Auditor’s Letter

After a year of important, impactful work by the Auditor’s Office, I am pleased to present the 2018 Annual Report. In this report, you will find summaries of our audits’ highlights and impacts identified from our follow-up work — as well as the achievements of my exemplary staff as they serve the people of Denver, further their professional development and represent our office in the community. This report showcases the many accomplishments of the Audit Services Division and the Prevailing Wage Division this year.

Let me first extend my appreciation to the Mayor, the City Council, the Audit Committee and members of the city’s operational management for supporting our mission throughout the year.

As an independent agency, we take an unbiased look at how public money is used and how efficient and effective the city’s services are for the people of Denver. Our work is performed on behalf of everyone who cares about the city, including its residents, workers and decision-makers. Our mission is to deliver independent, transparent and professional oversight in order to safeguard the public’s investment in the City of Denver.

This year, we took a close look at the financial records, data, contracts and performance of agencies large and small across the entire city. Cybersecurity remains a priority for my team, and we completed several assessments to help strengthen the city’s defenses against hackers and improper access.

We started the year with a close look at safety, training, classification and intake at Denver’s jails. I commissioned an assessment of Denver jail operations, which found room for improvement in areas such as reducing the amount of time offenders are waiting in open holding areas or in temporary housing. There was also a lack of data to track inmates’ behavior history. We found the jail system is still lacking in the areas of safety and use-of-force incidents, and I directed my staff to start work on a full audit to be completed in 2019.

This year, we also commissioned an audit of the Denver airport’s oil and gas wells. The audit found nearly a third of the city-owned oil and gas wells on airport property are losing money. Many are also expected to produce less and cost even more over time.

Another meaningful audit this year found a long list of the city’s assets — such as cars, equipment, sculptures and buildings — that were either missing or incorrectly documented. Examples of capital asset inaccuracies found during the report include a car the city sold in 2003 that was still on the books nearly 15 years later and a garbage truck no longer in use listed as still in service. In another case, city records counted a portion of the cost of a swimming pool at the La Alma Recreation Center twice, inflating the historical cost of the city’s assets by $853,000.

We completed a special assessment this year on behalf of the Elections Division, to ensure the city was ready to protect the integrity of the November election. The assessment found Denver’s Elections Division is following state law and ensuring a sound process for accurate election results.

After a legal disagreement and months of pushback, my team was finally able to complete two audits this year of the Denver County Court. We first reviewed controls over its information technology systems, and in a separate audit, we looked at how administrators handle case files and other aspects of managing complex courts processes. My office also completed an audit of the Denver Botanic Gardens and made recommendations to improve visitor and family safety, as well as reduce neighborhood conflict over sound and large events. My team...
also completed an audit of the workers’ compensation function, which discovered unreported liabilities and understand program costs.

To end the year, my audit team completed an important audit of Denver’s complex affordable housing program. The audit found many errors in calculating eligibility for affordable housing and in calculating affordable housing prices and developer incentives. The report found the Office of Economic Development was not ensuring affordability of housing in Denver. I hope to see great improvement in the management of our city’s already too small affordable housing inventory when we examine whether our recommendations were implemented.

The Audit Committee continues to contribute valuable feedback on findings from performance, financial and continuous auditing work. I’m also pleased with my team’s continued innovation in data analytics and continuous auditing techniques.

Our Prevailing Wage Division continued to work extensively with employers and employees to ensure everyone is compensated according to the law. This year, investigators hosted special community outreach presentations and seminars, and we added more user-friendly tools to help contractors navigate the updated prevailing wage rules and processes. The prevailing wage investigators audited more than 57,000 payrolls. More employees are getting paid correctly and more cases than ever were resolved this year.

We are also working harder to engage with the people we work for: the public. Our “Ask the Auditor” video series walks the community through audits and basic functions of the office. I attended more than 50 neighborhood and community events and meetings to talk about what I do and to answer questions. We reached thousands of people through social media on Nextdoor, Facebook, Twitter and LinkedIn. We also launched a brand-new website to improve transparency and ease of use. Sign up for our newsletter to read about our latest findings, or email us at auditor@denvergov.org to share your thoughts, concerns or questions.

I am very proud of our employees’ accomplishments and of our efforts to work with city agencies, residents, employers and employees to ensure a better Denver for everyone.

Timothy M. O’Brien, CPA
Denver Auditor
Affordable Housing

Our audit of affordable housing examined safeguards over the creation and maintenance of affordable homes through the city’s Affordable Housing Permanent Fund Ordinance, the Inclusionary Housing Ordinance, and city financing to developers. Our audit also looked at aspects of affordable housing programs that are administered by the Department of Community Planning and Development.

Results: The audit revealed that the Office of Economic Development is not ensuring housing affordability. Specific areas in need of improvement included the calculation of sale prices, the process for screening prospective homebuyers for eligibility, and the recording of restrictive covenants on the city’s affordable homes. We also found the office should improve its calculations for cash-in-lieu payments and incentive payments, its inventory of affordable homes, and its compliance monitoring for federally funded affordable housing rental projects.

Impact: Denver faces significant challenges when it comes to rising housing costs, which have made access to affordable housing unachievable for many. The audit revealed an immediate need for stronger safeguards and compliance with regulations surrounding Denver’s affordable housing programs. The recommendations from the audit should help the city better ensure affordable housing is made available to those who qualify.

Aramark Concession Revenues

This audit assessed how well Denver Arts & Venues was monitoring an agreement with Aramark to operate concessions at Red Rocks and the Coliseum. It also looked at whether Aramark properly reported and remitted revenue to the city from restaurant, concession and retail sales and whether incentive payments from the city to Aramark were proper.

Results: Due to Aramark’s inconsistent adherence to cash and inventory procedures, its lack of inventory reports and its lack of controls over Red Rocks and Coliseum events, we were unable to determine whether the city was receiving all concession revenue due from Aramark and whether the city is paying Aramark the correct amount for concessionaire fees and incentive compensation. Denver Arts & Venues is responsible for management and oversight of the Aramark concession agreement, and the audit found the agency was not properly verifying amounts received and paid. We identified six areas for improvement, and the agency agreed with all our recommendations.

Impact: Events at Red Rocks and the Coliseum bring in millions of dollars every year, and citizens need assurance the city is properly monitoring concessions contracts, getting everything it’s owed and only awarding concessions operators incentive payments when proper.

Capital Assets: Buildings and Equipment

Our audit of the city’s capital assets—including buildings and equipment—set out to determine how effective the city’s safeguards are for recording and tracking those assets and to assess the accuracy, existence and completeness of the city’s inventory of capital assets at the time of the audit.

Results: The audit revealed there were several inaccuracies in the city’s capital asset inventory. We tested a statistical sample of 124 assets across the city, and 15 items—or 12 percent—could not be located. Other issues with the list identified through our testing included: incorrect asset locations, inaccurate or insufficient asset descriptions and classifications, blank or incorrect identification numbers, incorrect historical costs, missing records and a lack of timeliness in updating the list to add new assets and delete old ones. The audit also highlighted areas where the Controller’s Office could improve its monitoring of the agencies’ capital asset inventory process and could enhance guidance given to agencies through policies and procedures. We made eight recommendations for the Controller’s Office and six other city agencies to correct capital asset inventory records and to improve the inventory process. The agencies agreed with all recommendations.

Impact: This citywide audit revealed accuracy concerns with inventory records. In an effort to address these concerns, the Controller’s Office enhanced their capital asset inventory guidance to agencies through additional training and a new frequently-asked-questions document.
Cybersecurity

The Auditor’s Office performed three cybersecurity assessments during the year. Given the sensitive nature of the findings, the confidential results were shared with the city’s Technology Services agency and the assessed agencies for remediation. The Auditor’s Office continues to prioritize cybersecurity and the continuing fight against criminals in the evolving digital landscape.

Results: The office has created a very effective cybersecurity assessment process using a third-party cybersecurity firm. The need to review and test the city’s cybersecurity stance is a critical part of maintaining and improving the city’s overall cybersecurity capabilities.

Impact: The assessments tested different aspects of the city’s information technology system infrastructure for vulnerability to hacking and unauthorized access to the city’s digital resources. These tests helped the city identify important opportunities for security improvements.

Denver Botanic Gardens

Our report on the Denver Botanic Gardens, its first-ever audit, had two main objectives. First, we examined the financial relationship between the city and the Gardens to identify ways to improve certain financial processes and controls. Second, we reviewed the effectiveness of the Gardens’ management of select operations and activities, including the its board of trustees, its IT-related infrastructure, its handling of special events and its volunteer program.

Results: We found that the Gardens’ management of safety, security, public events and volunteers needed improvement. The Gardens’ safety and security policies were inconsistent across locations, and it could’ve been more proactive in anticipating and mitigating its effects on nearby residents. Additionally, the Gardens did not keep accurate background check and membership records on its volunteers. We also found that the Gardens lacked critical safeguards over IT systems, including the lack of sufficient limits on access to restricted areas and on user access to information systems. Further, the Gardens has not adequately protected its IT infrastructure and is unprepared to continue business operations in the event of a disaster. Finally, we found the board of trustees’ attendance, conflict of interest documentation and governance practices needed improvement and that the board did not follow certain best practices, such as conducting regular self-evaluations. The Gardens agreed with all 25 of our audit recommendations.

Impact: This was the first audit conducted by the Auditor’s Office of the Denver Botanic Gardens and the second in a series of audits aimed at evaluating Scientific and Cultural Facilities Districts Tier 1 organizations. These cultural attractions are not only huge investments for citizens, they are meant to showcase our community to visitors — ranging from tourists to business leaders scouting locations. It is critical these institutions be audited to determine whether they are being run as efficiently, safely and transparently as possible.

Denver County Court Operations

Our audit evaluated Denver County Court’s governance structure and management oversight of operations, including the collection of fines and the administration of penalties imposed, suspended, paid and outstanding as of and for the period of January 1, 2014, through May 31, 2018.

Results: The audit identified three primary areas needing improvement. First, due to weak internal safeguards including a lack of management review and insufficient policies and procedures, we found that the court’s case file documentation is not consistently available, that management failed to detect more than 4,000 incorrectly closed case files, and that court management relies on erroneous information when developing and evaluating performance metrics used to make organizational decisions. Second, because court management has not separated incompatible job responsibilities, there is a risk of misuse and errors. This is mainly because cashiers are responsible for the custody of cash and record keeping of fines and penalties, while also having the ability to create and alter official court records. Third, some of Denver County Court’s practices are out of alignment with national standards and city ordinances. The court uses certain fees to fund its core operations, such as the salary and benefits of IT personnel and collection investigators. Nationally recognized judicial principles state, however, that such core operations should not be funded by fees and fines in the interest of promoting fairness and objectivity. We also identified inconsistencies between some of the court’s current practices and those required by city ordinance.

Impact: This audit was delayed because the court in 2017 objected to the Auditor’s authority to assess the court’s operations. The Auditor’s Office was ultimately able to conduct the audit in 2018, and that work highlighted deficiencies and areas of risk that the court needs to improve to ensure the continued administration of justice is done in a fair, efficient and effective way. In response to one recommendation, the court sought City Council approval—even before the report was published—to update the city ordinances identified in the audit that conflict with modern-day court practices.
### Denver County Court IT General Controls

Denver County Court’s information technology department supports the court’s mission through its case management, cash receipting and accounting systems, all built in-house. Our objective was to determine the operating effectiveness of IT general controls for change management, user access, data backup and the data center related to these important IT systems.

**Results:** We found that the court’s IT department should strengthen environmental controls for the data center, improve the process for backups of court data and update IT policies to align with best practices, such as those published by the National Institute of Standards and Technology. The court agreed with two of our three recommendations, disagreeing with our recommendation to relocate the data center. However, court officials said they would improve their current data center to address the issues identified. We also identified security-related findings we communicated separately to management for remediation.

**Impact:** Denver County Court’s IT systems serve the court directly but also the citizens by tracking cases and fees and fines. Our audit highlighted areas for improvement that will provide greater efficiencies, security and availability for the court’s applications and systems and better serve citizens.

### Elections Division Risk-Limiting Audit Process Evaluation

The Denver Elections Division requested this narrowly scoped evaluation to determine whether its own risk-limiting audit of its November 2017 elections met requirements established by the Colorado Secretary of State. A risk-limiting audit is a type of election audit that uses statistical methods to show whether an election outcome is accurate. The method also has a high probability of correcting an election outcome that is inaccurate.

**Results:** The evaluation found that the division’s process fully aligned with the rules established by the Colorado Secretary of State. However, we identified three areas of the process that could be improved. First, the ballot manifest sent to the Secretary of State is created with data manually entered into a spreadsheet, which makes it more susceptible to human data-entry errors. Second, the Secretary of State’s risk-limiting audit sample selection process does not account for multiple-page ballots, which Denver used in the November 2017 election. Third, Denver Elections does not have a comprehensive way to measure the division’s performance of the risk-limiting audit process and compare it to risk-limiting audits in future elections. We made three recommendations for improvements, and Denver Elections agreed with all of them.

**Impact:** Colorado’s 2017 November election was the first statewide risk-limiting audit in the country. By committing to addressing the findings in this evaluation, the Denver Elections Division will further strengthen its risk-limiting audits and establish the division as a pioneer in ensuring correct election outcomes. These efforts give Denver residents a high-level of confidence in their election process.

### Debt Management

This audit evaluated how well the Department of Finance manages processes for debt issuance and how Finance and the Department of Public Works manage the spending of debt proceeds. The audit also evaluated general safeguards over critical information systems involved in debt management.

**Results:** Our audit indicated that the departments of Finance and Public Works need to strengthen and enforce policies and procedures related to certificates of deposit, debt management post-issuance safeguards and the maintenance, oversight, and security of certain critical information systems. We also found that agencies using third-party vendors to provide critical services related to debt management are not obtaining and reviewing assurance reports about the reliability and data security of the services. Sixteen recommendations were made.

**Impact:** The total outstanding debt and other obligations of the city’s governmental activities—not including pension obligations—was about $1.8 billion as of December 31, 2016, so there is a lot of taxpayer money at stake in debt management. By strengthening policies and procedures related to debt management, city agencies will be better positioned to provide effective oversight of debt processes, maintain compliance with bond covenants and other regulatory requirements and ensure spending of bond proceeds is aligned with voter-approved ballot initiatives.
Denver International Airport Parking Revenue

This audit assessed Denver International Airport’s internal safeguards surrounding the collection of revenue from its public parking, employee parking and ground transportation activities. Additionally, the audit assessed the controls in place with third-party operator, SP Plus Corp.—the contractor responsible for overseeing the collection of public parking revenues on the airport’s behalf.

Results: The audit found weaknesses in all three sub-units for the airport’s parking division. First, with the public parking unit, we found that weak oversight of SP Plus resulted in the company not complying with agreement terms and that SP Plus’ physical controls over public parking revenue—its vault and ticket-issuance machines—need to be improved. Second, we found that the system used to manage employee parking is unable to track employee parking data, that policies and procedures are outdated and not always followed, and that financial safeguards are inadequate to properly manage employee parking invoicing and recording of revenue. Lastly, with ground transportation, we found the airport does not verify self-reported information from ride-hailing companies Uber and Lyft, it does provide adequate oversight of its five off-airport parking agreements, it has failed to keep adequate records of ground transportation revenue transactions, and the airport has failed to assess interest on past-due accounts. In response to the issues identified, we offered 26 recommendations to help the airport improve public parking, employee parking, and ground transportation operations.

Impact: The airport’s parking division generated over $187 million in revenue in 2016—constituting the airport’s second-largest revenue source and representing about 25 percent of the airport’s total operating revenue. Management of such a significant revenue stream requires sound controls to ensure parking management is done effectively and to safeguard revenue and ensure it is collected accurately.

DEN Airport Security

Auditors assessed the effectiveness of Denver International Airport’s security operations related to its badging and credentialing processes. In addition, we reviewed financial safeguards for revenue collection and reviewed management of airport security’s contract with HSS, Inc., for security guard services. In addition to issuing a public audit report to citizens, we identified areas of weakness we reported confidentially to the airport due to their sensitive nature.

Results: The audit found the airport’s safeguards were insufficient to ensure all badge-related revenue was collected in a timely manner, and the audit identified weaknesses in Airport Security’s oversight of its security guard services contract with HSS. The team determined airport security lacked both formal procedures to document how badge revenue was billed and a process to monitor collection of that revenue. Audit work also determined that both airport security and the airport’s Finance Department did not have procedures to coordinate and ensure timely billing and collection of all badge revenue, including accrued late fees and interest. Furthermore, the audit revealed the Airport Security Section’s oversight of its security services contract lacked formal documented procedures to describe how airport security monitors the agreement—such as through invoice review and reconciliation for billed security services, audits of vehicle mileage accrued while providing services, and billed paid time off for HSS security personnel. Nine recommendations were directed to airport leadership, specifically those who oversee security and finance operations.

Impact: Because the Airport Security Section’s responsibilities include security badging and permitting, security compliance and enforcement, and oversight of the airport’s three-year, $115 million security guard services contract with HSS, the section plays a vital role in airport operations. The audit shed light on airport security’s lack of contract oversight and on process and operational concerns with the city’s financial system of record. The recommendations resulted in the airport finally collecting on overdue security badge fees—over $400,000 in money owed to the city taxpayers.
Auditor O’Brien hired CliftonLarsonAllen LLP to examine Denver International Airport’s contract with PetroPro Engineering, Inc., which manages and operates oil and gas wells on airport property. The examination was meant to determine whether the airport adheres to established contract procurement processes, whether it monitors how PetroPro hires and compensates its contractors for services and materials and whether the airport records and reports expenditures and royalty revenues earned on its wells.

**Results:** The examination found that the document retention policy was not followed for the request for qualifications, that accounting and reconciliation activities for royalty revenue were not performed on time, and that the airport’s oil and gas well operations do not provide the best value to the City and County of Denver. The airport agreed with all four recommendations. More specifically, the examination found 26 of the 71 wells on airport land lost money from January to September of 2017. Six of those wells were shut-in or temporarily abandoned and incurred only minimal management and operating costs. However, the other 20 wells not only operated at a loss, but they were expected to produce less oil and cost even more over time. During those months of 2017, the 26 wells lost more than $220,000. All the airport’s wells together brought in a little more than $617,000 for the same time period.

**Impact:** Because of these results, Auditor O’Brien and the examination team recommended a review of each of the 20 wells that were losing money and not shut-in or abandoned. The airport needs to determine whether it should continue to produce oil and gas from these wells or shut them down to save money on maintenance and operations.

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This third-party assessment by BKD, LLP looked at 27 of 277 recommendations from a 2015 independent assessment of the Denver jail system, which was released by the Mayor’s Office. Those 2015 recommendations called for changes to the inmate intake and classification process to improve jail safety. This 2018 assessment reviewed how those 27 recommendations were implemented since, and BKD found some additional concerns about safety during the intake process.

**Results:** The assessment found Denver’s jails could improve safety and reduce the risk of violence by improving the classification and intake system for new inmates. While the Denver Sheriff Department has plans to improve its jail management system, there remain areas of concern when it comes to the inmate intake and classification process. The assessment found room for improvement in areas such as reducing the amount of time offenders wait in open holding areas or in temporary housing. The assessment notes one way to decrease temporary holding time is to improve the classification process. BKD recommended a new, standardized training process for deputies, along with a new jail management system. Another concern involved the lack of historical documentation in the old jail management system. No details of the information used to assign a classification are recorded and passed on for future deputies’ knowledge and use.

**Impact:** Keeping jail staff, deputies and inmates safe is a top priority. There would be fewer incidents and less need to use force if inmates were more efficiently moved out of general population areas and into appropriate housing assignments. Auditor O’Brien used this information to call for a full internal audit of jail safety, which is expected in 2019.
Department of Parks and Recreation: Pahaska Tepee Concessions, LLC

This audit assessed compliance for a contract between the city and Pahaska Tepee Concessions, LLC, to operate a gift shop and café at the Buffalo Bill Museum and Grave. We evaluated the revenue reported by Pahaska to determine whether it had been paying the correct percentage owed to the city under the contract, and we examined whether Pahaska had been applying the correct sales tax to transactions.

Results: The audit found the Department of Parks and Recreation’s contract with Pahaska had several deficiencies. First, Pahaska’s record keeping was inadequate, and its revenue reporting did not comply with contract terms—making revenue unverifiable. Auditors found Pahaska’s cash registers were low-end, and the company’s sales transactions records were tracked using unreliable and inaccurate paper rolls from the registers. Pahaska deducted discounts in its calculations of gross revenues, although contract language and other authoritative governance documents are unclear as to whether this is acceptable. The company lacked basic safeguards for cash-handling and inventory, and Pahaska has not complied with contract requirements dictating that payments to the city should increase when the concessionaire operates on a month-to-month basis while awaiting contract renewal. The company also had not addressed concerns regarding the schedule of payments to the city—concerns similar to those raised in a 2007 audit but that were still not corrected. Meanwhile, the Department of Parks and Recreation had not provided adequate oversight of Pahaska’s contract. The department had not reviewed Pahaska’s revenue documentation and had not specified what requirements the company’s point-of-sale system needed to have to properly record transactions. We made five recommendations each to Pahaska and to the Parks Department. Pahaska agreed to four and Parks agreed with three recommendations.

Impact: In 2016 and 2017, Pahaska generated more than $2.5 million in revenue—which amounted to about a quarter-million dollars in percentage payments to the city for operating a business at a city-owned facility. It is important for the city to ensure concessionaires comply with reporting requirements for contract revenue and for city departments to monitor such compliance. Poor reporting and an outdated point-of-sale system by Pahaska could be symptoms of a larger problem with the parks department’s monitoring of concessionaires.

Department of Parks and Recreation: Flog, LLC, at Willis Case

Auditors assessed compliance with a contract between the city and Flog, LLC, to sell concessions at Willis Case Golf Course. We evaluated revenue reported by Flog and determined whether it was paying the correct percentage to the city under the contract. We also determined whether Flog was applying the correct sales tax to transactions and then paying that correct tax to the city.

Results: The audit found the Department of Parks and Recreation’s contract with Flog, LLC, at Willis Case had deficiencies related to Flog’s compliance with the contract and in the department’s oversight of the agreement. The team found Flog was not complying with revenue reporting requirements and needed to improve its record keeping. Flog was deducting the costs of discounts and complimentary items, which is not specifically allowed under the contract with the city. The audit team also found missing sales data from monthly reports and incorrect reporting of sales tax. For its part, the Parks Department was not adequately overseeing the contract. The department’s oversight of revenue reporting is limited. It also has not defined a requirement for a point-of-sale system, and department officials were unaware of Flog’s processes for reporting revenue—including that the company was deducting costs of discounts and complimentary items. In response to the issues identified, we made two recommendations to Flog to improve its record keeping and revenue reporting and we made four recommendations to the parks department to improve its oversight, contractual requirements, and compliance monitoring of concessionaires.

Impact: Flog first won its contract at the end of 2007 to sell concessions at Willis Case Golf Course, and its contract was renewed in early 2018. In 2016 and 2017, Flog at Willis Case generated over a half-million dollars in revenue—which amounted to about $60,000 annually in percentage payments to the city for operating a business at a city-owned golf course. It is important for the city to ensure concessionaires comply with reporting requirements for contract revenue and for city departments to monitor such compliance.
Government Activities Receivables

This audit assessed how well city agencies and the Controller’s Office were properly accounting for “governmental activities receivables” — money owed to the city in the form of taxes, grants, loans, notes, fees, fines and other items. The audit also assessed agencies’ compliance with city fiscal rules and agency policies and procedures related to receivables.

Results: The city had net governmental activities receivables outstanding of about $636 million as of Dec. 31, 2016, the audit period available for our early 2018 report. The audit specifically pertained to the outstanding receivables of four city agencies, three of which we found were not in compliance with city fiscal accountability rules. The Department of Public Works’ Right-of-Way Enforcement Division and the Department of Community Planning and Development needed to update policies and procedures to reflect current business practices. Meanwhile, Denver Public Library’s policies and procedures lacked specific procedures for segregation of duties for collection of receivables, for reviewing fines and fees forgiven by circulation desk personnel and for the reconciliation process. We also found that agencies using private collections services are not requiring those vendors to ensure their controls are sufficient. Overall, we identified five areas for improvement.

At the same time, we found that the Office of Economic Development is reporting loans and notes receivable correctly and is adhering to relevant fiscal rules.

Impact: Citizens need to be assured the city’s accounts receivables policies and procedures are clear, in compliance with relevant fiscal rules, and being followed. Without this assurance, citizens cannot have confidence the city is collecting all amounts of money it is owed — revenue that is used for public services.

Indirect Cost Allocation Practices

Our audit sought to determine: if data were input accurately into the city’s 2017 federal cost allocation plan and then allocated accordingly from there, if the city’s methodology for allocating costs in the plan was accurate and consistent with what was written in the plan, and if the 2017 rates from both the indirect cost rate proposal and Colorado Department of Human Services’ reimbursements were correctly calculated.

Results: Our evaluation identified weaknesses in Budget and Management Office practices that affected the city’s ability to provide an accurate and consistent process for compiling its cost-allocation plans. We found the budget office lacks a process to ensure the state reimbursement schedule is accurate and consistent with supporting schedules contained in the federal cost allocation plan. Additionally, we found that the budget office did not ensure the city’s contractor accurately allocated costs. Further, we identified instances when the bases used to allocate costs were not supported by adequate documentation—oversights that led to an underpayment from one of the city’s enterprise funds to the city’s general fund. Further, we were unable to verify the accuracy of some of the cost allocations performed in the two plans, due to a lack of supporting documentation.

Impact: Our audit provided the city with deeper insight into its cost-allocation process and an opportunity to improve that process and better record the full costs of services delivered to city agencies and enterprises. This audit not only made a complex process more transparent, but also leveraged innovative tools to display cost-allocation information through an interactive graphic on the Auditor’s website.

Office of Human Resources - Compensation and Benefits

This evaluation looked at how the city sets compensation rates—salary and other benefits—for its more than 13,000 employees. This evaluation also reviewed whether a self-insurance plan is the most cost-effective way to offer health benefits for employees.

Results: The assessment found the city hasn’t tried to determine if the way it sets compensation is reasonable. Though the city uses a third-party company to review some of the compensation levels, the review is not fully independent as required by law. The assessment also found the city should follow up on a study indicating it could save money on health insurance premiums if it considered a self-insurance option.

Impact: Employee compensation and benefits are one of the city’s largest expenditures, and compensation should be reasonable, while benefits should be cost-effective. This assessment found flaws in the way the city sets compensation and benefits.
**Procurement and Payment Processes**

This audit assessed the way the city procures goods and services and pays for them, whether by check, purchase card or electronic transfer of funds. We also looked at ways to make the processes run more smoothly.

**Results:** The audit revealed the city’s procurement and payment policies and procedures were generally well-designed. However, the implementation, monitoring, enforcement and documentation of the processes needed further improvement. First, we found inconsistent and incomplete vendor bidding data that made tracking these bids and their solicitations inefficient and unreliable. Second, there were tracking issues with emergency purchase order numbers, change orders, and Master Purchase Order transactions paid with P-cards. Third, we found that the city was not consistently enforcing documentation requirements for bidding exceptions, unauthorized purchases and payment transactions. Fourth, we noted non-purchase order procurement processes were not always used in compliance with policies and procedures, which were outdated. Fifth, the city was not reporting on prompt pay interest penalties. Finally, the city’s financial system lacked certain input validation controls for invoice numbers, and minor improvements were needed in the way that purchase orders, receipts, and invoices were matched to allow for payment processing.

**Impact:** This audit found ways to improve the city’s already well-designed procurement process, helping improve citizen confidence that agencies are wisely using taxpayer dollars to buy the best goods and services at the best prices and in the most transparent and accountable manner. The report also set the stage for a future audit to look at bidding processes of individual agencies to determine if they follow citywide procurement policies.

**Workers’ Compensation**

This audit assessed whether the City and County of Denver’s self-insured workers’ compensation program delivers services to employees cost effectively and efficiently. The audit also assessed whether the program is properly funded and whether it reports in accordance with the Generally Accepted Accounting Principles.

**Results:** The audit revealed a number of actions that the Risk Management Office’s workers’ compensation unit needs to take, including: fully accounting for all costs and liabilities in the Workers’ Compensation Internal Service Fund, formalizing strategic planning to ensure the city’s model is cost-effective and efficient, updating policies and procedures, improving contract monitoring and oversight of its contractors, and updating or creating key performance indicators for financial and managerial reporting. The workers’ compensation unit also needs to update its risk management information systems to include better safeguards for claims processing. Overall, we identified 16 areas for improvement.

**Impact:** The city spends about $13 million on workers’ compensation costs each year, including about $9 million annually for claims payments. By implementing stronger formalized policies and procedures and enhancing manual and automated system controls, the workers’ compensation unit will be able to ensure more accurate and transparent reporting of financial accounts and performance for employees and the public.
**Workforce Development**

Auditors examined the effectiveness of the city’s workforce development programs and services—including the Office of Economic Development’s efforts to privatize workforce development programs and services in 2016.

**Results:** The audit found that the city’s local workforce development plan incorporates almost all elements required by federal law and that Economic Development’s workforce development programs and services include all but one of nearly 70 requirements established in the local plan.

However, the audit identified multiple concerns with the city’s privatization effort. Economic Development did not thoroughly determine the full costs and benefits that would result from its decision to privatize. In the year since privatization, the office also has not methodically analyzed all contract costs and the quality of all services provided—hampering management’s ability to make sound decisions about future contracts. Furthermore, auditors determined that Economic Development could be relying on faulty data to make management decisions about workforce development.

Meanwhile, Economic Development established multiple strategies to monitor its contract with ResCare Workforce Services, a privately held company that manages the city’s American Jobs Center and provides certain comprehensive workforce services. However, the audit revealed those activities do not ensure ResCare delivers everything agreed to in the contract—specifically quality control planning, policies and procedures used to guide monitoring strategies, and staff training.

**Impact:** Without monitoring costs of the contract and the quality of services provided, it is difficult to determine whether privatizing workforce development services was appropriate. By following a more comprehensive approach to privatization, Economic Development would be better informed about the true cost of the programs and services and would be better able to do the due diligence required.

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**Continuous Auditing:**

**Purchase Card Transaction Analyses Continuous Audit**

Our objective for this project was to develop multiple analyses to create a continuous audit program of purchase card transactions and inform the 2018 Purchasing and Accounts Payable Audit. We developed four analyses over the year. The first two analyses tested controls by looking for split transactions — where someone breaks a transaction into multiple pieces to circumvent a purchase card’s single-transaction limit — and recurring transactions, or repetitive transactions between a supplier and an agency. The last two analyses identified potentially risky transactions. We looked for even-dollar transactions, or purchases ending in zero cents and we identified the top spenders and top vendors within each agency.

**Results:** These analyses examined more than 160,000 purchase card transactions and identified hundreds of potential control failures and risky transactions. The information was provided for the 2018 Purchasing and Accounts Payable Audit, which was issued in October of 2018.

**Impact:** The Auditor’s Office used results from our analyses in its risk assessment and gave them to audit teams to investigate further. The work helped reduce planning and fieldwork for the Purchasing and Accounts Payable Audit. Further, the work done by the audit team helped us modify our coding scripts to be more precise for future ongoing analyses of purchase card transactions. For example, the audit team refined the recurring transaction analysis, which the Audit Analytics Group will use going forward.
**GenTax Continuous Audit**

This project had two objectives: First, to develop a continuous audit program for tax-related data by creating a read-only connection to GenTax, the city’s tax collection and processing system; and second, to automate parts of the 2016 Municipal Sales Tax Audit’s fieldwork testing that used GenTax data. Specifically, we created coding scripts to automate the calculation of timely tax return processing and to examine the separation of duties between the administrator who requests a tax write-off and the administrator who approves the request.

**Results:** In partnership with Technology Services and the Treasury Department, we successfully connected our continuous audit software to GenTax and recreated queries to read information and assemble tables for ongoing analysis. Specifically, we examined all sales tax records from January 2015 to July 2018 for timeliness of tax return processing and the separation of duties related to tax write-off requests.

**Impact:** Our analysis shows an improvement in both timeliness of tax-return processing and separation of duties since the 2016 Municipal Sales Tax Audit. Further, we are poised to maintain a continuous analysis of these two risks. Finally, we have increased our continuous audit capabilities to examine data in GenTax and inform future financial and performance audits related to tax collection and processing in the city.

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**Short-Term Rentals Continuous Audit**

This continuous audit project had two objectives. First, to develop a continuous audit program for license data by making a read-only connection to the license data stored on the city’s data warehouse. Second, to automate parts of the 2017 Short-Term Rental Enforcement Audit’s fieldwork testing that utilized licensing data. Specifically, we looked at data quality issues and noncompliance issues with short-term rental licensing.

**Results:** In partnership with Technology Services and the Department of Excise and Licenses, we connected our continuous audit software to the licensing data in the city’s data warehouse. We developed scripts to examine short-term rental license data for data reliability issues identified by the 2017 Short Term Rental Audit team. The audit team found that only about one-third of short-term rental license number records had valid entries in the licensing system. The results of our analysis show about 90 percent of issued licenses are in compliance as of October 2018.

**Impact:** Our analysis found that our audit had led to the Department of Excise and Licenses turning around its enforcement efforts so that all but a small percentage of license holders were in compliance with the law. Our analysis was provided to the follow-up audit team. Finally, with our connections to the city’s data warehouse, we have increased our continuous audit capabilities related to city licensing data. The results of continuous analysis will data will inform the office’s risk assessment and future audits.
Follow-Up

The Audit Services Division follows up on all recommendations an audited agency agreed upon to determine whether our audit findings were addressed sufficiently to mitigate the risks our audit identified. We communicate our follow-up activities in formal reports published online, specifying how each recommendation was implemented or why an agency did not implement an agreed-upon recommendation. The city’s implementation of our recommendations is one way we measure the impact of our audit work.

This year, agencies such as the Denver Department of Human Services, exemplified how to respond to recommendations by making proactive efforts to compile documentation showing what they did to improve services to the people of Denver. Other agencies had work remaining to fully implement some of their recommendations, and Auditor O’Brien pushed them to do better on issues ranging from citywide enforcement of disability accessible parking to fee collection for rental cars at Denver’s airport.

We continued to see constructive impacts from our audits this year, thanks to our staff’s diligent work and agencies’ willingness to make changes based on our findings.

For example, after Auditor O’Brien criticized the lack of transparency in how marijuana money was spent, the city listed more details in the 2019 budget on how marijuana tax revenue will be used — noting that it will go toward regulation, enforcement, education, public health, affordable housing and other specific uses. Denver voters approved marijuana taxes with the expectation the money would go to specific uses, and Auditor O’Brien felt it was important for the city to be fully transparent.

Also this year, the Denver Police Department moved to place greater emphasis on data-driven policing. Despite initial resistance to our recommendations, the new police chief’s initiative mirrors the language and findings of our Data Driven Approach to Crime and Traffic Safety Audit on the same topic.

News organizations also noted how our audits resulted in improvements for the people of Denver. For example, one television station reported Denver’s permitting office has become more efficient and wait times went down after our audit showed problems in the office.

The City Attorney’s Office advised the city’s contract administrators to improve consistency in recording contracts after we found errors. Similarly, managers in departments across the city have been working to make sure all employees are completing their timecards accurately and on time after we identified noncompliance issues. City inventory managers also received updated guidance for asset and inventory reporting after several of our audits found items were missing and records were incomplete.

We conduct audits on behalf of the people of Denver. Their support and the support of city agencies help us make meaningful recommendations that result in real change and improvement.
## Audit Accomplishments

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### Audit Reports

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Who We Are

Office of the Auditor:

The mission of the Auditor’s Office is to deliver independent, transparent and professional oversight in order to safeguard and improve the public’s investment in Denver. Our work is performed on behalf of everyone who cares about the city, including its residents, workers and decision-makers.

Denver’s Auditor is unique because he is elected by the people and is independent from all other citywide elected officials and city operational management. He works independently from the Mayor’s and City Council’s offices to maintain objectivity and offer frank, truthful reports for the betterment of Denver. Auditor Timothy M. O’Brien, CPA, was elected to a four-year term in 2015.

Denver’s Charter provides for the Auditor to conduct:

- Financial and performance audits of the City and County of Denver and its departments and agencies in accordance with the Generally Accepted Government Auditing Standards;
- Audits of individual financial transactions, contracts and franchises of the City and County; and
- Audits of the financial accounting systems and procedures administered by the manager of finance and other departments and agencies of the City and County, including records systems, revenue identification and accounting, and payment practices.

The Charter mandates the Auditor follow the Generally Accepted Government Auditing Standards published by the U.S. Comptroller General, financial management best practices, and any applicable laws and regulations governing the financial practices of Denver.

Denver’s Charter further requires the Auditor to countersign all city contracts to ensure no liability is incurred, no money is disbursed, and no city property is disposed of in a manner contrary to law.

The Auditor’s Office also oversees enforcement of the city’s prevailing wage and living wage ordinances. That means the Auditor works with both employers and employees to ensure every worker on all Denver property and projects is paid according to the law. The office does outreach and individual work with contractors to help them understand these laws. Investigators also help identify workers’ correct prevailing wage classifications.

The Auditor is chairman of the Audit Committee, whose primary task is to annually commission an independent external audit of Denver. In addition, results of audits are presented to the Audit Committee monthly. To ensure the committee’s independence, the Mayor, the City Council and the Auditor each appoint two members for four-year terms. The Auditor also appoints executives with audit and accounting experience, as well as an attorney, to serve in key leadership roles within the office.

Auditor O’Brien is licensed in Colorado as a Certified Public Accountant. He also has a master’s in business administration from the University of Colorado. He is a Chartered Financial Analyst and Chartered Global Management Accountant. He has more than 40 years of auditing and accounting experience—including time serving as the State Auditor—which he uses to ensure Denver’s taxpayer dollars are used efficiently and effectively. He was also chosen as the chairman of the board of trustees of the Colorado Public Employees’ Retirement Association, which provides retirement benefits to more than 500,000 employees across the state.
What We Do

Audit Services Division

The Audit Services Division produces independent audits and other types of assessments of city agencies, programs, finances, technology and contracts. The resulting recommendations from these efforts help strengthen governance, improve performance, enhance efficiency, increase revenues, reduce costs and risks, and improve the quality of services for Denver residents and businesses.

Performance audits review the efficiency and effectiveness of departments’ and agencies’ work, as well as the overall use of Denver tax dollars. Financial audits take a close look at an agency’s records and processes to make sure they catch errors in reporting, payments and other risks to the city and its reputation. Meanwhile, contract compliance audits determine whether a third-party vendor — and/or a city agency — is following the terms of a contract. Information technology audits review the controls and operation of the city’s network, applications and cybersecurity processes to make sure they are operating correctly.

Key audits completed or commissioned this year included a report that showed oil and gas wells at Denver’s airport were losing money, an audit of the city’s inventory-tracking systems that revealed missing assets, a report that found serious failings in the city’s affordable housing programs, and multiple cybersecurity assessments to close gaps that would otherwise leave the city vulnerable to hackers.

A follow-up assessment is performed nine to 24 months after the completion of each audit. The follow-up reports confirm whether the agreed-upon recommendations were indeed implemented.

Our expanding continuous auditing program helps identify high-risk areas of the city by repeatedly performing updated analyses of transactional data from different city databases. The resulting reports provide the city with timely feedback of anomalies or outliers in the city’s processes and transactions.

This year, Auditor O’Brien launched an additional type of contract compliance auditing to assess the city’s oversight of construction projects. These audits will combine data analytics and traditional audit techniques and will be a valuable tool as Denver takes on billions of dollars in bond and construction projects in coming years.

Auditor O’Brien also works with local offices of auditing and evaluation firms to provide third-party audits and engagements where specialized expertise is needed, such as in a particular industry or technical discipline. Hiring these firms on a contract basis allows our office to expand its range of audits while using taxpayer funds prudently.

Our annual Audit Plan, which includes many different types of engagements intended to address key risks to the city, is compiled from risk assessments of city agencies, input from community members, information from city leaders, current events, regulatory changes and other factors. We follow up on every audit to see if our recommendations and findings are implemented and impactful.

You can read all 2018 audit reports on denverauditor.org.
Prevailing Wage Division

Every year, the city takes on billions of dollars’ worth of new projects and construction. The Auditor’s prevailing wage team is up to the task of working with both contractors and workers on all Denver projects to ensure compliance and payment according to the law. Auditor O’Brien changed the way Denver does business on all projects and changed how work is performed on city property by revamping the Prevailing Wage Ordinance in 2016; now, his growing team works to bring all parties together to make Denver an efficient and good place to work.

The new ordinance updated rules originally set in the 1950s by relieving some of the cumbersome requirements for contractors and by expanding prevailing wage protections to even more workers. The update also clarified when prevailing wage applies, increased the penalties for willful non-compliance and non-reporting, and removed legal hindrances in the debarment process.

Wage reporting software, easy-to-use tutorial videos and public question-and-answer sessions all help streamline the process. The simplified process aims to reduce the burden on contractors and encourages more of them to seek work with the city. Our investigators work with employees to ensure they are classified correctly and also with employers to guide them through the reporting process.

The role of the Prevailing Wage Division includes education as well as enforcement. Anyone who has questions regarding prevailing wage is encouraged to call our hotline at: 720-913-5000.

Contract Administration

The City and County of Denver enters into thousands of contracts every year, and the Denver Charter mandates Auditor O’Brien review and sign every city contract to ensure any liability incurred, any money disbursed or any property disposed of is according to the law. Auditor O’Brien believes progress in the city should not be held up by processes and paperwork. As a result, he is working to get contracts signed more quickly while still ensuring a thorough review. Most contracts are approved within less than 24 hours.

Denver contracts can range from zero-dollar park rentals to multimillion-dollar technology purchases or construction projects. The Auditor’s Office continues to perform contract compliance, financial and specialty audits, evaluations and assessments to address these contracts. These projects utilize both internal audit resources as well as external specialists and subject matter experts from local accounting firms and other specialty consulting practices.

Community Outreach

The Denver Auditor and his office work on behalf of taxpayers to make sure those citizens know what’s happening in the city. Auditor O’Brien continued to fulfill his promise to keep the public informed by meeting and listening to residents and businesspeople in their neighborhoods and places of work. He also oversaw a robust expansion of his office’s online and social media presence and built an even stronger multimedia outreach strategy.

The Auditor’s community outreach efforts ensure the important work of the office is more widely known and understood. He regularly attends meetings with registered neighborhood organizations, homeowners’ associations, business associations and other
What We Do

civic groups. The public is also invited to participate on our social media platforms: Facebook, Nextdoor, Twitter and LinkedIn. We post unique content on different platforms about community events, audit information, prevailing wage and other key communications.

This year, the communications team was proud to launch a new, user-friendly website with the goal of improving transparency and ease of access. The new website is denverauditor.org.

The Auditor also is overseeing communications progress in visual media, including an ongoing initiative to bring information about auditing and prevailing wage to YouTube and television through Denver8 TV. This year, we shared on Denver8 TV, YouTube, our website and on social media monthly public service announcements about how the office works and important takeaways from audits.

The multiplatform approach to outreach helps the Auditor’s Office maintain two-way communication with the people it serves. Residents provide valuable information about what is and isn’t working in the city, and the Auditor always wants to hear from constituents. You are encouraged to contact the office by phone, by email or at community meetings. You can also join our conversations about current city updates on Facebook or other social media platforms.

Audit Committee

Auditor O’Brien is the chairman of the independent Audit Committee, which meets monthly. The other six members of the committee are appointed to four-year terms by the Auditor, the Mayor and City Council, each of whom appoints two members. The members and their appointing authorities are listed below. Members are appointed based on education or experience in accounting, auditing, financial management or related fields.

Rudolfo (Rudy) Payan, Vice-Chairman (appointed by Auditor O’Brien)
Jack Blumenthal (appointed by Auditor O’Brien)
Leslie Mitchell (appointed by City Council)
Florine Nath (appointed by City Council)
Charles Scheibe (appointed by Mayor Hancock)
Edward Scholz (appointed by Mayor Hancock)

The primary responsibility of the Audit Committee is to commission an annual independent external audit of the city’s finances. The Audit Committee receives the results of all city audits performed or commissioned by the Auditor’s Office, and the results of the annual external audits. In addition to the audits of the Comprehensive Annual Financial Report (CAFR) and the Single Audit report of major grant programs, an external CPA firm audits two enterprise fund agencies — Denver International Airport and the Wastewater Management Enterprise Fund. An external firm also audits the Deferred Compensation Plan Trust Fund. Auditor O’Brien and the Audit Committee receive and review the results of these audits and assessments.
Professional Achievements – As an accomplished Certified Public Accountant with more than 40 years of auditing experience, Auditor O’Brien values the professional development and growth of his entire staff. Audit team members met high standards again this year through continued professional learning and achievements, industry conferences, staff presentations, involvement in professional organizations, and community contributions.

Awards – This year, Auditor O’Brien was honored to receive the ADA Accessibility Award from the Colorado Cross-Disability Coalition. The award noted his leadership and auditors’ work on behalf of people with disabilities. These audits included one on Rocky Mountain Human Services and how the agency used Denver public dollars to help people with intellectual and developmental disabilities. The audit found many areas to improve the effectiveness of the program. A follow-up audit found considerable improvement in how the organization addressed our recommendations to directly help the people who really need it here in our city. The second audit related to this award was an audit of disability-accessible parking. The city still has work to do to fully enforce these parking rules and make sure the city is inclusive and accessible to everyone living and visiting here. Auditor O’Brien is proud of the award for this work, but he’s even more proud of the hard work of his team and the real-world improvements for which the audits advocated.

Auditor O’Brien also received the national “Outstanding Contribution to the Local Government Auditing Quarterly” award from the Association of Local Government Auditors. He submitted an article to the association in 2017 explaining the office’s innovative work auditing marijuana policy in Denver. Auditor O’Brien was pleased a national group of our auditing peers received the article so well. Our audit work is regularly recognized by our fellow auditors, and our office always strives to uphold high standards of excellence.

Auditing Accomplishments – This year, a peer review found Auditor O’Brien and the audit staff are in full compliance with government auditing standards. The Auditor’s Office Audit Services Division participated in the review process through the Association of Local Government Auditors’ peer-review program to ensure the quality and reliability of work done for the city. A team of three experienced auditors from San Jose and Berkeley, California, and Austin, Texas, visited our office in Denver to review the Auditor’s internal quality-control system. The peer review included interviews with staff and management, an assessment of the Audit Services Division’s documentation of policies and procedures, internal quality-monitoring procedures, a sample of audits, other reports and work papers, staff affirmations of independence, and training and development of auditing staff. Peer reviews are completed at least every three years to ensure quality control. This peer review considered our office’s work from May 2015 through December 2017.

Also this year, the Mayor created a new executive order establishing a citywide information governance committee as a direct result of our Personally Identifiable Information Data Audit. This is the first committee that includes representatives from every agency and independent office of the city. It focuses on setting city wide standards for identifying and handling sensitive data. The city now has an established plan to review all data sources and the next steps needed to manage critical data.

Members of our auditing team also participated in professional conferences throughout the year to further their education and expertise. Auditors who attended educational sessions at conferences earned continuing professional education credits towards Generally Accepted Government Auditing Standards requirements. Audit Manager Katja Freeman, Senior Auditor Robert Persichitte and Audit Analytics Administrator Sam Gallaher presented this year at the National Intergovernmental Audit Forum’s 22nd Biennial Forum of Government Auditors on our cutting-edge continuous auditing techniques.
Achievements

**Prevailing Wage Accomplishments** – Auditor O’Brien and members of the Prevailing Wage Division attended the national LCPtracker User Conference. Denver’s Prevailing Wage Division is one of the leading users nationwide of the LCPtracker software, and Auditor O’Brien was a keynote speaker at the conference. LCPtracker is a paperless online system used by contractors to submit certified payrolls to the Auditor’s Office for audit approval. Auditor O’Brien spoke about how our team uses the software, how he revolutionized prevailing wage enforcement, and how he and the prevailing wage investigators work with both contractors and workers to equitably and efficiently enforce prevailing wage according to the law.

The team also brought home the award for best presentation from the conference for the second year in a row. Edging out hundreds of other projects, the team won the award for the agency with the best and most creative presentation on municipal prevailing wage.

**Individual Staff Accomplishments** – Our staff comprises many talented, well-educated and hard-working people. This year, our team worked to improve their work, themselves, our office and our industry.

Deputy Auditor Valerie Walling served as a member of the Jefferson County Audit Committee. She also graduated from the Denver Chamber Leadership Foundation’s Leadership Denver Class of 2018. Director of Communications Tayler Overschmidt received a state council appointment from Colorado Gov. John Hickenlooper. Director of Community Outreach Michael Mierendorf served on several industry-related boards, including boards for the American Marketing Association, the International Association of Business Communicators, and the Early Childhood Leadership Commission’s data and communications subcommittees.

Audit Manager Dawn Wiseman served this year on the membership committee for the Association of Local Government Auditors.

Audit Analytics Administrator Sam Gallaher received the “Donald C. Stone Best Student Paper Award” from the American Society of Public Administration for his work in 2017 on his doctorate from the University of Colorado. He also presented with the Institute of Internal Auditors to the faculty of the School of Accountancy at Denver University on data analytics skills, and he taught a graduate-level course at the University of Colorado.

Lead Auditor Kharis Eppstein joined the Denver Community Leadership Forum at the University of Colorado Denver. She also served on the Auditor’s Office’s Special Events Committee, along with committee head and Contract Compliance Technician Ava Giron, Project Coordinator Mollie Horne, Audit Supervisors LaKeshia Allen Horner and Cody Schulte, Lead Auditor Anna Hansen, Prevailing Wage Supervisor Rafael Gongón and Prevailing Wage Investigator Arielle Denis.

Lead Auditor Rob Farol helped keep our office safe and up to date as the head of the Safety Committee, along with committee members Eppstein; Gongón; Senior Auditors Darrell Finke, Robert Perschitte and Brian Cheli; Prevailing Wage Investigator Noah Mckechnie; and Executive Assistant Edyie Thompson.

Horne also led our philanthropic efforts through the Denver Employees Combined Campaign, which surpassed our office’s annual contribution goal.

The Auditor’s Office staff routinely goes above and beyond to make our office and our work better. Our office is proud to serve the public with professionalism, hard work and dedication to the highest standards.
Auditor’s Office

To continue to provide quality work and meaningful services to the citizens of Denver, the Auditor’s Office is committed to attracting, supporting and retaining an educated and well-qualified staff of auditors, investigators and other professionals to carry out our mission. Members of our skilled staff hold a number of advanced degrees—including law, doctorate and master’s degrees in public administration, political science, business administration, international relations and accounting. Many also have professional certifications and designations—such as certified public accountant (CPA), certified internal auditor (CIA), certified government auditing professional (CGAP), certified fraud examiner (CFE), certification in risk management assurance (CRMA), certified information systems auditor (CISA), chartered financial analyst (CFA) and chartered global management accountant (CGMA).
Staff

Audit Services Division

LaKeshia Allen Horner, MPA, Audit Supervisor
Ivy Anderson, MAcc, Senior Auditor
Vilma Balnyte, CPA, MBA, MS, Lead Auditor
Amy Barnes, CFE, CGAP, Senior Auditor
Brian Cheli, CISA, CISSP, Senior IT Auditor
Kristen M. Clark, Reporting Specialist
Jeremy Creamean, CPA, Audit Supervisor
Alexandra Dickerson, Associate Auditor
Karin Doughty, CISA, Lead IT Auditor
Maria Durant, Senior Auditor
Joe C. Ebiziem, CISA, Senior IT Auditor
Kharis Eppstein, CGAP, Lead Auditor
Robert Farol, CGAP, Lead Auditor
Darrell Finke, CGAP, Senior Auditor
Katja Freeman, MA, MELP, Audit Manager
Sam Gallaher, PhD, Audit Analytics Administrator
Dave Hancock, MURP, Senior Auditor
Anna Hansen, Lead Auditor
Brad Harwell, CIA, Lead Auditor
Marc Hoffman, MBA, Senior Auditor
Roberta Holbrook, CPA, CGMA, Senior Auditor
Tim Hoover, Reporting Specialist
Nick Jimroglou, CISA, Lead IT Auditor
Ronald F. Keller, CFE, CIA, MBA, Senior Auditor
Catherine Lyles, CIA, CGAP, CRMA, Lead Auditor
Jared Miller, CFE, CIA, IT Audit Supervisor
Sonia Montano, CGAP, CRMA, Audit Supervisor
William Morales, Senior Auditor
Emily Owens Gerber, MPA, Audit Supervisor
Robert Persichitte, CPA, CFE, MPAcc, CFP, Senior Auditor
Patrick Schafer, CPA, CIA, CFE, MBA, Audit Supervisor
Cody Schulte, CPA, CIA, MAcc, Audit Supervisor
Kevin Sear, CPA, CIA, CISA, CFE, CGMA, Audit Manager
Brandon Stolba, Associate Auditor
Daniel Summers, Staff Auditor
Edie Thompson, CAP-OM, Executive Assistant II
Chris Wat, Staff Auditor
Chris Wilson, Audit Intern
Dawn Wiseman, CRMA, Audit Manager
Drew Woodward, Audit Intern
Shaun Wysong, MA, Senior Auditor

Prevailing Wage Division

Matthew Borquez, Prevailing Wage Investigator
Carol Carter, Contract Compliance Technician
Arielle Denis, Esq., Prevailing Wage Investigator
Ava Giron, Contract Compliance Technician
Rafael Gongón, Prevailing Wage Supervisor
Mollie Horne, Project Coordinator
Abby Kreckman, Lead Prevailing Wage Investigator
Rudy Lopez, MS, Prevailing Wage Investigator
Noah McKechnie, Prevailing Wage Investigator
Kandice McKeon, OSHA 510, Lead Prevailing Wage Investigator
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