



Independent Audit Committee

City & County of Denver

Meeting Minutes

Thursday, November 16, 2017, 9:00 a.m.

Opening

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

Members Present

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

Also Present

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

Approval of October 19, 2017 Minutes

The minutes were approved as written.

Report Briefing: Denver Employees Retirement Plan Investment Program Evaluation

Dale Connors, CFA, Senior Consultant from Ellwood Associates, along with Director of Financial Audits Heidi O'Neil and Audit Manager Dawn Wiseman, presented the evaluation findings and recommendations.

Steven Hutt, Executive Director, Denver Employees Retirement Plan; and Randall Baum, CFA, Chief Investment Officer, Denver Employees Retirement Plan were present to respond to the evaluation on behalf of the Denver Employees Retirement Plan (DERP).

For the full text of the report, including DERP responses, please visit 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 "[Denver Employees Retirement Plan Investment](#)." View the video recording of the audit report discussion under the Audit Committee tab at 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.

DERP agreed with two of Ellwood’s findings and recommendations; it disagreed with one. The recommendations and the DERP responses from the audit report are summarized below.

Recommendation 1

Ellwood recommends staff complete a full review of the Investment Policy (IP) for the Retirement Plan Board, with a focus on elimination of outdated language, on confirmation of procedures being used to verify stated guidelines and on uniformity in the formats of the investment manager guidelines in the schedules, on integration of the Mosaic recommendations if approved, and on standardization of benchmark measurement criteria.

Auditee Response: Agree

Recommendation 2

The addition of the new documentation recommended by Mosaic for duties and delegations will improve the overall procedures that are not currently addressed in the Investment Policy (IP). If approved by the Board, it is recommended that the Mosaic language be integrated into the IP.

Auditee Response: Agree

Recommendation 3

DERP measures their performance against peers on a gross of fee basis while the assumed return objective, per the IP, is measured net of fees. Ellwood recommends inclusion of a net of fee comparison relative to peers.

Auditee Response: Disagree

Report Briefing: Software Asset Management Assessment

Jeff Goodwin, Partner; and Dustin Palmer, Manager, both with Deloitte & Touche, LLP, along with Director of Financial Audits Heidi O’Neil and Audit Manager Kevin Sear, presented the public portion of the assessment findings and recommendations.

Scott Cardenas, Chief Information Officer; Christopher Todd, Chief Information Security Officer; and John Pira, Software Assets Manager, were present to respond to the report on behalf of Technology Services.

For the full text of the public portion of the report, including agency responses, please visit 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 “[Software Asset Management Assessment](#).” View the video recording of the report discussion under the [Audit Committee](#) tab at 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 (TS) agreed with all four of the team’s findings and recommendations. The recommendations and the auditee responses from the report are summarized below.

Recommendation 1

Accountability and awareness for the Software Asset Management (SAM) mission should be clearly articulated from leadership in order to drive completion of SAM objectives.

Auditee Response: Agree

Recommendation 2

The software governance function should enable the SAM program to access critical data to carefully report on software compliance, including server access controls to determine completeness of inventory data.

Auditee Response: Agree

Recommendation 3

Maintain accountability by clearly defining roles, responsibilities, and access; and by communicating these roles across the organization so as to promote visibility to the mission of the SAM program.

Auditee Response: Agree

Recommendation 4

Formalize processes and controls around management of phases of the software lifecycle to ensure consistent practice across agencies and Technology Services.

Auditee Response: Agree

Move to Executive Session

After presenting the public portion of the report, the Auditor said he would like to continue in Executive Session due to the sensitive information of the assessment. He reminded the audience that the next Audit Committee meeting will be held on Thursday, December 14, 2017 (***not the third Thursday of the month***) at 9:00 a.m. in the Parr-Widener Community Room (#389) on the 3rd floor of the City & County Building at 1437 Bannock Street. The Auditor then called for a motion to go into Executive Session. Rudy Payan moved that the Committee go into Executive Session. Leslie Mitchell seconded the motion, and the motion passed. The public portion of the meeting adjourned at 9:58 a.m.

The meeting continued in Executive Session wherein Deloitte discussed the specifics of its assessment of software asset management.

At the conclusion of the report, the Committee was issued a hard copy of the 2018 Audit Committee calendar. With no other business, the Committee adjourned at 10:13 a.m.

Prepared by Mollie Horne, Audit Committee staff