savings when reporting future savings in the City and County of Denver Mayor’s Budget.

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<tr>
<td>Agree</td>
<td>Final 2016 Budget Book</td>
<td>Greg Reger 720-913-5093</td>
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Narrative for Recommendation 1.4
Peak Academy will work with the budget analyst for the Department of Finance to modify the performance measures and context to distinguish between hard and soft dollar savings. The updated information will be present in the 2016 Budget Book.

**RECOMMENDATION 1.5**
**Account for Hard Dollar Savings**—Require agencies to account for and report on how hard dollar savings actualized through implemented innovations have been reallocated for other agency purposes.

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<tr>
<td>Agree</td>
<td>January 31, 2016</td>
<td>Brian Elms 303-619-7353</td>
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**Narrative for Recommendation 1.5**
Peak Academy will partner with applicable agencies and budget analysts from the Budget and Management Office to report on hard dollar savings and how they have been or will be reallocated. It is anticipated that such discussions will occur during the normal course of business and during Peak Performance readouts, once the citywide dashboard (currently under development) can pull such information from Salesforce and each agency is set up for the dashboard.

**RECOMMENDATION 1.6**
**Develop Performance Information**—After addressing weaknesses in the Peak Academy data, develop and report additional measures and other performance information, which can be used to further demonstrate the effectiveness of its activities and to provide increased transparency of agency participation in Peak Performance efforts.

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**Narrative for Recommendation 1.6**
Some Peak Academy staff will be meeting on October 13, 2015 to look into other potential performance measures that demonstrates the effectiveness of the program, discuss calculation methodologies, and make necessary changes to Peak Academy reports and dashboards.

**RECOMMENDATION 1.7**
**Training Revenue Billing and Collection Controls**—Develop proper controls over the billing and collection of training revenues, including ensuring that there is segregation in the duties of invoicing and recepitng and a reconciliation of the amounts billed with the amounts received. In addition, the Peak Academy Manager should develop formal policies and procedures documenting the revenue billing and collection process,
including where invoices will be retained. The Peak Academy Manager should also be consistent in its application of billings to City agencies for Black Belt training and continue to work with the City’s Cost Allocation vendor to recoup revenues for enterprise fund agencies’ Black Belt trainings conducted in 2014.

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<td>October 31, 2015</td>
<td>Daniel Barton 720-913-5165</td>
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**Narrative for Recommendation 1.7**

As a result of the audit process, Peak Academy partnered with the Controller’s Office (Financial Services section) and the department of Cash, Risk, and Capital Funding (CR&CF) to enhance its revenue billing and collections process as a result of this audit process. Peak Academy developed a documented process with the Controller’s Office on August 19, 2015 to send training invoices and track receipt of payment. CR&CF added Peak payments to its online payment portal on September 1, 2015, decreasing the handling of paper checks and standardizing collections. Peak Academy will also note in Salesforce who was charged for training, and if not, then why.

**RECOMMENDATION 1.8**

**Supervisor Review of A3s**—Reiterate the importance of supervisor awareness in the innovation process by requiring that trainees obtain supervisor review of the A3 prior to submitting it to Peak Academy.

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**Narrative for Recommendation 1.8**

Peak Academy will confirm with trainees that supervisors are aware of their innovation, and will stress this while communicating with trainees about their innovations, during trainings, and through a tool to track their innovations.

**RECOMMENDATION 1.9**

**Additional City Employee Training**—Assess the feasibility of providing all supervisors with training in Lean tools and practical techniques for leading change in operational environments and providing new City employees with Peak Academy Green Belt training within their first year of service or developing a training specifically suited for new employees.

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Narrative for Recommendation 1.9
Peak Academy will partner with the Office of Human Resources (OHR) to determine the feasibility of providing Peak training to all supervisors and new hires, given current resource levels.

RECOMMENDATION 1.10
Recognize Employee Innovation—Provide both Black Belt-trained employees and their supervisors with the suggested Performance Enhancement Plan language to help facilitate proper recognition through the annual performance review process.

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Narrative for Recommendation 1.10
As a result of the audit process, standard work for Black Belt training was changed on September 22, 2015 to include a checklist item to email the suggested Performance Enhancement Plan language to both trainees and their supervisors. The language was emailed to the participants of the September 14-18, 2015 Black Belt training and their supervisors on September 18, 2015, and will be emailed to all subsequent classes, and their supervisors, moving forward.

RECOMMENDATION 1.11
Leverage Black Belts—Determine whether there is sufficient demand to warrant additional Black Belt training, assess how many additional Black Belts could be trained with current resource levels, and consider ways to increase Black Belt training participation.

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Narrative for Recommendation 1.11
Peak Academy will determine the feasibility of providing Peak training to additional Black Belt training participants, given current resource levels.
Please contact Brian Elms at 303-619-7353 with any questions.

Sincerely,

[Signature]

Brian Elms
Manager, Peak Academy

cc: David Edinger, Chief Performance Officer
    Brendan Hanlon, Budget Director