FOLLOW-UP REPORT
Department of Public Works
Denver Moves Plan Audit
February 2016

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

Timothy M. O’Brien, CPA
Denver Auditor
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Report number: A2015-002
February 2, 2016

Jose Cornejo, Executive Director
Department of Public Works
City and County of Denver

Re: Audit Follow-Up Report

Dear Mr. Cornejo:

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

This report is to inform you that we have completed our follow-up effort for the Public Works Denver Moves Plan performance audit issued in July 2015. Our review determined that the Department of Public Works has adequately implemented all the recommendations made in the audit report.

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

This concludes audit follow-up work related to this audit. I would like to express our sincere appreciation to you and to the Public Works personnel who assisted us throughout the audit and follow-up process. If you have any questions, please feel free to contact me at 720-913-5000 or LaKeshia Allen Homer, Internal Audit Supervisor, at 720-913-5085.

Denver Auditor’s Office

Timothy M. O’Brien, CPA
Auditor
Public Works
Denver Moves Plan
February 2017

Status
The Department of Public Works (Public Works) has implemented all five of the recommendations made in the July 2015 audit report.

Background
Denver Moves: Making Bicycle and Multi-Use Connections is a $119 million plan for expanding the City’s non-motorized transportation network. Denver Moves builds on previous City planning efforts and seeks to link destinations in all parts of the City by creating safe, comfortable, multi-use corridors for bicycle and pedestrian transit. Public Works is primarily responsible for the implementation of Denver Moves, with support from the Department of Parks and Recreation in the development of regional trails and related infrastructure.

Purpose
This audit examined Public Works’ implementation of the Denver Moves plan. Specifically, we examined the effectiveness of Public Works’ efforts to select and fund projects on an annual basis, to evaluate plan outcomes, and to assess risk. As part of our analysis, we analyzed data and related information for projects implemented between 2011 and 2015.

Highlights from Original Audit
Since 2011, both the Mayor and City Council have stated that Denver Moves is the City’s foremost priority for establishing a comprehensive bicycle and pedestrian transportation network. Despite Denver Moves’ high-priority designation, the City’s fragmented execution of the plan has resulted in the prioritization of projects that will not fulfill the plan’s established goals. We identified three areas in which the City needs to make improvements related to the implementation of Denver Moves.

First, we found that Public Works’ resource allocation decisions for Denver Moves are not aligned with plan goals. Specifically, resource constraints led to a disproportionate prioritization of lower cost, less user-friendly infrastructure, as opposed to easier to use infrastructure as is consistent with plan goals. Second, the City has not fully funded Denver Moves and may not have a complete understanding of commitments implied in budgetary decisions. We also found that data that could be used to inform resource allocations decisions is either unclear or incomplete. Finally, we found that Public Works has not developed an effective framework for evaluating Denver Moves’ performance or assessing risk, making it difficult to determine whether the plan is achieving expected outcomes and whether additional steps can be taken to mitigate risk.

Findings at Follow-up
In 2016, the Department of Public Works finalized Denver Moves: Bicycles—an update to Denver Moves (2011). The revised plan contains detailed plans and design standards for additional miles of enhanced on-street bicycle facilities in downtown Denver and surrounding areas. Consistent with our recommendation, Public Works has established timeframes for completing all three phases of Denver Moves: Bicycles, and has developed a detailed five-year work program for Phase 1—which the Department estimates it will complete by 2020. Public Works has also taken steps to improve funding and the transparency of plan costs by developing a new funding approach and establishing more effective cost tracking methods, including the establishment of child accounts to improve identification and monitoring of expenditures related to plan implementation. Furthermore, Public Works has created an annual report template to highlight significant Denver Moves: Bicycles goals and summarize progress made using key performance metrics. The Department also updated its website and established a quarterly newsletter to improve how it disseminates information about plan implementation progress. Finally, in 2015, Public Works conducted a risk assessment for Denver Moves: Bicycles, and has taken steps to mitigate risks related to plan implementation.

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Or contact the Auditor’s Office at 720.913.5000
# Recommendations: Status of Implementation

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<td><strong>FINDING:</strong> The Department of Public Works is Not Implementing the Denver Moves Plan in a Manner that Addresses the City’s Long-Term Goals for Non-Motorized Transportation</td>
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<td>1.1 Project Prioritization - To the extent that Denver Moves remains a high priority for the City, Public Works should establish timeframes for completing each phase of the Denver Moves Plan.</td>
<td>In 2016, the Department of Public Works finalized an update to Denver Moves (2011). The update, referred to as Denver Moves: Bicycles, contains detailed plans and design standards for additional miles of enhanced on-street bicycle facilities—such as protected bike lanes and neighborhood bikeways—in downtown Denver and surrounding areas. The update also includes revised cost estimates and a phasing plan for implementation. Consistent with our recommendation, Public Works has established timeframes for completing all three phases of Denver Moves: Bicycles, and has developed a detailed five-year work program for Phase 1—which the Department estimates it will complete by 2020. However, Public Works officials emphasized that the established timeframes are based on assumptions using the best available information that the Department has regarding funding and staffing resources.</td>
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<td>2.1 Funding - Public Works should also develop a realistic and strategic funding approach for implementation that would enable the Department to compare the long-term costs of spending and understand the budgetary and programmatic impact of resource allocation decisions. The approach should include both dedicated long-term funding, as well as flexible strategies for mitigating the effects of a budget-constrained environment— including budgeting for standalone stages that will result in usable assets.</td>
<td>In addition to working with BMO to secure increased funding, Public Works has developed a new approach for allocating financial resources to <em>Denver Moves: Bicycles</em>. For this new approach, Public Works has separated projects into three categories— signage and striping, small to medium capital investments, and large capital investments. Signage and striping projects, such as bike lanes and sharrows, will be funded using dedicated allocations from existing operational and maintenance budgets. Small to medium capital investments—such as protected bike lanes and neighborhood bikeways—will be financed using City funds set aside for capital improvements. Finally, Public Works plans to pursue grant funding to finance the construction of large capital investments. Public Works officials believe that this approach is flexible, can be scaled, and will allow the Department to continue making progress, even in a budget-constrained environment.</td>
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<td>2.2 Cost Data</td>
<td>To ensure decision makers have sound information for resource allocation, we recommend that Public Works establish a more effective, efficient, and transparent system for tracking Denver Moves project costs either by using child project identification numbers or separating the specific costs in spreadsheets. Public Works has modified several of its procedures to establish more effective and transparent methods for tracking cost data for Denver Moves: Bicycles. For example, Public Works has developed a standard template that collects information about all costs incurred during project planning, design, and installation. In addition, the Department now requires staff to enter all task orders exceeding $50,000 into the Public Works Capital Integration System. Entering data into this system will allow the Department to connect project plans with task orders and budgets. Finally, Public Works will be establishing child accounts for larger operational and maintenance budgets to identify and monitor expenditures related to Denver Moves.</td>
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<td><strong>3.1 Annual Reporting and Performance Evaluation</strong> - As stated in Denver Moves, Public Works should publish annual reports that evaluate the effectiveness of plan implementation. The evaluations should, at a minimum, evaluate whether Denver Moves is being implemented as intended, and assess the extent to which the plan is achieving expected outcomes. To ensure that the evaluation provides quality, creditable, and useful information, the Department should identify outcomes that are measurable, and design an evaluation approach that analyzes data in ways that allow valid conclusions to be drawn about implementation effectiveness.</td>
<td>Public Works created an annual report template to highlight significant Denver Moves: Bicycles goals and summarize progress made using key performance metrics. The first annual report outlined progress and milestones achieved between 2010 and 2015. Moving forward, the Department will distribute Denver Moves: Bicycles annual reports through the updated bicycle program website. In addition to annual reports, the website will also disseminate frequent updates about Denver Moves: Bicycles implementation and a quarterly newsletter entitled “Denver Shifts.”</td>
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<td><strong>3.2</strong> Risk Assessment - Public Works should conduct formal, ongoing assessments of risks related to Denver Moves implementation to identify potential threats to completion timeframes and quality, and to identify strategies to reduce or eliminate the risk identified.</td>
<td>In 2015, Public Works completed a risk assessment for Denver Moves: Bicycles. Through this process, Department staff identified several risks areas related to plan management and implementation. To mitigate the risks identified, Public Works has developed documented policies and procedures to address potential issues. Public Works officials also stated that risk mitigation efforts are continually assessed during regular staff meetings.</td>
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Conclusion

The Department of Public Works has fully implemented all recommendations and adequately mitigated the risks identified during the original audit. As a result, we conclude our follow-up effort related to the Denver Moves implementation.

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