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The Audit Committee is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities regarding the integrity of the City’s finances and operations, including the reliability of the City’s financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of City operations, thereby enhancing citizen confidence and avoiding any appearance of a conflict of interest.

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Audit report year: 2018
We have completed an audit of the Denver Botanic Gardens (Gardens). The objectives of the audit were to (1) examine the financial relationship between the City and County of Denver (City) and the Gardens and identify any areas in need of improvement related to select financial processes and controls, and (2) review the effectiveness of the Gardens' management of select operations and activities. Although the Gardens' leadership initially denied our ability to access volunteer records to complete our audit steps, eventually we were able to collect the information needed to complete our testing. The Gardens was otherwise forthcoming and cooperative throughout the audit.

As described in the attached report, our audit revealed that the Gardens should strengthen policies and practices regarding safety and security, public events, and volunteer management and lacks critical IT controls. Finally, we found that the Gardens' Foundation's Board of Trustees could improve its effectiveness by clarifying its internal guidance and adopting several best practices.

By strengthening various policies and practices and using key IT controls, the Gardens will be able to better ensure the safety and security of its facilities, the integrity of its data and infrastructure, and the effectiveness of its board of trustees' oversight of the organization. Our report lists a number of related recommendations.

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.

We extend appreciation to the Denver Botanic Gardens and City personnel who assisted and cooperated with us during the audit.
Denver Botanic Gardens  
July 2018

Objective
The audit had two objectives: 1) To examine the financial relationship between the City and County of Denver (City) and the Denver Botanic Gardens and identify areas in need of improvement related to select financial processes and controls; and 2) To review the effectiveness of the Gardens’ management of select operations and activities, including the Gardens’ Foundation’s Board of Trustees, IT-related infrastructure, planning and implementation of special events, and its volunteer program.

Background
Since 1951, the City and the Gardens have operated under a cooperative agreement that outlines responsibilities for the Gardens, requirements related to the board, and a framework for the financial arrangement, including an annual appropriation and a provision for capital improvement funds. The Gardens’ mission to “connect people with plants” is demonstrated in its local and international pursuits, large volunteer base, and special events aimed at drawing citizens to the Gardens.

Highlights
In our first audit of the Denver Botanic Gardens (Gardens), we identified a variety of controls and processes that are insufficient or could be improved.

FINDING 1: The Gardens’ Management of Safety, Security, Public Events, and Volunteers Should Be Improved
- Safety and security policies are inconsistent across locations.
- Planning, training, and staffing for events is inconsistent.
- The Gardens could be more proactive in anticipating and mitigating its effects on nearby residents.
- The Gardens does not keep accurate records on its volunteers and could not demonstrate that its ongoing volunteers had passed background checks.

FINDING 2: The Gardens Lacks Critical Safeguards over IT Systems, Segregation of Duties, and Physical Access to Restricted Areas
- The Gardens lacks policies and procedures for key IT controls such as granting individual access to information systems.
- The Gardens has not adequately protected its IT infrastructure against physical and environmental risks.
- The Gardens is unprepared to continue business operations in the event of a disaster and does not properly segregate duties for sensitive tasks.
- Control of door key access is insufficient.

FINDING 3: The Board of Trustees’ Attendance, Conflict of Interest Documentation, and Governance Practices Need Improvement
- Board and committee meeting attendance rates do not meet bylaw expectations.
- The board could not provide complete conflict of interest documentation for years reviewed.
- The board does not follow certain best practices, such as conducting regular self-evaluations.

For a copy of this report, visit www.denvergov.org/auditor or contact the Auditor’s Office at 720.913.5000.
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BACKGROUND

History of the Denver Botanic Gardens

The Denver Botanic Gardens (Gardens), located in the Cheesman Park neighborhood of central Denver, sits on grounds that have a rich history beyond the aesthetic and scientific value they possess today. According to Louisa Ward Arps' "Cemetery to Conservatory: A History of the Land Around Denver Botanic Gardens," the Gardens’ current location on 24 acres that previously served as Mount Calvary, a Roman Catholic cemetery, was adjacent to the city cemetery located on what is now known as Cheesman Park.

In 1951, members of the Colorado Forestry and Horticulture Association incorporated as the nonprofit Botanical Gardens Foundation of Denver and hired a landscape architect to create a 15-year master plan. In February 1951, the Botanical Gardens Foundation filed its charter with the City and County of Denver (City), making it an agency of the City. Initially located on one hundred acres within City Park, the Botanical Gardens' unfenced plant collections were damaged and stolen, forcing the organization to relocate. Consequently, in 1959, citizens and City leaders devised a plan to use a portion of the cemetery located on York Street, between E. 9th and E. 11th Avenue, as the new location of the Gardens. Over the next few decades, the Gardens evolved into the well-known institution that we know today with the donation of the Waring Mansion, which serves as the Gardens’ administrative headquarters, the dedication of the Boettcher Memorial Conservatory, and the addition of new sites such as Chatfield Farms (Chatfield) and Mt. Goliath Alpine Trail.

The Partnership between the City and the Denver Botanic Gardens

According to the City’s cooperative agreement with the Gardens, the facility’s purpose is to promote, establish, and maintain botanic gardens and tree collections. Other responsibilities include advancing scientific knowledge and research, educating in the areas of horticulture and gardening, and providing entertainment and recreation for the people. Despite the Gardens’ responsibilities to maintain and operate the facility, the City owns most of the land and buildings as well as the plantings and exhibits that make up the Gardens in its York Street location.1 Over time, the Gardens has expanded its operations to other sites including Chatfield, Mt. Goliath Alpine Trail, and the Plains Conservation Center.

Chatfield is a 700-acre wildlife and native plant refuge and working farm located along the banks of Deer Creek in southern Jefferson County.2 In 1970, the Army Corps of Engineers purchased the land and built Chatfield Dam. In 1975, the City began leasing the property; this arrangement continued over the years, with the City renewing its lease in 2012 to extend for another 25 years. Mt. Goliath is the highest elevation cultivated garden in the U.S. and is co-managed by the Gardens and the U.S. Forest Service. This partnership began in 1962 when the two entities worked

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1 The City does not own the Waring Mansion or a portion of the north parking lot which will be the site for the new Freyer-Newman building; these are owned by the Denver Botanic Gardens.

2 Chatfield includes three parcels, one of which is Chatfield Farms that occupies 357 acres. The other two parcels are comprised of open space and trails.
together to establish a trail through the subalpine and alpine landscape. The Gardens provides tours, programming, and docents for visitors to Mt. Goliath. Finally, the Gardens co-manages the Plains Conservation Center with the City of Aurora, and its education staff manage the center’s children-related programs.

**Cooperative Agreement**

The agreement, amended multiple times since 1951, formally documents the Gardens’ role and its relationship with the City. The most recent version of the agreement, finalized in 1991, has four associated amendments that describe agreed-upon additions or changes to specific terms such as the creation of a new neighborhood advisory committee and to extend the term of the existing agreement. The City’s Department of Parks and Recreation provides some oversight as specified in the agreement. For example, the Executive Director of the Department of Parks and Recreation must approve any new facilities and buildings, authorize changes to admission fees, and serves as a voting member on the board of trustees.

The agreement also provides the framework for the financial arrangement between the Gardens and the City, including the City’s annual appropriation to cover the water, insurance, utilities and other operational costs of the Gardens as well as the City’s provision of capital improvement funds to the Gardens. Since 2015, the City appropriation has increased modestly, as shown in Figure 1. For the same period, the City has provided between $300,000 and $350,000 annually for capital maintenance and rehabilitation projects to ensure the Gardens maintains its facilities.

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3 The first amendment established an increase in the number of mayoral appointees who serve as voting members of the foundation’s board of trustees. It also established the Neighborhood Advisory Committee, its composition, and its oversight role. The second amendment modified and clarified the procedures for handling and expending the Gardens’ admission receipts. Amendment 3 extended the term of the agreement, added provisions related to insurance and environmental compliance, and modified the foundation’s rights and responsibilities related to the funding and construction of a parking facility at the Gardens. Lastly, Amendment 4 renamed the parking facility leasing trust and added additional reporting and auditing authority to the City regarding the parking garage revenue and expenditures.

4 At the time of the audit, the City paid some costs directly, such as heating, gas, fuel, and fleet maintenance expenses. Conversely, Denver Water bills were paid directly by the Gardens and later reimbursed by the City. Beginning in 2018, the City began paying the Gardens’ water bills directly.
FIGURE 1. Annual City Funding Provided to the Denver Botanic Gardens.

Source: Auditor’s analysis of information from Mayor’s Budget for 2015 through 2018.  
Note: The capital maintenance funding amounts are targeted funding levels according to the Mayor’s 2018 Budget.

Beginning in 2017, leadership from the City and the Gardens officially began the renegotiation process necessary to establish a complete and updated version of the agreement. The Department of Parks and Recreation is working closely with the Gardens during the renegotiation process due to the department’s responsibilities described in the agreement. In addition, personnel from the City Attorney’s Office are involved with the renegotiations. To the degree that bond or real estate-related aspects arise, individuals from the City’s Department of Finance are consulted as well.

The Gardens’ Board of Trustees

The agreement requires the Gardens’ board of trustees to govern the organization. Consequently, the agreement and its amendments dictate certain requirements for the makeup of the board of trustees, though one or more may be revised as part of the ongoing renegotiation process: 5

- The Mayor, or the Executive Director of the department, should serve as an ex-officio voting member of the Board;
- The Mayor can appoint six of 37 voting term members of the board, all of whom must reside within one mile of the Gardens at the time of their appointment; 6
- The Mayor and City Council can recommend other persons for election to the board; and

5 Ex-officio status indicates that the individual is a board member because of the person’s job, office, or position, not because of an election or appointment. Although the Gardens’ ex-officio board members have the same duties and responsibilities as other board members, they are not eligible to be elected as officers. Term board members are those who serve on the board until their terms expire and a successor has been elected to serve. The Gardens’ board can be made up of up to 35 term members who serve for no more than two consecutive three-year terms.

6 The board’s revised bylaws, effective as of July 25, 2017, update these member requirements to allow for up to 35 members of the board, four of whom are appointed by the Mayor.
The Gardens should attempt to assure broad representation from the community on the board.

The board’s structure and internal rules are described in its bylaws, which were most recently revised in July 2017. The board operates with the support of several committees, including the Executive Committee, the Governance and Nominating Committee, the Finance Committee, and the Audit Committee.7

**Denver Botanic Gardens’ Activities and Operations**

The Gardens’ mission is “to connect people with plants, especially plants from the Rocky Mountain region and similar regions around the world, providing delight and enlightenment to everyone.” In 2017, 262 staff along with 2,622 volunteers, contributed their time and energy to the Gardens’ mission.

Although the Gardens may be best known to Denver residents for its plant collections and public events, it is an accredited member of the American Alliance of Museums that maintains a wide variety of collections. For example, in addition to the living and preserved plants maintained at the Gardens, it also houses art along with rare and historical library collections.

The Gardens is also engaged in many other local and international pursuits. In the Denver area, it participates in community supporting agriculture programs that sell and donate freshly grown produce from Chatfield and Mariposa Farm to the community. Also, the Gardens recently acquired four solar-powered atmospheric water harvesters to provide plant irrigation. This technology accelerates the condensation process to convert water vapor into water, which could help those living in arid climates without a reliable source of fresh water to grow vegetables.

The Gardens’ international pursuits include the Center for Global Initiatives, which was established in 2012 to bring the Gardens’ mission of connecting people with plants to the global community. To do this, the Gardens identified four areas of focus, including agricultural development, botany, conservation, and horticulture. Current projects are located throughout the world in countries such as Madagascar, Mongolia, Argentina, and Haiti, to name a few.

In addition to its horticulture- and conservation-related work, the Gardens also hosts public and private events throughout the year. Public events include seasonal festivities such as the Blossoms of Light and Pumpkin Festival as well as plant and bulb sales. The Gardens’ York Street and Chatfield locations are also available to the public for private events such as weddings, corporate retreats, and other professional or personal gatherings.

**The Role of Volunteers at the Gardens**

According to the Gardens’ leadership, volunteers are involved with every department and function at the Gardens. In fact, they are essential to the Gardens’ ability to achieve its mission. Depending on the location, volunteers can be active participants in the Gardens’ horticulture

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7 Other board committees active in 2017 included the following: Gardens and Conservation; Art and Exhibits; Diversity and Outreach; Chatfield; Global Projects Team; Center for Science, Art, and Education (CSAE) Building Fundraising; Sustainability Task Force; and Denver Botanic Gardens Endowment.
activities, ambassador and docent programs, educational efforts, community supporting agriculture programs, and farm stands. The Gardens also accepts teenagers for its summer teen volunteer program as well as high school students interested in volunteering during the school year as part of its Gardens Teen Leaders program. Other opportunities that occasionally become available for volunteers include working with the Gardens’ research and conservation efforts, library, development, exhibits, and IT support staff. The five departments that received the most support from volunteers in 2017, in terms of volunteer hours, were the following:

- York Street Horticulture – 18,183
- Events (Special, Public, Private) – 16,007
- Ambassador Program – 8,515
- Docent Program – 5,646
- Research and Conservation – 5,097

As shown above, the Gardens relies heavily on its volunteer base to support its public events. Public and private events are hosted year-round at both York Street and Chatfield, which have a large public impact and generate substantial revenue for the Gardens. Both York Street and Chatfield host multiple public events each year, as depicted in Table 1.

**TABLE 1.** Denver Botanic Gardens’ Public Events.

<table>
<thead>
<tr>
<th>Event</th>
<th>York Street</th>
<th>Chatfield</th>
<th>Time of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blossoms of Light</td>
<td>✔</td>
<td></td>
<td>November-January</td>
</tr>
<tr>
<td>Corn Maze</td>
<td>✔</td>
<td>✓</td>
<td>September-October</td>
</tr>
<tr>
<td>Dia de los Muertos</td>
<td></td>
<td></td>
<td>November</td>
</tr>
<tr>
<td>Fall Plant and Bulb Sale</td>
<td>✓</td>
<td></td>
<td>September</td>
</tr>
<tr>
<td>Fete des Fleurs</td>
<td>✓</td>
<td></td>
<td>August</td>
</tr>
<tr>
<td>Glow at the Gardens</td>
<td>✓</td>
<td></td>
<td>October</td>
</tr>
<tr>
<td>Lavender Festival</td>
<td></td>
<td>✓</td>
<td>July</td>
</tr>
<tr>
<td>Off the Clock*</td>
<td>✔</td>
<td></td>
<td>Spring</td>
</tr>
<tr>
<td>Pumpkin Festival</td>
<td></td>
<td>✓</td>
<td>October</td>
</tr>
<tr>
<td>Summer Concert Series</td>
<td>✓</td>
<td>✓</td>
<td>Summer</td>
</tr>
<tr>
<td>Santa’s Village</td>
<td>✓</td>
<td></td>
<td>November-December</td>
</tr>
<tr>
<td>Spring Plant Sale</td>
<td>✓</td>
<td></td>
<td>May</td>
</tr>
<tr>
<td>Winter Gift Market</td>
<td>✓</td>
<td></td>
<td>November</td>
</tr>
</tbody>
</table>

*Off the Clock is an after-hours event hosted throughout the spring at the Gardens’ York Street location.

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8 Docents typically provide guided tours at the Gardens’ York Street location. Nine months of training is required. Ambassadors at both the York Street and Chatfield locations greet visitors and provide answers to general questions to create a positive visitor experience.

9 All volunteer hour counts include both York Street and Chatfield with the exception of York Street Horticulture.
Special events and facility rentals net revenue totaled $3.3 million in 2016 and $4 million in 2017.\footnote{10} Although special events and facility rentals has consistently been one of the Gardens’ top revenue-generating activities since 2015, there are a variety of other funding streams that support the Gardens’ operations.

**Funding for the Gardens**

The Gardens is a Tier I recipient of the Scientific and Cultural Facilities District (SCFD) state-administered sales and use tax authorized by voters in the seven-county Denver metro area. Tier I recipients, and the amount of revenue they receive, are determined by state law.\footnote{11} In 2017, the Gardens reported $4.4 million in revenues from the SCFD tax. In return for this revenue, Tier I recipients agree to host free days and report financial and operational information to SCFD.

Outside of the funding requirements outlined in the agreement, residents of Denver have also approved the use of general obligation bonds to partially finance major construction projects at the Gardens, such as the new Freyer-Newman Center, which will house classrooms, galleries, plant conservation and preservation spaces, a new library, and a coffee shop once construction is complete.\footnote{12} The Center marks the final step in the Gardens’ master development plan, initiated in 2007.

SCFD funding along with special events and facility rentals, and membership dues, were the top three sources of funding for the Gardens in 2016 and 2017, as shown in Table 2.

\footnote{10} Special events as a category includes both public events and private events held at the Gardens.

\footnote{11} C.R.S. 32-13-107.

\footnote{12} General obligation bonds, or GO bonds, are the most commonly used type of governmental activity debt. They are tax-exempt, long-term debt issued directly by the City to fund capital improvements clearly benefiting the broad public interest, such as roads and public facilities. GO bonds are only issued by voter approval and are backed by the City because the debt service payments are made from a dedicated property tax and other approved revenue sources.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scientific and Cultural Facilities District</td>
<td>$4,153,000</td>
<td>$4,264,000</td>
<td>$4,429,000</td>
</tr>
<tr>
<td>Special Events and Facility Rentals</td>
<td>2,442,000</td>
<td>3,361,000</td>
<td>4,081,000</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>2,963,000</td>
<td>3,025,000</td>
<td>3,271,000</td>
</tr>
<tr>
<td>Contributions and Grants</td>
<td>2,062,000</td>
<td>2,386,000</td>
<td>2,585,000</td>
</tr>
<tr>
<td>Admissions</td>
<td>2,006,000</td>
<td>2,105,000</td>
<td>2,528,000</td>
</tr>
<tr>
<td>Chatfield</td>
<td>1,730,000</td>
<td>1,963,000</td>
<td>2,069,000</td>
</tr>
<tr>
<td>City and County of Denver Support</td>
<td>993,000</td>
<td>1,043,000</td>
<td>1,058,000</td>
</tr>
<tr>
<td>*Other Revenue, Gains, Support</td>
<td>2,876,000</td>
<td>2,806,000</td>
<td>3,284,000</td>
</tr>
<tr>
<td><strong>Total Revenue, Gains, and Support</strong></td>
<td>$19,225,000</td>
<td>$20,953,000</td>
<td>$23,306,000</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>$3,177,000</td>
<td>$3,466,000</td>
<td>$3,306,000</td>
</tr>
<tr>
<td>Education</td>
<td>2,234,000</td>
<td>2,698,000</td>
<td>3,265,000</td>
</tr>
<tr>
<td>Horticulture</td>
<td>2,210,000</td>
<td>2,293,000</td>
<td>2,363,000</td>
</tr>
<tr>
<td>Chatfield</td>
<td>2,214,000</td>
<td>2,203,000</td>
<td>2,322,000</td>
</tr>
<tr>
<td>Special Events and Facility Rentals</td>
<td>1,131,000</td>
<td>1,367,000</td>
<td>1,449,000</td>
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<tr>
<td>Supporting Activities</td>
<td>2,426,000</td>
<td>2,565,000</td>
<td>2,812,000</td>
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<tr>
<td><strong>Other Expenditures</strong></td>
<td>5,104,000</td>
<td>5,950,000</td>
<td>5,224,000</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$18,496,000</td>
<td>$20,542,000</td>
<td>$20,740,000</td>
</tr>
</tbody>
</table>

**Source:** Denver Botanic Gardens’ 2016 and 2017 Combined Financial Statements and Independent Auditor’s Reports. All figures are rounded to the nearest thousand.

*Revenue sources included in this category are educational/public programs, gift shop, endowment distribution, and other.

**Expenditures captured in this row include science and conservation, gift shop, membership services, volunteer programs, visitor services, public relations, and parking facilities.
OBJECTIVE

The audit had two objectives:

1. To examine the financial relationship between the City and County of Denver (City) and the Denver Botanic Gardens (Gardens) and identify any areas in need of improvement related to select financial processes and controls, including the asset transfer process and the Gardens' financial accounting system; and
2. To review the effectiveness of the Gardens' management of select operations and activities, including:
   a. The Gardens' Foundation's Board of Trustees' structure and approach to monitoring the Gardens' operations to measure adherence to bylaws and best practices;
   b. Whether the Gardens' IT-related infrastructure and internal controls comply with best practices;
   c. The degree to which the Gardens' planning and implementation of special events adhere to internal policies and procedures and best practices; and
   d. The Gardens' implementation of its volunteer program to identify if inconsistencies with policies and procedures or operational risks exist.

SCOPE

The scope of the audit was the City's level of oversight and the Gardens' management of select activities and programs between 2014 and 2018. Although the Gardens' leadership initially denied our ability to access volunteer records to complete our audit steps, in order to assess the legal consequences of giving out sensitive information, we were eventually able to collect the information needed to complete our testing. The Gardens was otherwise forthcoming and cooperative throughout the audit. The ongoing renegotiation of the cooperative agreement between the City and the Gardens limited the scope and reportable issues associated with objective 1. Regarding objective 2, the Gardens' policies and practices related to private events such as corporate retreats and professional gatherings were not included in the scope of this audit.

METHODOLOGY

We used several methodologies to gather and analyze information related to the audit objectives. The methodologies included, but were not limited to:

- Interviewing the following individuals:
  - Leadership and management of the Gardens, including the Chief Executive Officer; Chief Financial Officer; Director of Events; Director of Membership, Visitor, and Volunteer Services; Director of Exhibitions and Learning Engagement; Director of Operations; Director of Development; Director of Chatfield Farms; Director of Horticulture and the Center for Global Initiatives; Associate Director of Chatfield Farms;
Associate Director of IT; Associate Director of Finance; Associate Director of Events; Associate Director of Human Resources; and Volunteer Manager

- Key members of the Gardens’ staff, including IT personnel, volunteer coordinators, and the Controller
- Leadership from the Gardens’ Foundation’s Board of Trustees and the Neighborhood Advisory Committee
- Key personnel from City agencies, including the Department of Finance, the Department of Parks and Recreation, the Budget and Management Office, the City Attorney’s Office, the Office of Special Events, and the Department of Environmental Health
- Sales Manager from Choice Screenings, the third-party background check agency the Gardens contracts with to screen ongoing volunteers

- Reviewing the following criteria:
  - The Gardens’ internal policies and procedures related to safety and security, volunteer management, and special events
  - The Gardens’ Foundation’s Board of Trustees’ governing documents such as bylaws, document retention policy, and conflict of interest policy
  - The cooperative agreement between the Gardens and the City and the large event agreement between the Gardens and the Neighborhood Advisory Committee
  - City ordinances specific to security guard licenses and amplified sound regulations
  - City and other leading practices related to special event planning, safety and security, program evaluation, risk management, and board governance

- Analyzing the following:
  - The financial relationship between the Gardens and the City, including the process by which the City provides appropriated and capital maintenance funds, and funding trends
  - The Gardens’ collection and use of special event data across both the York Street and Chatfield Farms sites
  - The Gardens’ methodology for measuring, tracking, and reporting of event-related amplified sound
  - The Gardens’ development and implementation of its safety and security program
  - The Gardens’ IT-related policies and procedures
  - The Gardens’ IT controls for select information systems and governance
  - The Gardens’ business control processes associated with its primary accounting system
• The Gardens’ volunteer database, Volgistics, to identify volunteers subject to selected requirements, service records, and associated risks as well as compliance with volunteer policies

• Performing sampling and testing against reviewed criteria for the following:
  o Documentation of completed and successful background checks, memberships, and fee payments for ongoing volunteers
  o Evidence of review and approval for background checks that required further scrutiny
  o Special event waivers for day-of or group special event volunteers
  o Evidence of performance evaluations and training for special event and ongoing volunteers
  o Board and committee member attendance rates and completed conflict of interest forms
  o Board and selected committee meeting minutes to identify the degree to which the board discussed topics related to fiduciary responsibilities or IT systems and governance
  o Assets transferred from the Gardens to the City that were funded by multiple funding sources

• Surveying the following:
  o Members of the Gardens’ Foundation’s Board of Trustees to review their understanding of their role and responsibilities and view of the board’s operations
  o The Gardens’ safety and security staff to identify their understanding of and adherence to the Gardens’ safety and security policies and procedures

• Conducting a benchmarking study with the following to identify common practices in special event planning, safety and security, and volunteer management:
  o Other City cultural institutions and organizations including the Denver Zoo, Denver Museum of Nature and Science, Denver Art Museum, and the Denver Public Library
  o The Missouri Botanic Gardens and Longwood Gardens based upon size of operations, accreditations or professional memberships, programs offered, and contractual relationship with a municipality

• Observing the following:
  o Select Gardens special events at both York Street and Chatfield Farms to monitor the Gardens’ adherence to policies and procedures related to special events, safety and security, cash handling, and volunteer management
  o Volunteer orientations at both Chatfield Farms and York Street, as well as one of two annual volunteer training events to determine consistency of communications for volunteer requirements
  o Location of and conditions in the server rooms at both York Street and Chatfield Farms
FINDING 1

The Denver Botanic Gardens’ Management of Safety, Security, Public Events, and Volunteers Should Be Improved

The Denver Botanic Gardens has a large public impact, both in the number and type of visitors it attracts. In 2017, the Gardens reported more than 1.3 million guests. Both local and out-of-town visitors are drawn to the Gardens for a variety of reasons outside of the living plant collections maintained there. In addition to offering research opportunities in its herbarium and library, the Gardens draws visitors through community outreach programs such as adult education workshops, school group tours, therapeutic horticulture programs for seniors and individuals with disabilities, and special events. The combination of the Gardens’ frequent hosting of public events and heavy reliance on volunteers poses a risk to the organization based on the audiences served, inconsistent safety and security practices, as well as the use and oversight of volunteers throughout the organization. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), risks that seem insignificant on their own may interact with other risks to pose a significant threat to an organization, and so risk interactions across an organization must be assessed.13

In terms of public impact, many events are geared toward children and families. Although guardians are ultimately responsible for supervision of children at events, volunteers typically oversee children’s activities and play areas in sometimes hectic environments. At other events, such as the Spring Plant Sale, volunteers act as cashiers, handling point-of-sale transactions involving both cash and credit cards. Some events also include inherent public safety risks, such as the sale and consumption of alcohol on site. Additionally, the Gardens’ York Street location sits in the heart of a residential area that is densely populated. Events involving large attendance and amplified sound have the potential to negatively impact surrounding residents. In light of the potential public impact, event characteristics that pose risks to public safety, the use of volunteers throughout the organization, and the significant growth in the use of special event volunteers, we reviewed the Gardens’ practices related to both event and volunteer management.

Public and private events, collectively known at the Gardens as “special events,” occur throughout the year at both main sites and have a large community impact.14 In 2017, Blossoms of Light drew almost 33,000 visitors in a single week to the York Street site, while Chatfield Farm’s (Chatfield’s) Pumpkin Festival attracted 45,000 visitors over the course of a weekend. Events are a significant source of revenue at both sites. In 2017, reported revenue from special events and

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14 The Gardens’ policies and practices regarding private events such as corporate retreats and professional gatherings were not included in the scope of this audit.
facility rentals amounted to $4 million, the Gardens’ second highest source of revenue. As such, the Gardens’ 2015-2020 strategic plan prioritizes efforts related to filling seasonal gaps and developing large signature events.

A large volunteer corps supports the Gardens’ daily operations and special events. These volunteers consist of ongoing and special event volunteers who are subject to different requirements and policies. Ongoing volunteers must pass a background check, maintain an active membership, pay an application fee, and participate in orientation and other volunteer training events. In comparison, the Gardens exercises less oversight over special event volunteers. Special event volunteers may apply online or simply show up to an event the day of and volunteer. The Gardens uses volunteers throughout the organization to support all activities including horticulture, research, children’s education programs, clerical work, docents, and special events. Although not formalized in policy, in practice the Gardens does not allow volunteers to act as security or provide parking services.

In 2017, the Gardens reported more than 2,600 ongoing and special event volunteers utilized throughout the organization, compared to 262 staff. Volunteer contributions in 2017 equated to 42 full-time staff. Since 2014, volunteer hours have increased by 14 percent from 78,524 hours in 2014 to 89,863 in 2017. This increase is even more significant for special event volunteer hours, which have grown by 123 percent from 4,321 hours in 2014 to 9,648 in 2017. Figure 2 illustrates the growth in reported volunteer hours by type of volunteer. Additionally, the Gardens’ management has expressed a desire to increase diversity among its large volunteer base.

**FIGURE 2.** Growth in Volunteer Hours by Volunteer Type for 2014 through 2017.

![Figure 2](image-url)

**Source:** Auditor’s analysis using volunteer data from the Gardens’ Volgistics database.

**Note:** The graphs above represent the contribution of active volunteers in our scope. We define active as volunteers who reported service hours under an assignment from January 1, 2014 through February 22, 2018. However, we have only presented the hours reported for complete years in our scope. Additionally, based on methodology, the date that data was pulled, and the nature of system controls in Volgistics, we expect the volunteer hours in this analysis to vary slightly from those reported by the Gardens in their annual reports.

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15 Ongoing volunteers support the work of the horticulture, education, visitor services, interpretation, and many other departments at the Gardens and volunteer on a more regular basis than other types of volunteers.
The Gardens’ Safety and Security Policies and Practices Are Inconsistent and Incomplete

Safety and security are two distinct yet connected concepts. Safety refers to the protection of lives and assets against harm, whereas security refers to the measures an organization takes to safeguard its assets against danger or deliberate threats. We observed several inconsistencies regarding these policies and practices across the Gardens’ sites and public events. Inconsistencies included organizational practices related to safety and security planning, training, and staffing, as well as site-specific differences in the implementation and evaluation of public events. According to Standards for Internal Control in the Federal Government, also known as the federal “Green Book,” an organization’s policies and procedures should be developed, implemented, and evaluated consistently. Specifically, managers should design policies and procedures appropriate to the organization’s objectives and associated risks as well as ensure that these activities are performed routinely and consistently. Managers should also routinely monitor for effectiveness and evaluate results. The risks posed by gaps in the Gardens’ organizational safety, security, and public event oversight practices can be magnified during public events due to the volume of visitors on site and other event factors such as the presence of alcohol and cash alongside activities geared toward children. As a result, these inconsistencies present both a risk to public safety and the security of the organization’s assets, as well as reputational risks to the Gardens.

The Gardens’ Planning, Training, and Staffing Related to Safety and Security Are Inconsistent across Sites and Events

As noted above, we observed inconsistencies and gaps related to planning, training, and staffing for the Gardens’ safety and security program. The federal Green Book states that managers should design control activities appropriate to the organization’s objectives and associated risks. Further, control activities, such as policies and procedures, are more effective when performed routinely and consistently. These control activities should be documented in enough detail to allow for management oversight and regular review. Management’s recruitment, development, and retention of competent individuals plays an integral role in creating a successful control environment. Qualified personnel and tailored training are key components to consistent implementation of control activities throughout the organization.

Emergency and Safety and Security Planning—The Gardens’ safety and security planning activities are inconsistent across sites. Although the York Street location uses emergency procedures that are consistent with recommended practices, the Chatfield location’s procedures are less detailed and are not consistent with the Occupational Safety and Health Administration’s minimum requirements for recommended emergency action plans. The federal agency recommends that emergency plans address risks that are site-specific. These plans should include certain elements such as procedures related to reporting, evacuation and exit routes, communication, emergency contact information, a description of roles for both internal and external personnel, and a description of how employees and those with disabilities will be alerted, 

among others.18 York Street’s emergency procedures is a 25-page document that includes detailed evacuation and shelter-in-place procedures, emergency contact information, checklists to guide emergency response for specific scenarios, pre-incident identification forms for those who may need assistance in an emergency, evacuation maps with rally points, and task lists that describe the roles of floor wardens. In comparison, Chatfield’s version is a single-page document that includes very brief instructions for response to certain emergency scenarios such as severe weather, fire, and medical injury. Chatfield’s emergency plan does not include full communication protocols for internal reporting, or a description of roles for responsible internal and external personnel as recommended by the federal government.

Both locations could use safety and security plans for events more consistently. For example, York Street develops safety and security plans for some events but not all, while Chatfield does not develop comprehensive safety and security plans for any events. York Street develops safety and security plans for events such as the Spring Plant Sale but does not develop plans for similar events such as the Winter Gift Market. The City and County of Denver’s Office of Special Events recommends all events on public property develop a safety and security plan that references guidance from the City’s Office of Emergency Management and Homeland Security.19 According to Emergency Management’s guidance, a safety and security plan should consider and address all possible event risks, include a communications plan and protocol, provide training to staff and volunteers related to this protocol, and consider an evacuation plan. International standards in event planning promulgated by the nonprofit Events Industry Council also call for developing thorough risk management, safety, and security plans for each event that address key aspects including communications protocols, security procedures for emergency situations, and training to staff and volunteers.20 According to the Events Industry Council, event risk management calls for identification of what may be exposed to damage, loss, or liability and adopting an appropriate risk management strategy to ensure the safety and security of attendees, assets, and the organization’s reputation. Their standards include analyzing the risk to property, persons, cash, reputation, and environment as well as developing plans for the management of relevant event risks. Plans may be similar for similar events but should be adapted for specific event characteristics, such as number and type of audience, time of year, setting and

19 Denver’s Office of Special Events (OSE) works with event planners seeking to host events on public property in Denver. OSE staff work individually with festival and event planners to ensure that they understand and comply with all City requirements that may apply to their event. In addition to creating custom checklists with event planners, OSE also posts resources online. These resources include guidance on developing safety and security plans, coordinating with other City agencies for parking and transportation plans, understanding compliance with noise ordinances, and applying for all applicable permits. OSE does not work with the Gardens or other SCFD Tier I cultural institutions.
20 “Certified Meeting Professional International Standards,” (2017) Events Industry Council, accessed April 14, 2018, http://www.eventscouncil.org/docs/default-source/default-document-library/cic_cmp-is_standards_final2.pdf?sfvrsn=0. The Events Industry Council is a 33-member organization that represents more than 103,500 individuals and 19,500 firms and properties involved in the meetings, conventions, and exhibitions industry. The Events Industry Council’s vision is to be the global champion for event professionals and event industry excellence. As such, it promulgates international standards for event planning through a Certified Meeting Professional program that details domains and necessary skills for event planning and implementation.
site, and vendors. Other specific event risks considered in the standards that would warrant the development of formal plans include the presence of cash or alcohol.

We identified events at the Gardens with similar risks and reviewed the Gardens’ planning, implementation, and evaluation documents. Our review of event documents determined there was little consistency regarding safety and security planning for events involving risks such as alcohol, cash, and children’s activities. Although Chatfield documents considered some safety and security elements, no formal or comprehensive plans were developed. For example, Chatfield management makes records that detail the necessary number and location of security personnel for an event, but these documents do not include communications or incident response protocols like the York Street plans do. The level of detail in these documents also varies for events, with some events only including the number of requested security personnel.

Although York Street appears overall to be more consistent and detailed in creating and maintaining event documentation, we identified two areas of inconsistency related to this location’s safety and security documents. For example, the York Street special events team used a different cash management plan than its accounting team for the 2018 Spring Plant Sale. Both plans listed the wrong amount of cash requested, and the accounting team’s cash management plan referenced security staff who were no longer employed. Additionally, York Street creates some formal event safety and security plans but does not use any specific criteria to determine when an event might warrant a plan. We reviewed 14 events occurring between January 1, 2017 through March 15, 2018 at the York Street location. Based on event documentation, we identified events marketed specifically to children and families, with cash-handling on site, and with alcohol consumed or sold on site. As illustrated in Figure 3, we found the following regarding safety and security plans for these events:

- One of three events marketed specifically to children and families included a safety and security plan.
- Four of eleven events involving cash included a safety and security plan.
- Two of eight events involving alcohol included a safety and security plan.

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21 The 14 events included six events in the Off the Clock series for 2017 and 2018, two Bumblebee Jamboree events in 2017 and 2018, and the 2017 Spring Plant Sale, Summer Concert series, Fall Plant and Bulb Sale, Glow at the Gardens, Winter Gift Market, and Blossoms of Light. We based our methodology for tallying the number of events and classifying event characteristics on the event documentation provided by the Gardens. If events in the same series were planned for separately in the documentation, we treated them as a separate event for the tally. Similarly, we used details in these documents related to children’s activities, alcohol permits, and cash-handling to categorize events by risk factor.
Safety and Security Training—We also observed inconsistencies and gaps in the Gardens’ safety and security-related training practices. For example, the Gardens has not adhered to its own requirement to provide safety and security training for new employees in recent years. Although there is a new employee checklist that includes a review of safety, security, and emergency procedures provided by the Gardens’ Operations Department, according to Operations Department personnel, they have not participated in new employee training “for a few years.” If new employees receive training related to safety and security, it is provided by individual supervisors in their hiring department or at an annual safety meeting at York Street. Employees from both sites attend this meeting that covers general safety topics, but they are not site-specific. Additionally, when we requested a record of staff in attendance at its 2017 annual safety meeting, the Gardens could not provide this documentation. The federal Occupational Safety and Health Administration recommends that safety and security training occur when new employees are hired and that all training activities are documented to ensure that all employees have completed safety and security training.22

Additionally, the Gardens does not provide safety and security training to volunteers as part of the on-boarding process. We attended two volunteer orientations and one training event where we observed that this safety and security-related information was not included. If the Gardens provides this information to volunteers, individual supervisors provide it. Considering the significant role of volunteers in the organization, it may be prudent for the Gardens to consider federal health and safety recommendations for its volunteer staff. Although the Gardens typically provides day-of training to volunteers on event roles and responsibilities, this training is not mandatory at either site. Additionally, the Gardens provides a mixed message regarding volunteer training requirements. For example, event documentation for the 2018 Spring Plant Sale states that cash

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management training is required for volunteers. However, Gardens’ staff said they do not enforce this requirement or track which volunteers attend training. Considering the significant increase in the use of special event volunteers, their knowledge of safety protocols may prove critical to the success of an event. As noted above, City guidance and the Events Industry Council’s international event planning standards recommend that event staff and volunteers receive safety and security training. For example, according to Denver’s Office of Special Events, planners for Denver’s 2017 Pride Fest developed an event safety and security plan that addresses risk management, emergency response, and communications protocols in detail. This document also includes a waiver and certification form for volunteers to sign indicating they have completed safety plan training.

**Staffing and Qualifications**—The Gardens also employs different types of security staff with varying qualifications across sites and events. City ordinance requires that any individual or business performing security-related duties in Denver, including on City-owned property, be licensed through the City’s Department of Excise and Licenses. According to Gardens’ management, historically, the Gardens has not required its in-house security guards at the York Street location to obtain a license through the City. The Gardens employed four security guards in addition to a newly hired security manager as of March 20, 2018. We surveyed the four security guards to determine how consistently they understood security responsibilities related to special events and general operations. Three of the four guards who responded indicated they did not possess an active license through the City’s security guard license program. The Department of Excise and Licenses confirmed that any security guards employed by the Gardens should be licensed. However, the agency had no record of licensed security guards employed by the Gardens.

Unlike the York Street location, Chatfield’s 357-acre site does not have permanent on-site security personnel year-round and relies on contracted security for public and private events. Although there is a gate and a perimeter fence, the site has multiple access points and encompasses significantly more space as represented in Figure 4. According to Chatfield management, the size of the site makes it difficult to control physical access to the property.

**FIGURE 4.** Size Comparison of York Street and Chatfield Sites.

Source: Auditor’s analysis.

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24 D.R.M.C., § 42-132.

25 The ordinance was revised in November 2017 to clarify certain requirements and change “merchant guard” to “security guard.” These changes did not affect whether the Gardens’ staff should have been licensed under the program.
According to Chatfield management, permanent, full-time security is needed. Chatfield has had challenges identifying effective and reliable security services for events at the site. Chatfield management stated that in the past, contractors have not supplied enough staff and provided staff that were physically unfit to perform job duties. According to the Gardens’ management, the Gardens is in the process of selecting a new security contractor for both sites and has made changes recently to its oversight practices of contracted security. For example, a Gardens’ staff member will be tasked with on-site supervision of contracted security staff.

**Chatfield’s Implementation and Evaluation of Public Events Is Not Consistent with the Gardens’ Policies and Recommended Practices**

The Gardens’ oversight of public events at Chatfield appears to be less rigorous compared to the oversight applied to public events at York Street. For example, over two nights at Chatfield’s Santa’s Village event, we observed issues including the lack of physical identification, such as name tags or Gardens’ branded clothing, of staff and volunteers, violations of smoking and alcohol policies by patrons and vendors, and inconsistent monitoring of event and restricted areas by event staff. According to Chatfield management officials, they follow the same policies as York Street except for site-specific safety protocols. Further, both management and the Gardens’ volunteer handbook state that event staff and volunteers should be physically identifiable at events. Additionally, although Chatfield prohibits smoking and the sale or consumption of alcohol without appropriate county permits, a food vendor attempted to sell us liquor without a permit during the first evening, while two patrons were observed with identifiable alcoholic beverages on the subsequent evening. According to Chatfield management, the size of the site makes it difficult to enforce prohibitions related to smoking and alcohol.

We reviewed event documentation and information retention practices at both sites to assess the degree to which the Gardens evaluates events and applies lessons learned for event improvement. Overall, we found that event documentation and information retention practices varied from site to site. The York Street team creates and uses more detailed planning and implementation documents to guide its process, such as event safety and security plans, day-of production schedules, and timelines. Chatfield creates and retains less documentation overall containing less detailed information. Chatfield maintains the majority of its documentation in hard copy, which is both inconsistent and incomplete for the same event from year to year.

We found that event documentation and information retention practices varied significantly from site to site.

Unlike York Street, Chatfield only maintains historical records of events in binders. We reviewed event binders for the Pumpkin Festival for the 2015, 2016, and 2017 events as well as the 2016 Lavender Festival. For some years, some security, staffing, and emergency contact information was retained. No ticketing or other attendance reports were included in the binders. Similarly, no documentation related to event wrap-up meetings was included in the binders reviewed. In fact, a table of contents sheet indicated the binders should contain a variety of documentation. However, most of these sections contained no documents.

Some evidence exists of an informal learning process that considers necessary changes based on prior year experience. For example, Chatfield has made changes to the 2018 Lavender Festival based on last year’s attendance. The event will now require paid admission, and Chatfield will

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26 ATMS+ is the Gardens’ ticketing and event scheduling software.
open a second parking lot and exit for traffic flow. The 2018 Santa’s Village will also feature a revised layout based on guest feedback from last year. Despite this informal process, Chatfield does not document event evaluation and does not formally track relevant data points that could inform planning in a more strategic way.


The Gardens does not have a formal risk management plan for key programs such as special events. The Public Counsel and the D.C. Bar Pro Bono Program, legal groups providing management assistance to nonprofit organizations, state that risk management is essential to a nonprofit organization’s ability to fulfill its mission. Every nonprofit organization should create a risk management plan and review it annually to ensure that assets are appropriately protected. According to risk management guidance from the COSO, a risk management plan should include the identification of all possible risks—financial, operational, strategic, and compliance—and an assessment of the likelihood, impact, and interaction of these risks, as well as the development of risk response strategies and plans to ensure that risk levels are within the organization’s risk tolerance threshold. More simply, risk tolerance is the level of risk or potential loss that management is willing to accept as the cost of doing business. Management determines the level of risk that the organization will tolerate through a comprehensive cost-benefit analysis of programs, all risks to the organization, and the organization’s risk appetite.

Because the Gardens’ management has not formally identified, assessed, or responded to program risks, the Gardens has not fully developed and aligned its safety and security program to address risks posed by its operations, including the identification of key planning, implementation, and evaluation documentation and practices that should be in place at both York Street and Chatfield locations. The Gardens also has not developed a monitoring or evaluation function for these programs that ensures consistent application of policies. Additionally, the safety and security program’s current role and practices within the organization suggest an underdeveloped program that is not appropriately prioritized. For example, special events teams at both sites are responsible for identifying the safety and security needs of each event. Although the York Street team may coordinate with its on-site permanent security staff, Chatfield does not. Two of the organizations we interviewed in our benchmarking exercise host similar events. These organizations place more responsibility for this function with their safety and security teams rather than the events teams. Additionally, management indicated that operations and security staff do not participate in developing or providing safety and security training to other Gardens’ staff outside of an annual safety meeting.

Inconsistent policies and practices regarding the Gardens’ safety, security, and public events activities present potential risks to public safety and to both the Gardens’ and the City’s reputations considering the relationship set out in the cooperative agreement. Public events at


both sites involve a high volume of guests. Total event attendance for the 2017 Blossoms of Light topped 157,000 guests over six weeks with almost 33,000 visitors in its busiest week, while Chatfield’s Pumpkin Festival reported an estimated 45,000 guests over three days. This volume of guests concentrated over event periods combined with other characteristics such as alcohol, cash, or activities geared toward children creates a heightened risk to public safety and increases the need for thorough safety, security, and event planning and oversight.

One illustrative example of the potential risk associated with public events is an alleged assault that took place at Chatfield’s Haunted Corn Maze in October 2017. According to a woman who was a guest at the event, a masked individual presenting himself as part of the event physically assaulted her. According to Gardens’ staff, event personnel handled the incident according to protocol. However, the incident still garnered unflattering press coverage. The Gardens’ lack of a formal risk management plan, its underdeveloped safety and security program, and inconsistent practices related to planning, training, staffing, and event oversight could lead to similar incidents, affecting public safety, the Gardens’ reputation, and by extension, the City’s. Such incidents can also result in legal and financial consequences for the organization, particularly given that events are a significant source of revenue. As a result, the Gardens should more fully develop its safety and security program to ensure that consistent and effective controls are in place to mitigate these potential risks.

**RECOMMENDATION 1.1**

The Gardens should develop risk management plans for key programs that are critical to its operations such as the special events program. This plan should (1) comprehensively identify program risks, (2) assess risks for likelihood, impact, and interaction, and (3) develop response strategies and policies and procedures appropriate to its risk tolerance.

**Agency Response:** Agree, Implementation Date – December 31, 2018

**RECOMMENDATION 1.2**

The Gardens should fully develop its safety and security program to ensure that it aligns with operational risks. At a minimum, this process should include (1) assessing the emergency procedures in place for York Street and Chatfield and ensuring they follow recommended Occupational Safety and Health Administration guidelines, including training, (2) reviewing the adequacy of the current number of permanent security staff at both locations and their qualifications and take action as needed, (3) developing safety and security policies and procedures for public events at York Street and Chatfield that include criteria for when to develop a safety and security plan and cash management plan, and (4) establishing a monitoring and evaluation function to ensure consistent application of safety and security policies and procedures.

**Agency Response:** Agree, Implementation Date – October 31, 2018
The Gardens Could Be Even More Proactive in Anticipating and Mitigating Impacts to the Neighborhood from Its York Street Public Events

Although the Gardens has dramatically improved its relationship with the surrounding neighborhoods in recent years, it could be more proactive in anticipating concerns to further strengthen the relationship. In 1995, the City and the Gardens amended the cooperative agreement that governs the City’s relationship with the Gardens to include the creation of a Neighborhood Advisory Committee to foster communication, cooperation, and accountability between the Gardens and citizens, in particular those residing in the surrounding neighborhoods. The advisory committee is a 23-member board with three representatives from each of the six registered neighborhood organizations that surround the Gardens’ York Street site, four mayoral trustees from the Gardens’ board of trustees, and the Gardens’ Chief Executive Officer.29 According to both Gardens’ management and committee representatives, in the past, the relationship between the Gardens and the surrounding neighborhoods has not always been positive. However, both the Gardens and committee representatives indicated that they have made great strides toward building a positive relationship over the past several years. Committee representatives speak highly of the Gardens’ current management and their responsiveness to neighborhood concerns. For example, the Gardens changed trash services due to complaints regarding the provider’s noncompliance with neighborhood quiet hours in 2015, requested changes to the architect’s plans for the new Freyer-Newman building in 2016 based on feedback from the committee, and introduced a ticket cap of 6,000 guests per evening and a ride-sharing promotion for the 2017 Blossoms of Light event in response to crowd management concerns.30 The ticket cap was further reduced midway through the event to 4,000 per evening.

While the Gardens has clearly acted in response to the committee’s requests, its approach to addressing neighborhood concerns has been reactive in response to neighbor complaints. Committee representatives indicated the relationship could be further improved if the Gardens took a more proactive role in mitigating neighborhood impacts. Our review of practices and neighborhood commitments identified two areas where the Gardens could proactively implement strategies to further strengthen its relationship with the surrounding neighborhoods. These areas include clarifying its commitments to the neighborhood and consulting with the City to ensure its sound-monitoring methodology is consistent with City rules.

We Could Not Determine Whether the Gardens Complies with Its Voluntary Agreement with the Committee on Hosting Large Events

We could not determine whether the Gardens complies with the limit on major evening events that have amplified sound. To strengthen the relationship between the Gardens and the Neighborhood Advisory Committee, the Gardens voluntarily agreed to limit the number of certain

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29 The six Registered Neighborhood Organizations include the 7th Avenue Neighborhood Association, Capitol Hill United Neighborhoods, Inc., Congress Park Neighbors Inc., the East Cheesman Neighbors Association, the Morgan’s Historic District Homeowners Association, and the Informed & Concerned Community Gardeners.

30 The Freyer-Newman Center is the Gardens new facility for Science, Art, and Education, which is partially funded by Denver’s 2017 GO Bond funds.
events, as documented in a 2008 agreement governing the hosting of large events. Since then, the events agreement has been renewed in both 2013 and 2017. While the number of limited events has remained the same—seventeen total events with no more than fourteen concerts—the agreement uses ambiguous language to define what types of events should be considered under the restriction and does not include a list of which events will be subject to the restrictions. The agreement’s terms include the following:

- 2008 language included "major events," “after 5 p.m.," with "outdoor amplified music."
- 2013 language refers to "large outdoor events" with "amplified sound."
- 2017 language cites "major events in the evening" that include "outdoor amplified music."

Additionally, none of the agreement versions require a reporting mechanism to ensure compliance or address how sound should be monitored.

**Ambiguous Terms and Gaps May Negatively Impact the Gardens’ Efforts to Reduce Neighborhood Impacts**

We identified a disconnect in how the Gardens and the Neighborhood Advisory Committee understand terms used in the agreement. Because terms are not clearly defined, we requested clarification from both parties. According to Gardens management, the only qualifying characteristic is amplified sound, defined by the Gardens as an amplified speaker on site, which results in sound escaping from the perimeter of the Gardens. Gardens staff determine whether sound can be heard during a sound check prior to the event from points on the Gardens' perimeter. If staff do not detect sound past the perimeter, the Gardens does not consider the event subject to the restriction. Conversely, according to the Neighborhood Advisory Committee’s response, these events include "those which are expected to draw a large crowd or have amplified sound." Because the agreement does not specify how events should be identified for the restriction or provide a list of applicable events, the Gardens and the committee have interpreted the restriction differently.

The title of the arrangement used by the two parties also illustrates this misunderstanding. Language in the versions of the agreement characterize the arrangement as an “agreement” and “commitment” in 2008 and a “pledge” in 2014 and 2017. Committee representatives referred to the arrangement as an agreement. However, the Gardens’ management said they view the arrangement as a voluntary pledge. Although subtle, these different terms imply different views of the relationship and arrangement. The term "agreement" would suggest a mutual, binding agreement negotiated between two parties as opposed to a “pledge,” which suggests a more one-sided, nonbinding offer from one party to another. Further, the list of which events will be or should be considered subject to this restriction are not discussed or mutually agreed upon by the Gardens and committee representatives. As noted above, the agreement does not include a reporting mechanism, and the Gardens does not share an annual list of which events will be considered in the restriction. According to committee representatives, some residents continue to question why some events are included and others are not based on impacts to the neighborhood which include traffic, large crowds, and noise. Committee members expressed interest in clarifying the agreement as well as a more formal reporting process to avoid misunderstandings and increase transparency.
The Gardens’ Method of Measuring Amplified Sound May Not be Consistent with City Rules

Our review of the Gardens’ methodology to measure sound identified practices that may not be consistent with City rules. City ordinance limits the levels of amplified sound in Denver based on property zone and time of day.31 The Department of Environmental Health’s Community Noise Program enforces this provision and determines compliance by measuring sound from the loudest point. The noise program defines the loudest point as either the residential property in closest physical proximity or with a clear line of sight to the source.

The Gardens monitors sound from amplified events using a professional sound-monitoring service and provides reports to the committee after each event. The monitoring technician records sound levels from a single location at the southwestern property line. Gardens management officials said they selected the southwestern property line because of its location in context to topography and building locations. However, concert stages are typically located in the central, eastern side of the property. Figure 5 provides the site and event layout along with the residential property locations that border the Gardens’ perimeter.

FIGURE 5. The Gardens’ Event Layout and Surrounding Residences.

According to investigators with the noise program, a single location may be appropriate to demonstrate compliance if several conditions are met. These conditions include event setup such as similar speaker location, angle, and elevation as well as a monitoring location that considers obstructions related to the nearest residential properties. However, according to the Gardens,

31 D.R.M.C. § 36.
speaker setup varies by event in terms of strength, location, and angle. Although the concerts are usually set up in a similar layout, speakers face multiple directions to accommodate an audience on all four sides of the stage.

**The Gardens’ Commitment to Monitor Sound May Be of Limited Value, Based on Event Layout and Neighborhood Changes**

Investigators with the noise program identified concerns related to the Gardens’ current monitoring location and event setup. In addition to the physical distance between the monitoring site, the event site, and the closest residential property, the Gardens’ layout and topography place earthen berms and structures between the monitoring location and the source which affect the line of sight. Investigators also noted that the multi-story and high-rise buildings to the north represent another source of potential noise complaints based on the way sound travels and the buildings’ clear line of sight to event areas. These buildings also consist of condominiums or apartments and are likely to have higher tenant turnover than the more established single-family homes that border the southern property line. In other words, the influx of new residents in these high-rise buildings could increase the risk for complaints.

The Gardens’ sound-monitoring process does not currently consider changes to the neighborhood or the full detail of event setup. Gardens management officials said they consulted with the noise program to set up the current monitoring process. However, this consultation occurred several years ago and did not involve a detailed review of event setup. Additionally, since this initial consultation, new construction and changes to events and monitoring locations have occurred. If the process does not result in an accurate measure of the impact on the closest residents that is consistent with City enforcement, the Gardens’ efforts to monitor sound may be of limited value. Although the agreement does not require the Gardens to provide the committee with a sound monitoring report, a Denver Board of Adjustment for Zoning Appeals decision from 1994 noted that concerts are a reasonable use of the York Street site, as zoned. However, the ruling said that these shows should be limited in scope, the Gardens must comply with City noise ordinances, and maintain a log of all monitoring activity to demonstrate compliance with the zoning board’s decision. However, neither the agreement nor the Board of Adjustment decision specify how sound should be monitored.

Based on the concerns identified above by noise program investigators, the Gardens should consider topography, structures, and detailed event setup plans to accurately measure sound. If one of these characteristics changes, this may affect where the loudest point is located. Based on general information we provided, noise program investigators made recommendations related to where monitoring may be most appropriate considering the current locations and types of residences. Due to the highly technical nature of this issue, the Gardens may benefit from a detailed review of event setup with noise program investigators. As event conditions and the neighborhoods around them change, the Gardens should periodically re-evaluate the most appropriate monitoring location for events. This would help ensure the reports the Gardens provide are accurate measurements and further strengthen its relationship with the community.

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32 The audit team confirmed with the Board of Adjustment for Zoning Appeals that this decision would still be considered in effect as no other cases were filed or decided after this date regarding concerts and noise levels.
The Gardens Does Not Keep Complete and Accurate Records on Its Volunteers, Including Background Checks

As noted above, volunteers contribute significantly to the operations of the Gardens. In fact, the Gardens has the highest number of volunteers and the lowest number of full-time staff compared to other Denver area cultural institutions. As a result, we reviewed the Gardens’ policies and practices related to volunteer management, including its documentation practices and compliance with key volunteer policies, such as background checks, membership, and fee requirements. Our review identified several areas where the Gardens could improve its documentation practices for its volunteer program. First, the Gardens’ volunteer management system currently does not contain complete and accurate information. Second, the Gardens is unable to demonstrate it has conducted background checks for all ongoing volunteers. Finally, the Gardens could not provide evidence that it consistently enforced volunteer requirements related to membership and the payment of volunteer fees. By not enforcing these policies correctly, the Gardens may not be able to ensure compliance with its own policies or ensure that volunteer and patron needs are being properly met.

The Gardens’ Volunteer Management System Currently Does Not Contain Complete and Accurate Information

The Gardens’ volunteer management system, Volgistics, is a web-based system that allows users to document and track all aspects of a volunteer’s application and service. For example, the
Gardens documents key steps in the application process such as completion of background checks and membership purchase in Volgistics. Once accepted as a volunteer, Volgistics also allows program staff to document notes on volunteer preferences and performance and manage volunteer placement and assignment throughout the organization. Volunteers also use Volgistics to log service hours and sign up for volunteer opportunities. However, the data that is currently stored in the system is incomplete and inaccurate in some cases. Gardens’ personnel currently mark certain fields in Volgistics to indicate that program requirements, such as background checks or memberships, are adhered to.

We conducted data reliability tests using analytic procedures on the entire data set to identify incomplete records and records with unexpected or unusual entries for key fields. This review identified a number of discrepancies related to the completeness and accuracy of records. We reviewed these reliability issues with the Gardens’ staff and determined that Volgistics lacks system controls to ensure the completeness of records. According to the Gardens’ staff, the issues we identified result from this lack of controls, inconsistent user practice, and changes in policy or policy implementation practices. We also sampled volunteer records to conduct additional testing for accuracy of key fields by tracing the data back to source documents or systems of record. We examined system information for a statistical sample of 102 ongoing volunteers and found that the Gardens could not provide support to verify that key fields in system records were accurate. For example, we could not verify that background checks were completed for 8 percent of our sample. Further, the system was incorrect regarding volunteers’ payment of the membership fee for 18 percent of our sample, and we found that an additional 22 percent of volunteers had expired memberships. The accuracy of this data is important, as the Gardens uses these data points and others, such as certain training requirements, when assigning tasks.

According to Standards for Internal Control in the Federal Government, also known as the federal “Green Book,” management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives. More specifically, it highlights the importance of documenting the internal control systems to make sure these needs are met. Further, the Green Book says management should use quality information to achieve the entity’s objectives.

We found that the cause of the issues we identified is that the Gardens lacks formalized procedures for entering data into Volgistics related to volunteer requirements even though it uses these fields to indicate compliance with volunteer requirements and to make volunteer

33 Volgistics is a third-party volunteer support software that helps organizations manage volunteers through the entire volunteer cycle from the online application form to the calculation of awards. Web-based systems can be accessed anywhere there is an internet connection. Volgistics encrypts information as it travels across the Internet. https://www.volgistics.com/.


35 Appendix B of the report contains detailed sampling methodologies.

assignments. Additionally, the Gardens lacks a formal review process over the data within Volgistics to ensure accuracy.

The impact of this lack of complete and accurate information in Volgistics is that the Gardens may be using inaccurate data to assign volunteers to jobs with inherently higher risk, such as those involving children or cash handling. Additionally, the Gardens may not be able to track and ensure compliance with volunteer requirements related to background checks, maintaining an active membership, or the payment of volunteer fees.

**RECOMMENDATION 1.5**

The Gardens should develop and implement procedures that outline how volunteer services personnel should document compliance with volunteer requirements within its systems of record. The procedures should include measures to ensure accuracy of information in Volgistics as well as a process for periodic review of the accuracy of the data.

*Agency Response: Agree, Implementation Date – October 31, 2018*

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**The Gardens Cannot Prove It Conducted Background Checks for All Ongoing Volunteers**

We found that the Gardens’ current policies for vetting certain volunteers are consistent with other public gardens and Denver cultural institutions in that they require a background check for, at minimum, ongoing volunteers. However, the Gardens could not provide documentation to verify background checks were consistently completed as required by the Gardens’ policies. Additionally, the Gardens has no vetting process in place for special event volunteers.

Beginning in 2014, the Gardens began requiring that all ongoing volunteers submit to and pass a criminal record and National Sex Offender Public Registry check conducted by its vendor, Choice Screening.\(^{37}\) In accordance with the Gardens’ policies, volunteer personnel consider volunteer candidates for placement if the background checks indicate the individual has no criminal record and is not listed on the sex offender registry. However, the Gardens considers candidates on a case-by-case basis if their record contains evidence of specific felonies—so long as their offenses did not involve harm to people or animals.\(^{38}\) Volunteer staff indicated these decisions may or may not be documented in Volgistics. Previously, the Gardens only required background checks for ongoing volunteers who intended to work with children. Volunteers who were active before the implementation of the new requirement were grandfathered in and were not subject to a background check.

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\(^{37}\) Choice Screening is a third-party organization that provides background screening services. [https://www.choicescreening.com/](https://www.choicescreening.com/).

\(^{38}\) Those who have committed Class 1, 2, or 3 felonies may be allowed to volunteer. According to state law, Class 1 felonies are punishable by life imprisonment or the death penalty. Class 2 felonies are punishable by eight to 24 years in prison and a fine of $5,000 to $1,000,000. Class 3 felonies can result in a state prison sentence of four to twelve years and a fine of $3,000 to $750,000, accessed May 4, 2018. C.R.S. 18-1.3-401.
To test the Gardens’ adherence to this background check requirement, we reviewed a random sample of 102 ongoing volunteers subject to the background check requirement. We found that the Gardens could not provide documentation to prove that a background check was completed for nine ongoing volunteers (8 percent). Additionally, we found that 29 volunteers (28 percent) of the 102 volunteers had a background check result that required further scrutiny and approval. Of these, 28 volunteers (97 percent) did not have evidence of a review or approval of the background check results within Volgistics. The Gardens’ policies do not state how or where to retain in-house documentation to authenticate the results of each background check. By not requiring retention of background check results, the Gardens may be vulnerable to organizational or reputational risk should a situation occur involving a volunteer and the Gardens cannot prove a background check was successfully passed. Further, although the Gardens has policies requiring background checks for specific volunteers and procedures for how to complete a background check through Choice Screening, its background check service provider, it has not developed policies that outline the process for reviewing and approving volunteers whose background check results require further consideration. Without evidence of a deliberative process, the Gardens creates a risk of diminishing their accountability and transparency related to decision-making and volunteer acceptance.

In addition to the weaknesses identified above related to background checks for ongoing volunteers, the Gardens does not vet special event volunteers. As noted above, special event volunteers play an increasingly prominent role in the organization, including in high-risk areas such as cash-handling. We observed the 2018 Spring Plant Sale and noted that most of the cashiers were identified as special event volunteers. Based on this observation, we reviewed the Gardens’ Volgistics database to determine whether the Gardens typically used special event volunteers for cash-handling roles during our scope. Our review of volunteer service hours indicated that special event volunteers typically logged the majority of cash-handling hours for each year in our scope. As illustrated below in Figure 6, the Gardens has generally used special event volunteers, instead of ongoing volunteers, for more than half of the hours associated with cash-handling roles, ranging from a high of 56 percent in 2016 to a low of 48 percent in 2015.

Source: Auditor’s analysis using volunteer service data provided by the Gardens.

Although vetting practices differ for special event volunteers, other Denver cultural institutions limit the role these volunteers play in their organization. We found that other similar organizations’ practices related to vetting special event volunteers are mixed. Of the six public gardens and Denver cultural institutions we surveyed, half require a background check for any volunteer, regardless of role or length of service. While some public gardens and Denver cultural institutions may use unvetted volunteers, their roles are more limited. For example, five of the six institutions we surveyed do not allow volunteers to handle cash. The Gardens’ volunteer policies do not address the use of special event volunteers or prohibited roles for volunteers generally.

The Gardens has not developed a formal risk management plan for key programs, including its management of volunteers. The Public Counsel and the D.C. Bar Pro Bono Program, legal groups providing management assistance to nonprofit organizations, state that risk management is essential to a nonprofit organization’s ability to fulfill its mission.39 Every nonprofit organization should create a risk management plan and review it annually to ensure that assets are appropriately protected. According to risk management guidance from COSO, a risk management plan should include the identification of all possible risks—financial, operational, strategic, and compliance—and an assessment of the likelihood, impact, and interaction of these risks, as well as the development of risk response strategies and plans to ensure that risk levels are within the organization’s risk tolerance threshold.40 Due to its lack of a risk management plan, the Gardens may be exposing the organization to unnecessary risks through gaps in its volunteer management policies and practices. Specifically, these gaps could include the background

check process for ongoing volunteers, the lack of vetting for special event volunteers, and certain roles and responsibilities assigned to volunteers. A formal risk management plan would assess the interaction of these risks and their combined potential impact. In turn, this assessment would allow the Gardens to ensure its volunteer management practices include reasonable strategies and responses to operate within the organization’s risk tolerance limits.

RECOMMENDATION 1.6

The Gardens should strengthen its current background check policy to ensure it includes the process for reviewing and approving volunteer background check results and requires retention of documentation, outside of Choice Screening, to demonstrate background checks were completed as required by policy.

Agency Response: Agree, Implementation Date – December 31, 2018

RECOMMENDATION 1.7

The Gardens should develop a risk management plan for programs critical to its operations, such as the management of ongoing and special event volunteers. This plan should (1) comprehensively identify program risks, (2) assess risks for likelihood, impact, and interaction, and (3) develop response strategies and policies and procedures appropriate to its risk tolerance.

Agency Response: Agree, Implementation Date – December 31, 2018

The Gardens Could Not Show It Consistently Enforces Its Policy That Volunteers Be Members and Pay Volunteer Fees

We found that the Gardens could not provide evidence to show it consistently enforces policies requiring volunteers to purchase and maintain a membership or that volunteers had paid an initial $50 fee. The Gardens implemented an annual membership requirement in January 2016 for all new ongoing volunteers. Active ongoing volunteers prior to this date were not required to purchase a membership. According to the Gardens, this membership requirement was created to improve volunteer engagement and general understanding of the Gardens. Volunteers can purchase a membership at any level but the baseline cost for an individual membership currently starts at $55 per year. Volunteer personnel noted that many returning volunteers renew their membership during one of two annual volunteer training events because the Gardens offers membership discounts during that time. These training events are not required for all volunteers, but many returning volunteers attend because they are aware that discounts are available. Out of the 102 ongoing volunteers included in our sample, we identified 62 who were not required to purchase and maintain a membership because they began prior to the implementation date in 2016. Of the remaining 40 ongoing volunteers subject to the membership requirement, we found that 10 (25 percent) did not have evidence of a membership. Because the Gardens does not have a formal, documented process for how to
ensure and document compliance, our testing results show that the Gardens cannot provide assurance it is enforcing its membership policy for ongoing volunteers.

The Gardens began requiring that ongoing volunteers pay an additional $25 fee in 2014 to cover the cost of a volunteer shirt, name tags, general orientation, and training. The Gardens increased this fee to $50 in 2017. In the event a candidate is unable to pay the volunteer fee, the Gardens offers a scholarship to waive the fee requirement. The Gardens does not currently have a formal process for documenting whether an ongoing volunteer has paid the required volunteer fee besides a handwritten note on the background check consent form, which is subsequently shredded. Additionally, the Gardens has not established criteria for when it will award a scholarship; in fact, volunteer staff have indicated they have never declined a request for a scholarship. All 102 ongoing volunteers in the original sample were subject to the volunteer fee requirement. Of the 102 volunteers included in our sample, we found that the Gardens had no evidence to show that 78 volunteers (76 percent) paid a volunteer fee. It was unclear whether the remaining 24 volunteers (24 percent) had paid a fee. Volunteer personnel provided documentation for these volunteers that showed evidence of monetary transactions, but it is unclear what these transactions were for. Because the Gardens does not have a formal process when documenting fee-related requirements, it cannot ensure compliance with its own policy. Additionally, the Gardens does not have established criteria for eligibility for the awarding of the scholarship to potentially offset this requirement, and it has not developed procedures to indicate and track which volunteer candidates have received scholarships.

One of the core values of the Gardens is diversity. Gardens leadership stated that they are analyzing their approach to volunteer recruitment to remove any barriers and to increase diversity. Currently, the Gardens’ volunteer base primarily identifies as white (61 percent), as female (67 percent), and the average reported age for ongoing volunteers is 53.4 years. However, in an effort to further diversify its volunteer base, the Gardens has recently raised money to provide free transportation and admission for clients of specific community organizations, such as refugee centers. The Gardens has also attempted to target specific audiences with cultural events that would appeal to them, such as a Day of the Dead festival hosted in partnership with the Mexican Consulate.

The Gardens’ practice of offering scholarships for the volunteer fee without established criteria for when to do so and inconsistently enforcing membership requirements may be limiting people from certain demographics from even applying. By advertising volunteer requirements that are not consistently enforced, volunteers from certain demographics may be dissuaded from applying, which could directly impact the Gardens’ efforts to attract a more diverse pool of volunteers.

Currently, the Gardens’ volunteer base is 61 percent white and 67 percent female, with an average age of 53.4 years for ongoing volunteers.
RECOMMENDATION 1.8

The Gardens should evaluate the importance of requiring an active membership and a volunteer fee for ongoing volunteers. If the Gardens determines these are critical elements, it should develop policies and procedures to ensure the requirements are consistently implemented. At a minimum, these policies should include its method of documenting compliance and developing criteria for awarding a scholarship and documenting this decision.

Agency Response: Agree, Implementation Date – December 31, 2018

RECOMMENDATION 1.9

After establishing criteria for awarding a scholarship, the Gardens should advertise this information on its website alongside the volunteer program requirements to prevent potential limitations in the diversity of its volunteer pool.

Agency Response: Agree, Implementation Date – December 31, 2018
RECOMMENDATIONS

We make the following recommendations to the Gardens to strengthen their policies and practices regarding public events and volunteer management:

1.1 **Develop a Risk Management Plan for Special Events**—The Gardens should develop risk management plans for key programs that are critical to its operations such as the special events program. This plan should (1) comprehensively identify program risks, (2) assess risks for likelihood, impact, and interaction, and (3) develop response strategies and policies and procedures appropriate to its risk tolerance.

**Auditee Response:** Agree, Implementation Date – December 31, 2018

**Auditee Narrative:** Our insurance providers regularly tour facilities at York Street and Chatfield Farms to assess risk and make recommendations for safety improvements, most recently in October 2017. In addition, during our annual coverage renewals we discuss new events and features and, when necessary, revise our policies to accommodate. Examples include liability coverage for attractions at Chatfield, crop insurance for the corn maze and pumpkin patch, and coverage for volunteer injuries. A comprehensive risk management plan is the next logical step.

1.2 **Fully Develop and Align Safety and Security Program**—The Gardens should fully develop its safety and security program to ensure that it aligns with operational risks. At a minimum, this process should include (1) assessing the emergency procedures in place for York Street and Chatfield and ensuring they follow recommended Occupational Safety and Health Administration guidelines, including training, (2) reviewing the adequacy of the current number of permanent security staff at both locations and their qualifications and take action as needed, (3) developing safety and security policies and procedures for public events at York Street and Chatfield that include criteria for when to develop a safety and security plan and cash management plan, and (4) establishing a monitoring and evaluation function to ensure consistent application of safety and security policies and procedures.

**Auditee Response:** Agree, Implementation Date – October 31, 2018

**Auditee Narrative:** Comprehensive security programs exist for daily operations and most special events and we will undertake a thorough review and implementation of improvements related to planning, staffing, testing and evaluation. Documented policies, evaluation procedures and training schedule will be provided.

1.3 **Clarify Terms in Commitments to the Neighborhood Advisory Committee**—The Gardens should work with the Neighborhood Advisory Committee to revise the large event agreement, or formally document clarification on the agreement. These revisions should specify which events are subject to the agreement, include a reporting mechanism that will enable the Neighborhood Advisory Committee to measure compliance, and provide guidance for how the Gardens should measure sound and event size.

**Auditee Response:** Agree, Implementation Date – December 31, 2018
Auditee Narrative: This was already discussed with the Neighborhood Advisory Committee and will be negotiated at an upcoming meeting.

1.4 **Consult with the City to Ensure Consistent Methodology for Sound Monitoring**—The Gardens should consult with the City’s Department of Environmental Health’s Community Noise Program to ensure its method for measuring sound is consistent with City practices and appropriately accounts for event setup such as the number of speakers and speaker angle, elevation, and location. The Gardens should consider periodically reassessing its method for measuring sound and consider including this consultation and resulting methodology in its reports to the Neighborhood Advisory Committee to promote transparency and demonstrate compliance with the City’s noise ordinances.

**Auditee Response: Agree, Implementation Date – September 30, 2018**

Auditee Narrative: The entire sound management process was designed with guidance by Environmental Health and local law enforcement resulting in a dramatic drop in noise complaints. The Gardens will consult again with Environmental Health and update procedures as necessary.

1.5 **Develop Documentation Procedures for Volunteer Management**—The Gardens should develop and implement procedures that outline how volunteer services personnel should document compliance with volunteer requirements within its systems of record. The procedures should include measures to ensure accuracy of information in Volgistics as well as a process for periodic review of the accuracy of the data.

**Auditee Response: Agree, Implementation Date – October 31, 2018**

Auditee Narrative: These changes are underway.

1.6 **Strengthen Background Check Policies**—The Gardens should strengthen its current background check policy to ensure it includes the process for reviewing and approving volunteer background check results and requires retention of documentation, outside of Choice Screening, to demonstrate background checks were completed as required by policy.

**Auditee Response: Agree, Implementation Date – December 31, 2018**

Auditee Narrative: A complete review of the policy and procedures is underway and improvement options are under discussion.

1.7 **Develop Risk Management Plan for Volunteer Management**—The Gardens should develop a risk management plan for programs critical to its operations, such as the management of ongoing and special event volunteers. This plan should (1) comprehensively identify program risks, (2) assess risks for likelihood, impact, and interaction, and (3) develop response strategies and policies and procedures appropriate to its risk tolerance.

**Auditee Response: Agree, Implementation Date – December 31, 2018**

Auditee Narrative: This will be incorporated into a full risk assessment referred to in 1.1.
1.8 **Evaluate the Importance of Current Volunteer Policies**—The Gardens should evaluate the importance of requiring an active membership and a volunteer fee for ongoing volunteers. If the Gardens determines these are critical elements, it should develop policies and procedures to ensure the requirements are consistently implemented. At a minimum, these policies should include its method of documenting compliance and developing criteria for awarding a scholarship and documenting this decision.

**Auditee Response: Agree, Implementation Date – December 31, 2018**

Auditee Narrative: Volunteers are critical to the Gardens and are appreciated deeply. We are conducting a full evaluation of policy changes and potential impacts on recruitment and the budget.

1.9 **Advertise Volunteer Scholarship**—After establishing criteria for awarding a scholarship, the Gardens should advertise this information on its website alongside the volunteer program requirements to prevent potential limitations in the diversity of its volunteer pool.

**Auditee Response: Agree, Implementation Date – December 31, 2018**

Auditee Narrative: This will be adjusted and related to changes resulting from 1.8.
FINDING 2

The Denver Botanic Gardens Lacks Critical Safeguards over Information Systems, Segregation of Duties, and Physical Access to Restricted Areas

Properly designed and implemented internal controls give assurance that an organization’s processes are providing the results required to meet the organization’s goals. We found that the Gardens’ IT controls, which help to ensure data is complete and accurate, are inadequate. Second, there is insufficient segregation of IT and business process duties. Third, we identified inadequate controls over physical access to some restricted areas at the Gardens, particularly regarding the distribution and management of door keys. These deficiencies create physical and logical security gaps that could result in the loss of physical or digital assets.

Basic Controls over Information Systems at the Gardens Are Lacking, Leading to Potentially Unauthorized Activities

In assessing whether the Gardens has an effective and efficient IT control environment, we identified three areas where the Gardens could benefit from better controls over its information systems. First, the Gardens has not adopted an overall IT control framework. As an example, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework’s Principle 11 identifies the need for proper control design over information systems. The framework provides the building blocks for how an organization should be structured and enables the successful remediation of all IT issues. For more information on the COSO framework, please refer to Appendix A. Additionally, the National Institute of Standards and Technology provides a list of IT controls to follow in a government environment. Upon inspection, we found no such policies and procedures for key IT controls at the Gardens. Also, servers that process all data at the Gardens may not be protected from a physical or environmental perspective. Lastly, there is no business continuity or disaster recovery plan in place to protect the Gardens’ data.

The Gardens Lacks an Overall IT Control Framework That Would Protect the Integrity of Data

The Gardens does not maintain any formal policies and procedures for key IT controls. Key IT controls that are properly monitored ensure that the organization’s data is complete and accurate, promote transparency, and prevent unauthorized transactions from occurring. Specifically, we found the Gardens has no policies and procedures over the following IT control areas:

- Access Control — Authorizing who can electronically access systems

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41 COSO is a voluntary private-sector effort focused on improving organizational performance and governance through effective internal control, enterprise risk management, and fraud deterrence.
• Vendor Management — Analyzing and controlling risks to an organization, its data, operations, and finances by external parties

• Configuration Management — Updating software and hardware with best practices or aligning with the organization’s needs

• Data Backup — Duplicating or backing up data files, programs, and documents with off-site storage

• Incident Management — Monitoring moves, additions, and changes to the network’s hardware infrastructure and returning services to normal as quickly as possible after an incident or breach

The National Institute of Standards and Technology recommends that organizations should develop, document, and disseminate IT control policies for certain critical functions and business processes, such as granting user access to systems and establishing an incident management program, to name a few. See Appendix C for a full list of these critical controls. Policies provide the overall structure for the specific actions and functions that need to occur. Procedures document the detailed steps needed to implement the policies. A lack of policies and procedures for IT controls could jeopardize the confidentiality, integrity, and availability of the entire organization’s information systems and data because there is no consistency in how critical functions are performed.

Without a policy in place over user access, the Gardens is not giving guidance for setting up user accounts. This could lead to unauthorized individuals, including the Gardens’ staff or volunteers, gaining access to critical data. Further, a lack of documented policies and controls for vendor access could allow unauthorized third-party users to gain access through an external environment, potentially jeopardizing sensitive data related to finances, collections, and volunteer or donor information. The Gardens has several vendors interacting with their environment, who at times have remote access to the Gardens’ network through accounts with elevated permissions.

Finally, a lack of configuration management, data backup, and incident management policies and procedures could prevent the Gardens’ critical systems from functioning properly. For example, a software installation or update configuration failure could impact the functionality of the Gardens’ systems related to collections management or volunteer information. With effective operational and incident management processes, these types of situations may be avoided.

**RECOMMENDATION 2.1**

The Gardens should work with a qualified third-party to adopt an IT control framework, such as the one outlined by the National Institute of Standards and Technology, and develop and implement IT control policies in compliance with the adopted framework to address the five control areas outlined above, as soon as possible.

*Agency Response: Agree, Implementation Date – December 31, 2018*
Critical IT Infrastructure is Not Properly Protected Physically or Environmentally

We identified three locations at the Gardens that contain sensitive IT equipment without adequate physical security or environmental protection. This includes networking and routing equipment, as well as the servers that process all electronic data. Safeguards over the equipment were not in place because the Gardens has not considered the risks associated with these locations. Although the Gardens has some processes in place to run its general operations, management was unaware of best practices for IT-related business processes.

Regarding physical access to the Gardens’ IT infrastructure, we found the Gardens uses electronic keys known as “key fobs” to control and secure access to critical IT equipment in one of their server rooms. Employees access these areas by scanning their key fob, which unlocks the door and provides alerts when these areas are accessed. However, we determined personnel are not monitoring these alerts to track who accesses the IT equipment. This creates a security gap, as monitoring provides assurance that only authorized individuals are accessing the sensitive IT equipment. If unauthorized individuals can gain access to the infrastructure, critical data and operations could be compromised. In addition, monitoring these areas also helps to prevent authorized individuals from engaging in unauthorized activities.

Additionally, one server room is accessed using a conventional door key, not an electronic key fob. Furthermore, when we inspected this server room, the door was unlocked and could have been accessed by unauthorized individuals. Both concerns—unlocked doors and inadequate monitoring of key fob usage—leave the Gardens’ critical IT infrastructure and data potentially vulnerable to damage or unauthorized access.

Environmental controls are designed to make sure that the location where IT hardware is stored is kept cool, dry, and supplied with the appropriate power. These controls are essential to server room operations because of the sensitivity and high cost of the critical IT infrastructure. They help ensure that the physical environment of the IT infrastructure can support the IT equipment for as long as it is useful to the organization. When evaluating these controls, we found air conditioners present in each room to counteract the heat generated by the IT equipment. However, the Gardens currently has no method to mitigate humidity generated by these systems, as well as inadequate fire suppression devices. Moreover, the current location of the main server room and the lack of a raised floor for the IT equipment exposes it to the risk of water damage should flooding occur.

The National Institute of Standards and Technology has extensive guidance on the steps necessary to ensure physical and environmental protection of sensitive IT equipment, such as where to locate the IT infrastructure and how to install environmental monitoring devices in rooms that contain sensitive IT equipment. If environmental protections are not used in areas with sensitive IT equipment, the IT equipment and data may be damaged or lost.
The Gardens Is Not Prepared to Continue Operations in the Event of a Disaster

In our review of the Gardens’ readiness for recovery and restoration of operations in the event of an emergency or extended loss of service, we found that it does not have a current business continuity or disaster recovery plan for the York Street and Chatfield locations, nor does it have a policy to govern the principles of the plan. Business continuity and disaster recovery plans help organizations prepare for unexpected circumstances, such as natural disasters or power outages. Business continuity planning involves a systematic process to determine and evaluate the potential effects of an interruption to critical business operations because of a disaster, accident, or emergency. Once the effects have been identified, a detailed analysis should be developed that outlines how an organization plans to restore operations as quickly as possible. Typically, business continuity planning is performed at a managerial level and does not directly involve staff. Specifically, businesses continuity addresses how an organization can prepare for a disaster or interruption in operations, while a disaster recovery plan is utilized once that interruption has occurred. If a disaster occurs, organizations will turn to the disaster recovery plan to identify the most critical actions for all employees to execute so that operations can be restored as soon as possible.

The importance of business continuity and disaster recovery planning cannot be overstated. At one location, the Gardens’ staff store backup tapes across the street from the servers they back up. Backup tapes provide a snapshot of all the data captured by a business over a certain period and are critical to restore data in the event of a disaster. However, if a natural disaster occurred, the close proximity of the servers and backup tapes could leave them vulnerable to the same damage, leaving no means to restore data. Further, in the event of a technical failure, such as a power outage, the Gardens would be dependent upon the restoration of the local power grid to ensure timely restoration of its data and services.

We found that the Gardens has an outdated business continuity and disaster recovery plan that does not cover the numerous changes that have occurred to the Gardens’ IT environment over the last six years. According to the National Institute of Standards and Technology, continuity planning is an essential activity that cannot be ignored when safeguarding IT assets, data, and information systems. If steps are not taken to improve continuity planning at the Gardens, in the event of a disaster, the Gardens may not be able to restore its operations and data in a timely fashion.

Business continuity and disaster recovery planning is critical for more than just protecting an organization’s systems and information should a natural disaster occur. Though natural disasters receive much attention for causing system outages, it is hardware and software failures along with human error that more commonly lead to downtime. In fact, hardware failures alone make up more than half of all disasters for small to mid-sized businesses in America, according to the Quorum Disaster Recovery Report.44

RECOMMENDATION 2.4

The Gardens should adopt an IT control framework, such as the one outlined by the National Institute of Standards and Technology, and develop and implement IT control policies in compliance with the adopted framework to address continuity planning. The policy should include the frequency for plan review and the approval process.

Agency Response: Agree, Implementation Date – December 31, 2018

RECOMMENDATION 2.5

The Gardens should implement a business continuity and disaster recovery plan for its information systems, data, and relevant personnel as soon as possible.

Agency Response: Agree, Implementation Date – December 31, 2018

The Denver Botanic Gardens Lacks Segregation of Duties in Key Areas

One of the key controls to have in place from both an IT and business process perspective is segregation of duties. As applied to critical business processes, segregation of duties consists of ensuring that individuals share responsibilities in key processes—such as data input, review, and approval—preventing any one individual from having too much power in the system. In this way, segregation of duties aims to prevent fraud and errors in the data. When we assessed the Gardens’ segregation of duties controls, we identified deficiencies related to both IT and business processes.

**Provisioning Users to IT Systems**—IT is responsible for granting, or “provisioning,” new users’ access to the Gardens’ network; however, access to department-specific information systems is granted by each system’s administrator as opposed to IT personnel. The IT department staff have the necessary expertise regarding information systems, but they are separate enough from the business processes to be removed from potential fraud scenarios. For example, the information system that processes and holds data for the Gardens’ finances, Financial Edge, has an administrator who can perform all functions in the application. This means that the administrator could set up a new, potentially fake, user in the system and make illegitimate transactions on the fake user’s behalf. If periodic role reviews were performed by an independent department, it would help provide assurance that users did not have too much authority relative to their job functions. The National Institute of Standards and Technology’s IT control framework requires that users have only the access needed to perform their job duties, including the need for proper segregation of duties as it relates to access controls. Without proper segregation of duties, it is possible for transactions to be improperly approved. Regardless of position, if any one employee is given too much authority over financial data, the risk for that individual to defraud the organization may increase because of a lack of accountability over transactions.

**RECOMMENDATION 2.7**

The Gardens should develop and implement policies and procedures that address segregation of duties from a user provisioning perspective as soon as possible.

*Agency Response: Agree, Implementation Date – December 31, 2018*
IT Department Management Lacks Technical Expertise

The underlying cause for the two overarching risk areas we identified—a lack of basic IT controls and deficient segregation of duties—stems from a lack of technical expertise by those who lead the Gardens’ IT department. In fact, management was unaware of the control requirements needed for segregation of duties from an IT perspective.

The ability to effectively manage IT in an organization relates to more than just control implementation and compliance checks. Due to the rapid expansion of technology in businesses of varying sizes, whether in the public or private sector, emphasis should be placed on leadership’s ability to quickly recognize trends in the industry and dedicate the time to managing information technology thoroughly.

Due to the continued growth of the Gardens, rapid expansion of technological implementations in business, and lack of IT expertise at the leadership level, the Gardens was unable to nurture IT into becoming an independent and functional unit. Without strong governance controls in place, the Gardens cannot align IT with the rest of its operations.

Business Process Controls Need to Be Strengthened to Ensure Accountability Over Financial Transactions

Due to the control weakness we identified associated with administrator rights in Financial Edge, we assessed the business process control environment to identify if similar segregation of duties issues existed. To accomplish this, we conducted a review of select Gardens policies and procedures related to the input and authorization of financial data into Financial Edge. In addition to the issues related to segregation of duties, we identified other internal control issues for input and authorization of some transactions.

Examples of segregation of duties and other internal control concerns include the following:

- One individual adds vendor information to the financial system and is also able to enter a contract or purchase order, and sign payment checks to the vendor.
- One person prepares a manual journal entry and also records the entry in the financial system.

Gardens staff demonstrated an awareness of the need for the segregation of duties and made efforts to implement some mitigating controls, when necessary. For example, a finance official reported that manual journal entries are visibly accessible to all the financial staff who can make changes. However, this is not a mitigating control because questionable items can still be intentionally or inadvertently overlooked. Specifically, we found that the Gardens has not conducted a comprehensive review of staff responsibilities with incompatible duties. We identified potential risks associated with this gap in the Gardens’ business process controls related to the addition of new vendors to Financial Edge as well as manual journal entries.

Adding New Vendors—It is important that all new vendors added to Financial Edge are approved and that vendor information is input accurately to minimize the risk of fraudulent payments to fictitious vendors. Vendors include any entity that conducts business with the Gardens such as...
contractors, suppliers, and service providers. Basic vendor information that should be logged in Financial Edge includes vendor name, address, and payment terms. Multiple Gardens personnel, including staff accountants, the Controller, the Chief Financial Officer (CFO), and the Associate Director of Finance, can add a new vendor to Financial Edge. Although a staff accountant or his or her backup are reportedly the primary persons responsible for adding a vendor in Financial Edge, the CFO and Associate Director of Finance have IT administrative access to Financial Edge; thus, both are able to add new vendors to the system. Complicating matters further, the CFO also has other responsibilities such as approval authority for contracts under $10,000 and check-signing authority for payments under $10,000. These duties are incompatible with adding new vendors to the system because they could allow the CFO to both establish a fictitious vendor and approve payments to this vendor. A finance official stated that some mitigating controls are in place over adding new vendors to Financial Edge. For example, a mitigating control includes periodic review of new vendor additions by the CFO and the accounting staff person that inputs new vendor additions. Another reported control is that the Controller and Associate Director of Finance also review weekly reports of new vendor additions. However, both can also add a vendor to the financial system. Therefore, these mitigating controls may be insufficient because the reviewers can both input new vendors as well as authorize other financial transactions such as signing some contracts and payment checks. Lastly, the Gardens does not have a formal process in place for documenting what to review, or that the review was completed.

**Journal Entries**—Journal entries are used to record standard monthly or recurring entries such as payroll, insurance, or depreciation expenses. These are usually automated and are part of a financial system’s internal control mechanisms. Manual journal entries are used to record atypical transactions such as a one-time purchase or an adjusting or correcting entry. These are usually prepared by one individual and separately approved by a different individual. Manual journal entries are used by many organizations, particularly at nonprofits such as the Gardens, because a variety of financial systems are used that often do not have automated interfaces to transfer and record data. For example, manual journal entries are commonly used to track investment income on endowments as well as to record accruals. However, the use of manual journal entries without any separate review and approval requirement can create the potential for asset misappropriation and financial statement fraud.

The Gardens’ Controller, the Associate Director of Finance, and the CFO have full access to post manual journal entries to the financial system. However, the Gardens does not have a formal review and approval process for these journal entries, which represents a significant control risk. One finance official reported that some of their regular accounting activities such as reconciliations of bank statements and balance sheet accounts may identify unusual transactions related to these manual journal entries. In addition, these journal entries are accessible for review by all involved parties. However, these measures are insufficient as mitigating controls because they do not ensure that inappropriate transactions will be identified, documented, and corrected.

The Federal Information Systems Controls Manual provides guidance on information system controls. This manual notes that it is necessary to ensure that some functions, such as data entry

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and verification of data or supervisory authorization and the setup and maintenance of the master vendor data record, should not be performed by a single individual in order to deter fraudulent activity. The first step in determining if duties are appropriately segregated is to analyze the entity’s operations to identify staff with duties or responsibilities that are incompatible with each other. This review should also include volunteers and temporary staff that have access to Gardens assets such as plants and cash or any of its IT business systems. However, the Gardens has not conducted this review to date. This type of segregation of duties assessment can help facilitate the identification of high risk activities. This is followed by assigning duties to different work units or individuals, documenting the measures in policies and procedures, and then continually monitoring, supervising, and reviewing processes. In addition, the Standards for Internal Control in the Federal Government, commonly referred to as the “Green Book,” acknowledges that while smaller entities face greater challenges in segregating duties because of the concentration of responsibilities and authorities in the organizational structure, management can take mitigating measures through its internal control system by adding additional levels of review for key activities such as independent checks of supervisor reconciliations. Therefore, maintaining a system of effective internal controls includes the segregation of duties to ensure that work responsibilities, as well as access to financial systems, prohibit any one individual from having too much control over any activity or transaction.

RECOMMENDATION 2.8

The Gardens should (1) conduct a comprehensive evaluation of internal controls including a segregation of duties assessment to identify incompatible work responsibilities of all staff and volunteers and (2) develop and document compensating or other controls to minimize risks that result from the identified incompatible work responsibilities. These controls should include measurable criteria and documentation requirements and periodic monitoring by management.

Agency Response: Agree, Implementation Date – December 31, 2018

Controls to Safeguard Physical Access to Restricted Areas Are Insufficient

We determined that the Gardens does not have a process in place to manage door key distribution for its restricted areas. Upon hire, some employees are provided with a key to access certain restricted areas such as the shipping dock and other “employees only” spaces throughout the Gardens. However, we found that this key distribution process is not consistent, with employees in the same role being granted different keys. Additionally, when employees transfer departments, their keys are not generally returned to a central repository. The National Institute of Standards and Technology discusses the importance of controls around physical access to restricted areas. Specifically, it identifies the need for the appropriate management and monitoring of physical key distribution such as maintaining complete and accurate documentation of personnel and the physical keys assigned to them.

Insufficient policies and processes, along with a lack of communication over appropriate door key controls, including access management, led to these physical access control issues. If physical access is not properly managed and monitored, there is a likelihood of unauthorized entry to the Gardens’ restricted areas. This could, in turn, increase the vulnerability of the Gardens’ physical assets and data.

**RECOMMENDATION 2.9**

The Gardens Operations and IT departments should work together to identify the department and positions responsible for door key distribution, management, and access.

*Agency Response: Agree, Implementation Date – July 31, 2018*

**RECOMMENDATION 2.10**

After implementation of recommendation 2.9, the responsible department should document and implement appropriate internal controls based on a nationally recognized standard, such as the National Institute of Standards and Technology’s 800-53 standard, to ensure that the data and infrastructure are properly protected.

*Agency Response: Agree, Implementation Date – October 31, 2018*
RECOMMENDATIONS

To ensure the Gardens employs critical safeguards over information systems, segregation of duties, and physical access to restricted areas, we provide the following recommendations:

2.1 Create IT Policies Based on National Standards—The Gardens should work with a qualified third-party to adopt an IT control framework, such as the one outlined by the National Institute of Standards and Technology, and develop and implement IT control policies in compliance with the adopted framework to address the five control areas outlined above, as soon as possible.

Auditee Response: Agree, Implementation Date – December 31, 2018
Auditee Narrative: Consultant is on board to help develop these.

2.2 Tighten Management of Key Fobs—Executive management at the Gardens should work with the Operations department and IT department to establish accountability over electronic key distribution, management, and access, including regular monitoring of access alerts, as soon as possible. Additionally, the responsible department should periodically review access over electronic keys.

Auditee Response: Agree, Implementation Date – July 31, 2018
Auditee Narrative: Largely completed.

2.3 Establish Server Room Policy—After implementation of recommendation 2.2, the responsible department should implement IT controls, as soon as possible, based on a nationally recognized standard such as the National Institute of Standards and Technology’s 800-53 standard to ensure that the data and infrastructure is properly protected from physical and environmental threats.

Auditee Response: Agree, Implementation Date – December 31, 2018
Auditee Narrative: Improvements are being planned now.

2.4 Implement Continuity Planning Policy—The Gardens should adopt an IT control framework, such as the one outlined by the National Institute of Standards and Technology, and develop and implement IT control policies in compliance with the adopted framework to address continuity planning. The policy should include the frequency for plan review and the approval process.

Auditee Response: Agree, Implementation Date – December 31, 2018
Auditee Narrative: Consultant is on board to develop these.

2.5 Create Business Continuity and Disaster Recovery Plans—The Gardens should implement a business continuity and disaster recovery plan for its information systems, data, and relevant personnel as soon as possible.

Auditee Response: Agree, Implementation Date – December 31, 2018
Auditee Narrative: Consultant is on board to develop these.
2.6 **Re-evaluate Data Retention Strategy**—The Gardens should find an appropriate location for its data and information systems to ensure continuity of operations as soon as possible.

**Auditee Response: Agree, Implementation Date – December 31, 2018**

**Auditee Narrative:** Options are being analyzed now.

2.7 **Establish Segregation of Duties Policy for User Provisioning**—The Gardens should develop and implement policies and procedures that address segregation of duties from a user provisioning perspective as soon as possible.

**Auditee Response: Agree, Implementation Date – December 31, 2018**

**Auditee Narrative:** Underway.

2.8 **Evaluate Segregation of Duties for Business Processes**—The Gardens should (1) conduct a comprehensive evaluation of internal controls including a segregation of duties assessment to identify incompatible work responsibilities of all staff and volunteers and (2) develop and document compensating or other controls to minimize risks that result from the identified incompatible work responsibilities. These controls should include measurable criteria and documentation requirements and periodic monitoring by management.

**Auditee Response: Agree, Implementation Date – December 31, 2018**

**Auditee Narrative:** Underway.

2.9 **Physical Key Management and Control Ownership**—The Gardens Operations and IT departments should work together to identify the department and positions responsible for door key distribution, management, and access.

**Auditee Response: Agree, Implementation Date – July 31, 2018**

**Auditee Narrative:** Largely completed (see 2.2).

2.10 **Door Key Management Internal Controls**—After implementation of recommendation 2.9, the responsible department should document and implement appropriate internal controls based on a nationally recognized standard, such as the National Institute of Standards and Technology’s 800-53 standard, to ensure that the data and infrastructure are properly protected.

**Auditee Response: Agree, Implementation Date – October 31, 2018**

**Auditee Narrative:** Under review.
FINDING 3

The Board of Trustees’ Attendance, Conflict of Interest Documentation, and Governance Practices Need Improvement

Our review of specific aspects of the Denver Botanic Gardens’ (Gardens) Board of Trustees’ governance activities found opportunities for improvement in three areas. First, we found a lack of clarity regarding attendance requirements. In addition, we identified gaps in the board’s conflict of interest policies and documentation. Finally, the Gardens does not use certain recommended best practices that serve to strengthen and demonstrate transparency and accountability. These deficiencies in the board’s governance—which is intended to assist the organization with achieving its social mission and remaining viable—may reduce the overall effectiveness of the board and diminish its ability to fulfill critical oversight duties.

The Gardens’ board manages the business affairs of the Gardens. According to the cooperative agreement, the board maintains, manages, and operates the organization for the enjoyment of the public on behalf of the City and County of Denver.

The board has established several committees that help govern various Gardens operations. Some board committees are established for a specific short-term purpose and dissolved when no longer needed while others are permanent, or standing committees. For example, the Center for Science, Arts, and Education Committee was established to temporarily assist with raising funds to build the new Freyer–Newman Center. Conversely, the Executive Committee, Governance and Nominating Committee, Finance Committee, and Audit Committee are examples of the board’s standing committees. The total number of board members can fluctuate, and board members can be classified differently, depending on the length of their terms, their length of service to the organization, and the reason for their service on the board. More specifically, board members are classified as term trustees, life trustees, trustees emeriti, or ex-officio trustees. A maximum of 35 voting members can be term trustees. Further, at least four of these term trustees must be mayoral appointees. Based on our testing, anywhere from 38 to 42 members were on the board between 2015 and 2017.

The Gardens’ Board and Committee Meeting Attendance Rates Do Not Meet Bylaws Requirements

The Gardens’ board bylaws attendance requirements have changed over the last three years. In 2015, board members were required to attend 75 percent of all board and assigned committee meetings. However, in 2016 and 2017, the bylaws describe the following attendance requirement: “each trustee is expected to attend all meetings of the board and of each committee of which the trustee is a member.” Although our analysis showed that overall board meeting attendance rates have improved between 2015 and 2017, we identified areas in need of further improvement.

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47 Other standing committees include the Gardens and Conservation Committee, Arts and Exhibits Committee, Diversity and Outreach Committee, Chatfield Committee, and the Denver Botanic Gardens Endowment Committee.

48 There is a discrepancy between the bylaws and the agreement regarding the required number of mayoral trustees. The current version of the bylaws states that four mayoral trustees serve on the board. However, the agreement states that the mayor appoints two mayoral trustees, or an equally proportionate number of mayoral trustees if the number of term trustees increases or decreases. Further, an amendment to the agreement added that the mayor may appoint a maximum of six board members, who represent the Gardens’ Neighborhood Advisory Committee, to serve on the board. Additionally, the agreement permits the Executive Director of the Department of Parks and Recreation to serve as an ex-officio board member.
regarding individual member attendance rates for both board and committee meetings. Regularly attending board meetings is part of meeting board members’ “duty of care,” according to the Colorado Nonprofit Association. Duty of care includes oversight and decision-making responsibilities, and board members fulfill this requirement by, at minimum, attending meetings regularly, participating in discussions, providing oversight of finances, and questioning potentially troubling activity.

**Board Attendance**

Our review of board member absentee rates between 2015 and 2017 found that the rate of absenteeism across the six board meetings in 2017 was 26 percent, a reduction compared to the 34 percent absentee rate we observed in 2015.

The bylaws applicable to our analysis of 2015 attendance rates required board members to attend 75 percent of board and committee meetings to which the member was assigned. However, the bylaws also included a provision that allowed the board chair to deem an absence as “excused.” For the six board meetings held in 2015, 30 percent or more members were absent for five of the board meetings. Additionally, 51 percent of board members did not attend the July meeting in 2015. Further, the board voted on and passed two separate motions during this meeting which is not consistent with the board’s bylaws requirement that a quorum (51 percent) of board members must be present to conduct official business. In 2016, the bylaws were revised to require that each board member attends all meetings. Additionally, the provision that allowed board members to have excused absences was removed. Following this bylaws revision, 2016 absentee rates ranged from a low of 28 percent to a high of 36 percent and further improved in 2017, with absentee rates hovering between 16 percent and 26 percent. However, despite this trend of improving absentee rates, 45 percent of board members missed the March meeting in 2017.

Beyond meeting absentee rates, we also reviewed individual board member attendance patterns. Through this analysis, we identified a more significant concern—some individual board members missed half, or more, of all board meetings that occurred between 2015 and 2017. Specifically, 26 percent of the active board members missed 50 percent or more of the board meetings in 2015. Although this has improved over the last three years, as Table 3 shows, 18 percent of board members in 2017 missed half, or more, of the year’s board meetings.

**TABLE 3. Percentage of Board Members Who Missed 50 Percent or More Board Meetings.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Board Members</th>
<th>Number of Board Members Who Missed 50 Percent or More Board Meetings</th>
<th>Percentage of Board Members Who Missed 50 Percent or More Board Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>42</td>
<td>11</td>
<td>26%</td>
</tr>
<tr>
<td>2016</td>
<td>41</td>
<td>10</td>
<td>24%</td>
</tr>
<tr>
<td>2017</td>
<td>38</td>
<td>7</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Auditor’s analysis of board member attendance data.


50 Board members could have no more than two unexcused absences for meetings in a calendar year; if more than two unexcused absences were confirmed by the board, those absences were considered a resignation from the board.
We also found that four members attended no board meetings in 2015, and three members failed to attend even a single board meeting in 2016. Additionally, Table 4 demonstrates that the percentage of board members who have not met the board’s meeting attendance requirement has grown since 2015.

**TABLE 4. Attendance Requirements Compared to Actual Board Member Attendance Rates.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Meeting Attendance Requirement Percentage under Bylaws</th>
<th>Percentage of Board Members Who Met Attendance Requirement</th>
<th>Percentage of Board Members Who Did Not Meet Attendance Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>75%</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>2016</td>
<td>75%</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>2016*</td>
<td>100%</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>2017</td>
<td>100%</td>
<td>24%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Source: Auditor’s analysis of board attendance data.

Note: *2016 appears twice because the bylaws were revised effective July 2016. In the first half of the year, the attendance requirement was 75 percent, after the revision it increased to 100 percent.

**Committee Attendance**

Additionally, we reviewed absentee rates for four selected board committees—the Executive Committee, Finance Committee, Governance and Nominating Committee, and Chatfield Committee—and found additional evidence that attendance could be improved. As noted above, the bylaws state board committees are subject to the same attendance requirements as the board. Of the four board committees tested, none of them met the attendance requirements outlined in the bylaws, except for the Executive Committee’s only meeting in 2015. Although the Finance Committee maintained the lowest absentee rates as compared to the other three committees, its average absentee rate for 2017 increased compared to 2016, along with the Governance and Nominating Committee. Further, almost half of the Executive Committee’s members missed the only meeting held in 2017, as shown in Figure 7.

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As described above, the 2015 bylaws gave the board chair the authority to determine whether a member’s absence from a board meeting was “excused.” Although this reference to excused absences was removed from the bylaws applicable in 2016 and 2017, we learned that during training, new board members continue to be told that excused absences are generally granted to board members who are either traveling or sick. However, in practice, all absences throughout the testing period were recorded as excused, regardless of the reason. Additionally, even board members who were absent and did not provide a reason for their absence were still granted an excused absence. We found that absences were excused for five different reasons—travel, conflict, health, family health, and unknown or no reason provided. Figure 8 demonstrates the frequency with which each reason for absence was observed during the testing period. Although travel was the most frequently used reason for absence, conflict was the second most frequently cited reason for missing board meetings. Also, unknown or no reason provided was associated with 7 percent of board member absences.

Source: Auditor’s analysis of board committee attendance data.

Note: *The Executive Committee did not meet in 2016.

In practice, all absences throughout the testing period were recorded as excused, regardless of the reason.

![Absence Reasons Chart]

**Source:** Auditor’s analysis of board attendance data.

**Note:** “Unknown” includes instances where an absent board member indicated they might be late to a meeting, only to not attend at all without providing a specific reason. “No reason provided” captures board members who received an excused absence but did not provide a reason for not attending. Of the 7 percent of absences associated with this category, excused absences marked “unknown” occurred 4 percent of the time, while those recorded as “no reason provided” occurred 3 percent of the time.

The issues we found with board and committee meeting attendance, including the frequent use of excused absences, are not in line with the Gardens’ own attendance requirements outlined in the bylaws or industry best practices. Additionally, the Colorado Nonprofit Association states that part of board members’ fulfillment of the “duty of care” includes regularly attending board meetings. Further, attendance requirements and expectations should be clearly spelled out in the organization’s governing documents. The Colorado Nonprofit Association also notes that nonattendance is often seen as criteria for removal from the board.

We identified several factors that could have contributed to the attendance patterns that were not consistent with the board’s bylaws requirements, including unclear communication of attendance requirements and alternative attendance methods, and insufficient tracking of attendance.

First, in practice, the board applies a different attendance requirement than that described in its bylaws. For example, the board continued to excuse absences even after the bylaws were changed to require 100 percent attendance for board and committee members. In fact, during the onboarding process, new board members are told they may be excused from absences at board meetings under certain circumstances. However, the current attendance requirement in the bylaws no longer allows excused absences.

In addition, the bylaws state that board members can attend meetings via teleconferencing, which should improve members’ ability to attend. However, we learned that in practice, the acoustics of the room typically used for board meetings since 2015 prohibits the teleconference capability for board members unable to attend in person. Finally, the board does not keep accurate, up-to-date rosters of current board members to help track board and committee member attendance rates throughout the year and consequently would have a difficult time identifying potential attendance issues when they occur. Specifically, the board’s process involves manually documenting anticipated attendance before the board meeting using Outlook invite
acceptances. That information is then updated by one individual who takes attendance during the board meeting. While the board tracks attendance by meeting, the board does not periodically analyze overall attendance rates for individual members to identify and address attendance patterns, as needed.

Attendance and participation are core obligations of board members, according to BoardSource, a national nonprofit organization that offers guidance and best practices on nonprofit governance. Since the Gardens’ board has the important task of overseeing the management of the Gardens’ affairs, the failure of some board members to meet current attendance requirements could adversely impact the engagement of the board member and their ability to provide thoughtful and complete oversight of the Gardens’ financial health and role in the community. For example, disengaged board members could inadvertently neglect responsibilities to review and approve the annual budget, attest to the completeness and accuracy of the IRS Form 990, or ensure local and global efforts are in keeping with the Gardens’ mission.

RECOMMENDATION 3.1

The Board of Trustees should assess the level of board and committee meeting attendance required to promote board engagement and revise its bylaws or other governing documents accordingly. In addition, the board should actively enforce its attendance requirement and ensure all communications regarding attendance requirements are consistent to ensure board members demonstrate their duty of care.

Agency Response: Agree, Implementation Date – September 30, 2018

RECOMMENDATION 3.2

The Board of Trustees should develop a method for analyzing and monitoring overall board and committee member attendance rates, including keeping an accurate, up-to-date roster of current board members, to identify and address patterns of low attendance.

Agency Response: Agree, Implementation Date – August 31, 2018


53 The IRS Form 990 is a tax form that most tax-exempt organizations are required to file annually. It provides the IRS with an overview of the organization’s activities, detailed financial information, governance, and accomplishments. These details help the IRS determine whether the organization continues to qualify as a tax-exempt organization.
The Board of Trustees Could Not Provide Complete Conflict of Interest Documentation

The board’s conflict of interest policy outlines obligations and expectations regarding disclosing personal interests that could impact board members’ abilities to put the affairs of the Gardens above their own interests. According to the Colorado Nonprofit Association, the duty of loyalty, which all board members are subject to, requires each member to place the Gardens’ interest above their own and avoid the use of organizational opportunities for personal gain.

For Gardens board members, the conflict of interest disclosure is required annually and is done through the submission of a disclosure statement, a form that allows members to disclose any other organizations they are associated with. The form also notifies board members that if they have a conflicting personal interest in any matter, they should refrain from voting on any related decisions.

We reviewed all available conflict of interest documentation for 2015 through 2017 and found that disclosure forms were not retained for all board members. For example, all 2015 disclosure forms could not be provided because they were destroyed. For 2016 and 2017, we found that a total of 15 board members did not sign or submit a form. In addition, the percent of missing disclosure forms increased between 2016 and 2017, as shown in Table 5. Furthermore, of the signed conflict of interest statements the board collected in 2017, all of the forms were signed during or after September of that year, greatly reducing the board’s ability to identify potential conflicts of interest in a timely manner.

**TABLE 5. Gaps in Conflict of Interest Documentation.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Conflict of Interest Disclosures Not Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>100%</td>
</tr>
<tr>
<td>2016</td>
<td>12%</td>
</tr>
<tr>
<td>2017</td>
<td>26%</td>
</tr>
</tbody>
</table>

*Source: Auditor’s analysis of Board conflict of interest documentation.*

Both the Gardens’ conflict of interest policy and best practices state that each board member should disclose any personal interests that would conflict with their role on the board. The Gardens' policy requires board members to disclose their personal interests annually so that these disclosures can be reviewed. In addition, the Colorado Nonprofit Association states that boards should have a conflict of interest policy, including a disclosure form that is signed by all board members annually.54 Conducting annual reviews of conflict of interest disclosures is an important element of creating an ethical culture on the board.

The issues we observed regarding incomplete documentation occurred due to unclear retention requirements for these records. For example, the 2015 conflict of interest disclosure statements were not retained because they were not included in the Gardens’ existing document retention policy. As a result, the Gardens had an informal practice of disposing of these forms after the completion of the prior year’s financial audit. The other instances of missing documentation can be attributed to the fact that the board has not effectively enforced its conflict of interest policy. Without timely annual documentation and review of board members’ potential conflicts of interest, the board’s ability to identify potential conflicts of interest is greatly reduced.

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interest, the board cannot ensure it detects all instances in which a member may fail to meet his or her duty of loyalty.

**RECOMMENDATION 3.3**

The Board of Trustees should develop and implement a document retention policy for the board’s conflict of interest disclosure statements.

*Agency Response: Agree, Implementation Date – September 30, 2018*

**RECOMMENDATION 3.4**

The Board of Trustees should revise its current conflict of interest policy to include steps to enforce the requirement for each active board member to sign a conflict of interest disclosure statement annually.

*Agency Response: Agree, Implementation Date – September 30, 2018*

The Board of Trustees Does Not Incorporate Certain Best Practices in its Bylaws and Procedures

As part of our evaluation of the board’s governance activities, we compared certain policies and practices against board-related best practices. Overall, we found that some of the board’s practices are consistent with best practices while others are not. For example, the board has established a whistleblower policy and it also provides board members with the opportunity to review and approve the Gardens’ IRS Form 990 prior to submission. Both practices are recommended by organizations such as BoardSource and the Colorado Nonprofit Association. Despite this, we found two areas that did not align with best practices aimed at strengthening and demonstrating transparency and accountability.

First, the Governance and Nominating Committee does not document its meetings, formally take attendance, or record decisions made by the committee in the form of committee meeting minutes. This committee plays a vital role in governing the board, and not having a formal record of its meetings reduces transparency. For example, the bylaws authorize the Governance and Nominating Committee to nominate new board members, conduct orientation of new trustees, and complete an evaluation of the board’s collective performance, which is reported to the full Board. Additionally, the Governance and Nominating Committee is responsible for updating the board’s governing documents. Even though the bylaws state that the board should keep minutes of board and committee meetings, board leadership stated that no minutes are kept for the Governance and Nominating Committee because of the sensitive nature of discussions that occur during its meetings. We also found that the Gardens disclosed on its 2016 IRS Form 990 that the board is documenting all committee meetings that act on behalf of the governing body. Further, the National Council of Nonprofits suggests that a board and its committees should
maintain meeting minutes, particularly for committees that are authorized to act on behalf of the board.55

Second, the board has not regularly conducted self-evaluations as required by a previous version of its bylaws and as recommended by the Colorado Nonprofit Association and BoardSource. For example, the board conducted a self-evaluation in 2014, but that was the only such evaluation that occurred over the last 10 years. The section of the bylaws related to board evaluations, which became effective in July of 2016, requires the board to conduct a self-evaluation “from time to time.” However, the previous version of the bylaws, which was effective starting in 2012, required a self-evaluation to be conducted “at least annually.” Despite this, we found that only one self-evaluation occurred in this four-year period. BoardSource recommends that boards conduct self-evaluations every two years, as this regular assessment process leads to better performance of the board’s core responsibilities.

By not documenting those in attendance, or decisions made, the committee’s process and activities lack transparency.

The cause for the lack of meeting minutes documentation for the Governance and Nominating Committee is a lack of clarity regarding the committee’s role and authority. This committee is charged with critical governance-related activities. In fact, according to board leadership, the topics of discussion at these committee meetings are sensitive enough that the board has chosen not to document these meetings in formal minutes. However, by not documenting those in attendance, or decisions made, the committee’s process and activities lack transparency. Without documented meeting minutes, the rest of the board’s knowledge of key decisions made by the Governance and Nominating Committee related to the recruitment of new board members and the review of governing documents would be minimal.

Additionally, the inconsistent and infrequent completion of board self-evaluations is due to a lack of clarity and specificity in the bylaws regarding the frequency with which these evaluations should occur. By only requiring self-evaluations “from time to time,” there is little accountability to ensure this important process occurs on a regular basis. Failing to engage in self-evaluations on a regular basis impacts the board’s ability to identify practices that are going well versus those that should be changed to increase the board’s effectiveness and ability to support the Gardens’ mission and strategic goals and to demonstrate their commitment to their duty of care.

RECOMMENDATION 3.5

The Board of Trustees should revise its bylaws to require the Governance and Nominating Committee to document meeting minutes to include, at minimum, committee members in attendance, overall themes of the discussion, and decisions made.

Agency Response: Agree, Implementation Date – September 30, 2018

RECOMMENDATION 3.6

The Board of Trustees should revise its bylaws to include a requirement that the board conduct a self-evaluation on a regular basis and clearly define the frequency with which this evaluation should occur.

Agency Response: Agree, Implementation Date – September 30, 2018
RECOMMENDATIONS

We make the following recommendations to the Gardens’ Board of Trustees to strengthen its effectiveness and ability to fulfill critical oversight duties:

3.1 Assess and Enforce Board and Committee Attendance—The Board of Trustees should assess the level of board and committee meeting attendance required to promote board engagement and revise its bylaws or other governing documents accordingly. In addition, the board should actively enforce its attendance requirement and ensure all communications regarding attendance requirements are consistent to ensure board members demonstrate their duty of care.

Auditee Response: Agree, Implementation Date – September 30, 2018
Auditee Narrative: The Gardens’ bylaws refer to a Board attendance “expectation” which we do not see as a requirement. The Auditor interprets it differently. Excused absences for travel, health issues, etc. have and should be available to ensure successful recruitment of Trustees. The Board will consider clarification in a bylaws amendment.

3.2 Track Attendance Rates—The Board of Trustees should develop a method for analyzing and monitoring overall board and committee member attendance rates, including keeping an accurate, up-to-date roster of current board members, to identify and address patterns of low attendance.

Auditee Response: Agree, Implementation Date – August 31, 2018
Auditee Narrative: This is largely completed.

3.3 Develop Conflict of Interest Document Retention Policy—The Board of Trustees should develop and implement a document retention policy for the board’s conflict of interest disclosure statements.

Auditee Response: Agree, Implementation Date – September 30, 2018
Auditee Narrative: The Board will consider an amendment to the document retention policy.

3.4 Revise Conflict of Interest Policy—The Board of Trustees should revise its current conflict of interest policy to include steps to enforce the requirement for each active board member to sign a conflict of interest disclosure statement annually.

Auditee Response: Agree, Implementation Date – September 30, 2018
Auditee Narrative: All COI documents are up to date. A policy amendment will be considered by the Board.

3.5 Document Governance and Nominating Committee Meetings—The Board of Trustees should revise its bylaws to require the Governance and Nominating Committee to document meeting minutes to include, at minimum, committee members in attendance, overall themes of the discussion, and decisions made.

Auditee Response: Agree, Implementation Date – September 30, 2018
Auditee Narrative: Notes have always been taken. Formal minutes are now being taken. The Board will consider a bylaws amendment to align with current practice.

3.6 **Conduct Board Self-Evaluation**—The Board of Trustees should revise its bylaws to include a requirement that the board conduct a self-evaluation on a regular basis and clearly define the frequency with which this evaluation should occur.

**Auditee Response: Agree, Implementation Date – September 30, 2018**

Auditee Narrative: The Board will consider a by-laws amendment to clarify frequency of Board Self-Evaluations.
Appendix A – COSO Framework and Principles\textsuperscript{56}

1. Control Environment
   a. Demonstrates commitment to integrity and ethical values
   b. Exercises oversight responsibility
   c. Establishes structure, authority, and responsibility
   d. Demonstrates commitment to competence
   e. Enforces accountability

2. Risk Assessment
   a. Specifies suitable objectives
   b. Identifies and analyzes risk
   c. Assesses fraud risk
   d. Identifies and analyzes significant change

3. Control Activities
   a. Selects and develops control activities
   b. Selects and develops general controls over technology
   c. Deploys through policies and procedures

4. Information and Communication
   a. Uses relevant information
   b. Communicates internally
   c. Communicates externally

5. Monitoring
   a. Conducts ongoing and/or separate evaluations
   b. Evaluates and communicates deficiencies

Appendix B – Sampling Methodology for Accuracy of Volgistics Database and Volunteer Testing

This appendix details the sampling methods we used to test the accuracy of key fields in the Gardens’ volunteer management database, Volgistics, as well as the Gardens’ compliance with volunteer management policies and stated practices. We utilized both statistical and judgmental samples.

To select statistically random samples, we completed the following steps for each sample: (1) identify an overarching population of valid data, (2) identify a sampling frame, or subpopulation, appropriate for each test, (3) identify a sample size and select a sample from each sample frame, and (4) test the sample.

(1) Identify entire population of active volunteers – The overarching population relevant to this audit included all active volunteers from January 1, 2014 through February 22, 2018. To identify this population, we obtained a master report that listed all volunteer records in the Gardens’ Volgistics database. The database includes a “Date of Last Activity” field which represents the most recent date a volunteer logged hours under an assignment. We identified 3,854 active volunteers during our scope using this field. In other words, 3,854 volunteers logged service hours between January 1, 2014 and February 22, 2018.

(2) Identify sampling frames for testing – To identify the appropriate sampling frames, or subpopulations for each test, we used fields that recorded type of volunteer, background check completion, and membership status as well as service records within the Volgistics database to determine which volunteers or groups were subject to specific policies.

The Gardens has different requirements for different types of volunteers, such as ongoing versus special event volunteers. Additionally, depending on when the volunteer first became active, different versions of policies would apply. We pulled the service history for each active volunteer in the scope and flagged volunteers based on the date associated with their first record of service and volunteer type to determine applicable policies. We also flagged assignments with service hours related to higher-risk activities based on whether the Gardens’ staff indicated that the associated job duties involved a volunteer handling cash or directly interacting with children. We used these flags to identify the sampling frames listed below for individual sampling and testing of different volunteer types and requirements.

a. Background Check Population – The Garden’s current background policy was implemented on April 1, 2014 and applies to all ongoing volunteers. We identified 900 ongoing volunteers with a date of first service on or after April 1, 2014. Of these, 825 indicated a background check had occurred in the corresponding field while 75 indicated that a background check had not occurred. We considered these two groups as different subpopulations and sampled from each separately (described below).

b. Membership Check Population – The Gardens’ current volunteer membership requirement was effective as of January 1, 2016 and is applicable to all ongoing volunteers. We identified 357 ongoing volunteers with a date of first service on or after January 1, 2016.
c. Special Event Assignments with Risk Population – We included only assignments since April 2014, when the background check policy was implemented, and split special event assignments into two categories: Assignments of individuals and assignments of groups. Finally, we only considered assignments with risk—or those assignments that involved either cash-handling or direct interaction with children. Given these parameters, we identified 584 individual assignments and 75 group assignments from which to sample and test for appropriate waivers and evidence of training and evaluation.

(3) Identify the sample size and select – For all statistical sampling, we used a one-step acceptance attribute sample method to test for compliance with policy and data accuracy. A one-step acceptance sample method is used when auditors desire to estimate a population’s deviation rate with a level of confidence and expect the population’s error rate to fall within a range. A one-step acceptance sample method requires three parameters: Critical error rate, or the maximum rate of error auditors would accept; false alarm rate, or rate of error that is tolerable; and a confidence level, or the likelihood that the sample conclusions represent the population. We conducted statistical sampling on three of the subpopulations using the EZ Quant tool – the 825 records that appeared to comply with the background policy, the 357 who were subject to the membership policy, and the 584 special event individual assignments with risk. For the other subpopulations—the 75 who appeared not to comply with the background policy and the 75 special event group assignments with risk—we judgmentally sampled 10 from each. The list below describes the sampling parameters for each of the samples based on our assessment of risk:

a. Background Check

   i. Statistical sample – For this sample, we set total items to 825, the critical error rate at 5 percent, false alarm rate at 1 percent and confidence level at 90 percent. These parameters provided us with a sample size of 102 records and an acceptance number of two. Therefore, we pulled 102 random records from the 825 records that appeared to comply with the policy to conduct our test.

   ii. Judgmental sample – We selected a judgmental sample of 10 records from the 75 records that indicated noncompliance with the background check policy which were excluded from the statistical sample. These records were selected to provide a cross-section for type of volunteer (to include ongoing, Aspen, and Columbine in “Type” field as Aspen and Columbine may represent some Teen Volunteers), number of lifetime hours (a range of high and low numbers to include a range of less active to more active

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57 The Gardens allows individuals and groups, such as schools or businesses, to volunteer at special events. While the group itself is tracked in Volgistics, individual group members are not.


59 EZ Quant is a suite of three statistical applications for performing statistical sampling, regression analysis, and improvement curve analysis. See http://www.dcaa.mil/Home/EZQuant for additional information.
volunteers), and reported age of volunteer (a range of older and younger
volunteers).  

b. Membership Check – For this sample, we set the total items to 357, the critical error rate at 5.6 percent, false alarm rate at 1.1 percent and confidence level at 90 percent. These parameters provided us with a sample size of 88 records and an acceptance number of two. Because this entire population was included in the background check population, we concluded that the same random, statistical sample could be used for both attributes. The Gardens identified 40 records of the 102 sampled that were subject to the membership requirement based upon the date of application.

c. Special Event Assignments with Risk  
   i. Statistical sample – For this sample, we set total items to 584, the critical error rate at 5 percent, false alarm rate at 1 percent and confidence level at 90 percent. These parameters provided us with a sample size of 100 records and an acceptance number of two. Therefore, we pulled 100 random records of the 584 individual special event volunteer assignments.

   ii. Judgmental Sample – We selected a judgmental sample of 10 records from the 75 group assignments for special events. These records were selected to provide a cross-section on type of risk (cash vs. children to ensure a representative number of both), event (to include events at both sites), assignment year (to represent all years in the results), and number of hours logged (to represent a range of volunteer commitment, either in group number or in hours logged).

Given that each statistical sample had an acceptance number of two, for each statistical sample, if the auditors found two or fewer errors in a single test, they would conclude with 90 percent confidence that the control is working below the critical error rate. If they find more than two errors, they conclude with 90 percent confidence that the control is failing more than the critical error rate.

(4) Test sample – We tested multiple attributes in each of the samples identified. We obtained supporting documentation from other systems of record and paper files to support both compliance with policies and the accuracy of data in key Volgistics fields for background check completion and membership status. These tests included noting the presence or absence of supporting documentation for completed background checks, active memberships, payment of fees, and special event waivers where applicable and comparing to the background and membership information in the volunteer’s Volgistics record. We reviewed all records for evidence of training and notes related to evaluation of job performance. Additionally, we reviewed notes within Volgistics for volunteers whose background check results required further scrutiny to determine if Gardens’ personnel documented the review and approval process.

60 Aspen and Columbine refer to types of ongoing volunteers who have achieved certain benefits by contributing a certain number of hours each year.
### Appendix C – NIST 800-53 Framework and High-risk Controls

**TABLE 6.** NIST Framework and Controls.

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<td>SI-2</td>
<td>Flaw Remediation</td>
</tr>
<tr>
<td>SI-3</td>
<td>Malicious Code Protection</td>
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<tr>
<td>SI-4</td>
<td>Information System Monitoring</td>
</tr>
<tr>
<td>SI-5</td>
<td>Security Alerts, Advisories, and Directives</td>
</tr>
<tr>
<td>SI-12</td>
<td>Information Handling and Retention</td>
</tr>
</tbody>
</table>

**Source:** NIST Special Publication 800-53.

**Note:** Control areas IA has multiple sub-controls associated IA-2, IA-5, and IA-8.
July 5, 2018

Auditor Timothy O’Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80220

Dear Mr. O’Brien:

The Office of the Auditor has conducted a performance audit of Denver Botanic Gardens.

This memorandum provides a written response for each reportable condition noted in the Auditor’s Report final draft that was sent to us on June 28, 2018. This response complies with Section 20-276 (e) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING 1
The Denver Botanic Gardens’ Management of Safety, Security, Public Events, and Volunteers Should Be Improved.

RECOMMENDATION 1.1
The Gardens should develop risk management plans for key programs that are critical to its operations such as the special events program. This plan should (1) comprehensively identify program risks, (2) assess risks for likelihood, impact, and interaction, and (3) develop response strategies and policies and procedures appropriate to its risk tolerance.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Agree</td>
<td>December 31, 2018</td>
<td>John Calderhead 720-865-3520</td>
</tr>
</tbody>
</table>

Narrative for Recommendation 1.1
Our insurance providers regularly tour facilities at York Street and Chatfield Farms to assess risk and make recommendations for safety improvements, most recently in October 2017. In addition, during our annual coverage renewals we discuss new events and features and, when necessary, revise our policies to accommodate. Examples include liability coverage for attractions at Chatfield, crop insurance for the corn maze and pumpkin patch, and coverage for volunteer injuries. A comprehensive risk management plan is the logical next step.
RECOMMENDATION 1.2
The Gardens should fully develop its safety and security program to ensure that it aligns with operational risks. At a minimum, this process should include (1) assessing the emergency procedures in place for York Street and Chatfield and ensuring they follow recommended Occupational Safety and Health Administration guidelines, including training, (2) reviewing the adequacy of the current number of permanent security staff at both locations and their qualifications and take action as needed, (3) developing safety and security policies and procedures for public events at York Street and Chatfield that include criteria for when to develop a safety and security plan and cash management plan, and (4) establishing a monitoring and evaluation function to ensure consistent application of safety and security policies and procedures.

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<tr>
<td>Agree</td>
<td>October 31, 2018</td>
<td>Suzi Latona 720-865-3603</td>
</tr>
</tbody>
</table>

Narrative for Recommendation 1.2
Comprehensive security programs exist for daily operations and most special events and we will undertake a thorough review and implementation of improvements related to planning, staffing, testing and evaluation. Documented policies, evaluation procedures and training schedules will be provided.

RECOMMENDATION 1.3
The Gardens should work with the Neighborhood Advisory Committee to revise the large event agreement, or formally document clarification on the agreement. These revisions should specify which events are subject to the agreement, include a reporting mechanism that will enable the Neighborhood Advisory Committee to measure compliance, and provide guidance for how the Gardens should measure sound and event size.

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<td>Agree</td>
<td>December 31, 2018</td>
<td>Brian Vogt 720-865-3515</td>
</tr>
</tbody>
</table>

Narrative for Recommendation 1.3
This was already discussed with the Neighborhood Advisory Committee and will be negotiated at an upcoming meeting.
RECOMMENDATION 1.4

The Gardens should consult with the City's Department of Environmental Health's Community Noise Program to ensure its method for measuring sound is consistent with City practices and appropriately accounts for event setup, such as the number of speakers, and speaker angle, elevation, and location. The Gardens should consider periodically reassessing its method for measuring sound and consider including this consultation and resulting methodology in its reports to the Neighborhood Advisory Committee to promote transparency and demonstrate compliance with the City's noise ordinances.

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<tr>
<td>Agree</td>
<td>September 30, 2018</td>
<td>Jennifer Riley-Chetwynd</td>
</tr>
<tr>
<td></td>
<td></td>
<td>720-865-3581</td>
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</tbody>
</table>

Narrative for Recommendation 1.4
The entire sound management process was designed with guidance by Environmental Health and local law enforcement resulting in a dramatic drop in noise complaints. The Gardens will consult again with Environmental Health and update procedures as necessary.

RECOMMENDATION 1.5

The Gardens should develop and implement procedures that outline how volunteer services personnel should document compliance with volunteer requirements within its systems of record. The procedures should include measures to ensure accuracy of information in Volgistics as well as a process for periodic review of the accuracy of the data.

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<td>Agree</td>
<td>October 31, 2018</td>
<td>Mary Bradley</td>
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<tr>
<td></td>
<td></td>
<td>720-865-3524</td>
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</tbody>
</table>

Narrative for Recommendation 1.5
These changes are underway.

RECOMMENDATION 1.6

The Gardens should strengthen its current background check policy to ensure it includes the process for reviewing and approving volunteer background check results and requires retention of documentation, outside of Choice Screening, to demonstrate background checks were completed as required by policy.

Page 3 of 11
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<td>December 31, 2018</td>
<td>Mary Bradley 720-865-3524</td>
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</table>

**Narrative for Recommendation 1.6**

A complete review of the policy and procedures is underway and improvement options are under discussion.

**RECOMMENDATION 1.7**

The Gardens should develop a risk management plan for programs critical to its operations, such as the management of ongoing and special event volunteers. This plan should (1) comprehensively identify program risks, (2) assess risks for likelihood, impact, and interaction, and (3) develop response strategies and policies and procedures appropriate to its risk tolerance.

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**Narrative for Recommendation 1.7**

This will be incorporated into a full risk assessment referred to in 1.1.

**RECOMMENDATION 1.8**

The Gardens should evaluate the importance of requiring an active membership and a volunteer fee for ongoing volunteers. If the Gardens determines these are critical elements, it should develop policies and procedures to ensure the requirements are consistently implemented. At a minimum, these policies should include its method of documenting compliance and developing criteria for awarding a scholarship and documenting this decision.

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</table>
Narrative for Recommendation 1.8

*Volunteers are critical to the Gardens and are appreciated deeply. We are conducting a full evaluation of policy changes and potential impacts on recruitment and the budget.*

**RECOMMENDATION 1.9**

After establishing criteria for awarding a scholarship, the Gardens should advertise this information on its website alongside the volunteer program requirements to prevent potential limitations in the diversity of its volunteer pool.

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Narrative for Recommendation 1.9

*This will be adjusted and relate to changes resulting from 1.8.*

**AUDIT FINDING 2**


**RECOMMENDATION 2.1**

The Gardens should work with a qualified third-party to adopt an IT control framework, such as one outlined by the National Institute of Standards and Technology, and develop and implement IT control policies in compliance with the adopted framework to address the five control areas outlined above, as soon as possible.

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Narrative for Recommendation 2.1

*Consultant is on board to help develop these.*

**RECOMMENDATION 2.2**

Executive management at the Gardens should work with the Operations department and IT department to establish accountability over electronic key distribution, management, and access, including regular monitoring of access alerts, as soon as possible. Additionally, the responsible department should periodically review access over electronic keys.
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<tr>
<td>Agree</td>
<td>July 31, 2018</td>
<td>Suzi Latona 720-865-3603</td>
</tr>
</tbody>
</table>

**Narrative for Recommendation 2.2**

Largely completed.

**RECOMMENDATION 2.3**

After implementation of recommendation 2.2, the responsible department should implement IT controls, as soon as possible, based on a nationally recognized standard such as the National Institute of Standards and Technology's 800-53 standard to ensure that the data and infrastructure is properly protected from physical and environmental threats.

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</table>

**Narrative for Recommendation 2.3**

Improvements are being planned now.

**RECOMMENDATION 2.4**

The Gardens should adopt an IT control framework, such as the one outlined by the National Institute of Standards and Technology, and develop and implement IT control policies in compliance with the adopted framework to address continuity planning. The policy should include the frequency for plan review and the approval process.

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</table>

**Narrative for Recommendation 2.4**

Consultant is on board to develop these.

**RECOMMENDATION 2.5**
The Gardens should implement a business continuity and disaster recovery plan for its information systems, data, and relevant personnel as soon as possible.

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</tr>
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**Narrative for Recommendation 2.5**
*Consultant is on board to develop these.*

**RECOMMENDATION 2.6**
The Gardens should find an appropriate location for its data and information systems to ensure continuity of operations as soon as possible.

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**Narrative for Recommendation 2.6**
*Options are being analyzed now.*

**RECOMMENDATION 2.7**
The Gardens should develop and implement policies and procedures that address segregation of duties from a user provisioning perspective as soon as possible.

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**Narrative for Recommendation 2.7**
*Underway.*

**RECOMMENDATION 2.8**
The Gardens should (1) conduct a comprehensive evaluation of internal controls including a segregation of duties assessment to identify incompatible work responsibilities of all staff and volunteers and (2) develop and document compensating or other controls to minimize risks that result from the identified incompatible work.
responsibilities. These controls should include measurable criteria and documentation requirements and periodic monitoring by management.

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**Narrative for Recommendation 2.8**
*Underway.*

**RECOMMENDATION 2.9**
The Gardens Operations and IT departments should work together to identify the department and positions responsible for door key distribution, management, and access.

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<td>Agree</td>
<td>July 31, 2018</td>
<td>Suzi Latona 720-865-3503</td>
</tr>
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</table>

**Narrative for Recommendation 2.9**
*Largely completed (see 2.2)*

**RECOMMENDATION 2.10**
After implementation of recommendation 2.9, the responsible department should document and implement appropriate internal controls based on a nationally recognized standard, such as the NIST 800-53 standard, to ensure that the data and infrastructure is properly protected.

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<td>October 31, 2018</td>
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**Narrative for Recommendation 2.10**
*Under Review*

**AUDIT FINDING 3**
The Board of Trustees’ Attendance, Conflict of Interest Documentation, and Governance Practices Need Improvement.
**RECOMMENDATION 3.1**
The Board of Trustees should assess the level of board and committee meeting attendance required to promote board engagement and revise its bylaws or other governing documents accordingly. In addition, the board should actively enforce its attendance requirement and ensure all communications regarding attendance requirements are consistent to ensure board members demonstrate their duty of care.

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<tbody>
<tr>
<td>Agree</td>
<td>September 30, 2018</td>
<td>Brian Vogt 720-865-3515</td>
</tr>
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</table>

**Narrative for Recommendation 3.1**
The Gardens' bylaws refer to a Board attendance “expectation” which we do not see as a requirement. The Auditor interprets it differently. Excused absences for travel, health issues, etc. have and should be available to ensure successful recruitment of Trustees. The Board will consider clarification in a bylaws amendment.

**RECOMMENDATION 3.2**
The Board of Trustees should develop a method for analyzing and monitoring overall board and committee member attendance rates, including keeping an accurate, up-to-date roster of current board members, to identify and address patterns of low attendance.

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<tr>
<td>Agree</td>
<td>August 31, 2018</td>
<td>Brian Vogt 720-865-3515</td>
</tr>
</tbody>
</table>

**Narrative for Recommendation 3.2**
*This is largely completed.*

**RECOMMENDATION 3.3**
The Board of Trustees should develop and implement a document retention policy for the board’s conflict of interest disclosure statements.

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</table>
Narrative for Recommendation 3.3

The Board will consider an amendment to the document retention policy.

**RECOMMENDATION 3.4**
The Board of Trustees should revise its current conflict of interest policy to include steps to enforce the requirement for each active board member to sign a conflict of interest disclosure statement annually.

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Narrative for Recommendation 3.4

All COI documents are up to date. A policy amendment will be considered by the Board.

**RECOMMENDATION 3.5**
The Board of Trustees should revise its bylaws to require the Governance and Nominating Committee to document meeting minutes to include, at minimum, committee members in attendance, overall themes of the discussion, and decisions made.

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Narrative for Recommendation 3.5

Notes have always been taken. Formal minutes are now being taken. The Board will consider a bylaws amendment to align with current practice.

**RECOMMENDATION 3.6**
The Board of Trustees should revise its bylaws to include a requirement that the board conduct a self-evaluation on a regular basis and clearly define the frequency with which this evaluation should occur.

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Page 10 of 11
Narrative for Recommendation 3.6

*The Board will consider a by-laws amendment to clarify frequency of Board Self-Evaluations.*

Please contact me at 720-865-3515 with any questions.

Sincerely,

Brian Vogt  
Chief Executive Officer

cc: Valerie Walling, Deputy Auditor, CPA, CMC  
Emily Owens, MPA, Audit Supervisor