



## **Independent Audit Committee**

### **City & County of Denver**

Meeting Minutes

Thursday, August 17, 2017, 9:00 a.m.

#### **Opening**

Chairman Timothy M. O'Brien, CPA, Auditor, called the meeting to order.

#### **Members Present**

Florine Nath, Charles Scheibe, Edward Scholz, and Jack Blumenthal were present. Leslie Mitchell and Rudy Payan were excused.

#### **Also Present**

Deputy Auditor Valerie Walling and Committee staff Mollie Horne were also in attendance.

#### **Approval of July 20, 2017 Minutes**

The minutes were approved as written.

#### **Audit Report Briefing: Community Planning and Development Building Permits**

Audit Supervisor Yvonne Harris-Lott, Senior Auditor Ron Keller, and Staff Auditor Chris Wat presented the audit findings and recommendations.

Brad Buchanan, Executive Director, Community Planning and Development; Evelyn Baker, Deputy Director, Community Planning and Development; and Janice Cornell, Director of Administration, Fiscal & Operations, Community Planning and Development were present to respond to the audit report on behalf of Community Planning and Development (CPD).

For the full text of the report, including auditee actions, please visit [www.denvergov.org/auditor](http://www.denvergov.org/auditor). Click on the Audit Services tab, then Audit Reports, then By Year. This report is published under the 2017 Audit Reports header and is titled "[Community Planning and Development Building Permits.](#)" View the video recording of the audit report discussion under the [Audit Committee](#) tab

at [www.denvergov.org/auditor](http://www.denvergov.org/auditor). Click on the “[Watch Audit Committee meetings](#)” button at the top of the page. The most recent video will be listed first.

Community Planning and Development agreed with 10 of the Audit Team’s findings and recommendations and disagreed with one. Two recommendations have a December 31, 2018 target implementation date. The recommendations and the CPD responses from the audit report are summarized below.

**Recommendation 1.1**

**Plan Intake Staff Training** – The Intake Supervisor should develop and implement a training plan that addresses the intake process for all permits processed by Development Services. Specifically, the training should address the steps needed to process both residential and commercial permit applications including the appropriateness of customer documentation, entry of required data into Accela, and scheduling of all required plan reviews. Additionally, the Intake Supervisor should assess whether additional resources are needed to assist with the training of staff.

**Auditee Response:** Agree

**Recommendation 1.2**

**Plan Intake Queue Management** – The Intake Supervisor should develop a strategy for determining how and when intake staff should focus their efforts on assisting customers in the Login Queue.

**Auditee Response:** Agree

**Recommendation 1.3**

**Storage and Retention of Construction Plans** – The Engineer/Architect Director should develop a filing system that allows plan engineers to easily identify and locate plans that are scheduled to be reviewed. Furthermore, additional resources should be allocated to the archiving process to ensure efficient retention and retrieval of approved plans.

**Auditee Response:** Agree

**Recommendation 1.4**

**Customer Survey Feedback and Trending** – The Intake Supervisor along with the Deputy Director should establish a customer survey feedback loop to ensure that customer service issues are being addressed. Further, quarterly or annual trend analysis of reported issues should be conducted and shared with supervisors in order to identify frequently reported issues and to determine whether their strategies to address issues are working.

**Auditee Response:** Agree

**Recommendation 1.5**

**Fee Setting Policy** – The Executive Director of Community Planning and Development in collaboration with the Budget and Management Office should establish an internal fee setting policy that is in alignment with City Financial Policies.

**Auditee Response:** Agree

**Recommendation 1.6**

**Periodic Assessment of Fees** – The Executive Director of Community Planning and Development in collaboration with the Budget and Management Office should conduct periodic fee assessments to determine the cost of services provided and whether such costs are in alignment with CPD and City policies. At a minimum, the department should include both direct costs and indirect costs in their fee assessment. Furthermore, the department should perform fee assessments at least biennially.

**Auditee Response:** Agree

**Recommendation 1.7**

**Modification to Building Permit Policy** – The City Building Official should review and update its Building Permit Policy related to incomplete or rejected plans and consider the following: a) allow for engineering judgment, b) provide general guidance and criteria for exceptions to billing requirements, c) charge timely to all plan review costs incurred, d) collect and track resubmittal fee costs or, e) reassess hourly rates and minimum review billing requirements.

**Auditee Response:** Agree

**Recommendation 1.8**

**Reporting and Monitoring Resubmittals** – The Deputy Director should consider enhancing their current practices related to the tracking and monitoring of resubmittals to include an evaluation of reasons why plans are resubmitted and, where applicable, provide customers with the education needed to help reduce the number of resubmittals per construction project.

**Auditee Response:** Agree

**Recommendation 1.9**

**Resubmittal Fee General Ledger Account** – The Office of the Manager should work with the Controller’s Office to establish a separate general ledger account for resubmittal fees. Periodically, the Office of the Manager should perform an analysis of the fees charged to this account.

**Auditee Response:** Agree

**Recommendation 1.10**

**Adherence to Fiscal Accountability Rules** – The Office of the Manager should review its current cash handling policy to ensure that department’s current deposit requirements are in alignment with FAR 3.4. Where applicable, the department should discuss policy deviations with CRCF and determine whether CPD needs to obtain a policy exemption from CRCF. Lastly, the

department should ensure that staff are appropriately trained on the requirements of and procedures related to the deposit of funds.

**Auditee Response:** Agree

**Recommendation 1.11**

**Access to Accela** – The Office of the Manager should work collaboratively with Technology Services to perform regular access reviews over all users with access to Accela.

**Auditee Response:** Disagree

**Audit Report Briefing: Technology Services IT Project Intake**

Audit Manager Kevin Sear, Lead Auditor Nick Jimroglou, Senior Auditor Karin Doughty, and Staff Auditor Joah Flood presented the audit findings and recommendations.

Scott Cardenas, Chief Information Officer; Chad Mitchell, Director of Application Planning and Analysis; and Chris Binnicker, Deputy Chief Information Officer were present to respond to the audit report.

For the full text of the report, including auditee actions, please visit [www.denvergov.org/auditor](http://www.denvergov.org/auditor). Click on the Audit Services tab, then Audit Reports, then By Year. This report is published under the 2017 Audit Reports header and is titled “[Technology Services IT Project Intake](#).” View the video recording of the audit report discussion under the [Audit Committee](#) tab at [www.denvergov.org/auditor](http://www.denvergov.org/auditor). Click on the “[Watch Audit Committee meetings](#)” button at the top of the page. The most recent video will be listed first.

Technology Services agreed with all nine of the Audit Team’s findings and recommendations. The recommendations and Technology Services’ responses from the audit report are summarized below.

**Recommendation 1.1**

**Technology Services Intake Filter Charter** – The Director of Application Planning and Analysis should update the Technology Services Intake Filter Charter and process flow to align with one another.

**Auditee Response:** Agree

**Recommendation 1.2**

**Project Scheduling** – The Program Management Office Director should ensure that project scheduling is referenced as a separate document and not incorporated into each individual project charter. Each individual project charter should only reference the project milestones and the anticipated duration to achieve them.

**Auditee Response:** Agree

**Recommendation 1.3**

**Policy & Procedure** – The Technology Services Intake Filter Board should consider creating a procedural memorandum attachment to Executive Order 18 to require that all technology project needs and technology purchases made by the City be reviewed and approved by Technology Services.

**Auditee Response:** Agree

**Recommendation 1.4**

**Information Technology Acceptance Criteria** – The Technology Services Intake Filter Board should specify and publish the criteria they use for evaluating projects.

**Auditee Response:** Agree

**Recommendation 1.5**

**Authority of Process** – The Technology Services Intake Filter Board should ensure the Technology Services Intake Filter Charter and the Intake Purpose and Process documents are signed by appropriate management.

**Auditee Response:** Agree

**Recommendation 1.6**

**Approvals of Key Documents** – The Technology Services Program Management Office should ensure key documents such as the individual project charters and closure documents are signed by the appropriate authorized individuals.

**Auditee Response:** Agree

**Recommendation 1.7**

**Update Project Charter Template** – The Technology Services Intake Filter Board and Director of Application Planning and Analysis should ensure that the Technology Services Intake Filter Charter and the Intake Purpose and Process documents and individual project charter template are updated to reflect the required authorizing individuals.

**Auditee Response:** Agree

**Recommendation 1.8**

**Project Management Toolset** – The Program Management Office Director should implement a robust project management toolset with comprehensive functionality.

**Auditee Response:** Agree

**Recommendation 1.9**

**Document Repository** – As part of the project closeout, the Project Manager assigned to the project should ensure that all required project artifacts, as defined in the PMO Playbook, should be retained in the approved Project Management toolset.

**Auditee Response:** Agree

**Audit Report Briefing: Coliseum and DPAC Event Contracts**

Audit Supervisor Cody Schulte, Lead Auditor Rob Farol, and Staff Auditor Brandon Stolba presented the audit findings and recommendations.

Kent Rice, Executive Director, Denver Arts & Venues; Mark Heiser, Chief Operations Officer, Denver Arts & Venues; Frank Delmonte, Director of Finance, Denver Arts & Venues; Mark Najarian, Venue Director of DPAC; Tad Bowman, Venue Director of Coliseum and DPAC; and Ginger White, Deputy Director, Denver Arts & Venues were present to respond to the audit report.

For the full text of the report, including auditee actions, please visit [www.denvergov.org/auditor](http://www.denvergov.org/auditor). Click on the Audit Services tab, then Audit Reports, then By Year. This report is published under the 2017 Audit Reports header and is titled “[Coliseum and DPAC Event Contracts](#).” View the video recording of the audit report discussion under the [Audit Committee](#) tab at [www.denvergov.org/auditor](http://www.denvergov.org/auditor). Click on the “[Watch Audit Committee meetings](#)” button at the top of the page. The most recent video will be listed first.

Denver Arts & Venues agreed with all five of the Audit Team’s findings and recommendations. The recommendations and Denver Arts & Venues’ responses from the audit report are summarized below.

**Recommendation 1.1**

**Expand Contract Administration Policy and Procedures** – Denver Arts & Venues management should expand the contract administration policy and procedures to incorporate an authorization procedure for venue user contract negotiation as well as monetary thresholds for waiving and deviating from official venue rental user fee schedules during negotiations. These decisions should be formally authorized, documented, and archived.

**Auditee Response:** Agree

**Recommendation 1.2**

**Timely Contract Execution** – Denver Arts & Venues management should ensure that signature pages or fully executed agreements, advance deposits, and letters of credit for incidental expenses are properly obtained prior to the event date and added timely to the City’s document management system and/or contract file.

**Auditee Response:** Agree

**Recommendation 1.3**

**Event Insurance Coverage** – Denver Arts & Venues Booking Managers should ensure that all events have Certificates of Insurance or documentation of exemptions and verify with the event contract that the insurance coverage amounts are present and sufficient to meet contract requirements.

**Auditee Response:** Agree

**Recommendation 1.4**

**Service Provider Controls** – Denver Arts & Venues management should annually request, obtain, and review SSAE 16 SOC I, Type II and SOC II reports for services provided by its exclusive ticket seller, its resident companies’ ticket sellers, and the vendors that provide stagehand, usher, and security services. If these SSAE reports are unavailable, Denver Arts & Venues management should work with the providers to secure such reporting or develop a framework of compensating controls to ensure that ticket sales and timekeeping reporting are reliable for event settlement billings.

**Auditee Response:** Agree

**Recommendation 1.5**

**Document Waived Interest Penalties** – Denver Arts & Venues should properly document the reasons for waiving interest penalties for all venue users whose settlements were paid late.

**Auditee Response:** Agree

**General Business**

Deputy Auditor Valerie G. Walling provided Committee members with an update on the External Auditor activity from BKD and Anton Collins Mitchell, as well as the related Audit Committee activity. Prior to any contract renewal later this year, the Auditor’s Office will conduct internal contract monitoring reviews to ensure all terms of the current year audit contracts were met. Like last year, the Audit Committee will be responsible for performing an External Auditor assessment at the next meeting on September 21, 2017. In the meantime, Auditor O’Brien stated that Auditor’s Office staff is moving forward, assuming the Committee will want to continue working with BKD and Anton Collins Mitchell, because the contracting process can be quite long.

The next meeting is on Thursday, September 21, 2017 at 9:00am in the Parr-Widener Room (#389) of the City and County Building, 3<sup>rd</sup> floor.

With no other business, the Committee adjourned at 10:46 a.m.

Prepared by Mollie Horne, Audit Committee staff