Dear Citizens of the City and County of Denver,

I am pleased to present the Auditor’s Office 2013 Annual Report for the Audit Services Division. Every year, this report provides me with an opportunity to reflect on the work we’ve done, and I believe 2013 marked another successful year of promoting efficiency, effectiveness, accountability, and transparency for the people of this great City. In addition to featuring the audits we released in 2013, this report highlights the teams of professionals who perform the work and offers some insight into how well we are doing that work. I believe our performance metrics show that we are doing very well indeed.

Utilizing our unique and robust brand of performance auditing—a model now known as the Denver Audit Model—we conducted fourteen audits in 2013, all of which had significant impact on both the City and the citizens of Denver. Many of our audit engagements were of great interest to the public, including our assessments of Denver Human Services and the licensing of medical marijuana businesses. We also looked at the City’s financial condition and transparency, the way in which the City maintains Denver’s streets, and the planning and development function at Denver International Airport, to name a few. In addition to performing tremendous audit work, my staff has been busy advancing the accountability profession through their involvement in audit organizations and collaborations. This type of initiative and professional engagement speaks to the caliber of individuals I am proud to say are serving you to enhance the quality of your local government services.

Thank you for entrusting me and my staff to carry out this vitally important work.

Sincerely,

Dennis J. Gallagher
Auditor
March 28, 2014

Honorable Dennis J. Gallagher
Office of the Auditor
City and County of Denver

Dear Auditor Gallagher:

This annual report summarizes the objectives and accomplishments of the Audit Services Division (Division) of the Auditor’s Office for the year ending December 31, 2013. The Division issued fourteen audit reports during the year and conducted a diverse array of audit types that had a tangible impact on the improvement of City and County operations and services. All of the reports issued by the Division during the year are summarized herein. We also completed all follow-up work for issued audits over the prior five years and issued a citizen-centric Impact Report in January 2014 summarizing the results of this work. The report, something new to the profession, cites audit examples, metrics, and audit follow-up data, along with other information, to demonstrate the value and impact of the Auditor’s Office to the citizenry and administration.

The Division developed and executed an annual risk-based audit plan in full compliance with City legal requirements. The annual audit plan not only complied with requirements and was effectively executed, but it also gained traction within the field as a best practice. Multiple audit executives from around the country contacted the Division to learn more about its risk-assessment process. A key attribute and benefit of the approach is that it requires substantially fewer resources than traditional audit risk assessment practices, making it highly efficient. The Division also continued our formal performance metrics program, a best practice model that allows the Division to not only better demonstrate its impact and proficiency but also to regularly perform self-assessment and trend analysis in order to initiate continuous improvement activities. The adoption of such a program also demonstrates the Division’s philosophy of “walking the walk” in terms of holding itself to the same performance standards to which we hold City entities through our audit work.

The Division’s methods, work, and contributions continued to receive national attention from a diverse array of professional organizations and publications and served as a national model for how to conduct local government auditing. For example, the Division received a Silver Knighton Award from the Association of Local Government Auditors (ALGA) for best performance audit. Additionally, the Division was featured in several national publications throughout the year, including the American Society for Public

To promote open, accountable, efficient and effective government by performing impartial reviews and other audit services that provide objective and useful information to improve decision making by management and the people. We will monitor and report on recommendations and progress towards their implementation.
Administration’s PA Times journal and ALGA’s Local Government Auditing Quarterly. Additionally, Division personnel made several presentations to professional organizations throughout the year.

Another notable Division accomplishment during the year involved our work with the federal Government Accountability Office (GAO) on a number of initiatives. For example, the GAO highlighted in congressional testimony our work on the American Recovery and Reinvestment Act as a best practice. Denver was one of only two cities recognized. While the official report was not released until January 2014, the Division worked with GAO throughout 2013 on this testimony and co-presented with GAO officials at a national conference on this topic. Further, the Division entered into a collaborative, forward-looking audit project with the GAO and other state and local audit functions examining affordable housing from a holistic perspective. The fact that the nation’s leading performance audit entity has formally recognized the Division’s work and has sought out additional opportunities for collaboration speaks volumes about the national reputation we continued to establish during the year.

Division accomplishments also included co-hosting a well-attended and well-received Mountain and Plains Intergovernmental Audit Forum with the GAO for the fourth consecutive year. Owing to the continued success of this regional forum, the Comptroller General of the United States selected Denver as the site for the 20th Biennial Forum of Government Auditors, which will be held in August of 2014. This is the Intergovernmental Audit Forum’s national conference, which will be commemorating its 20th year. Audit professionals from around the nation will be attending the conference, allowing the Denver Auditor’s Office to help showcase our beautiful city and good work on the national stage. The Auditor’s Office is co-chairing the Forum’s governance committees and is working closely with the GAO and other auditing entities to ensure a stellar conference is planned and executed.

While we are proud of our accomplishments and impact, the Division will continue to undergo further transition during 2014 as we implement improved activities and processes focused on enhancing the quality of audit services. We are fully committed to meeting the expectations of the citizens of Denver related to maintaining a robust, independent internal audit function by working in a collaborative manner with City management to ensure that the City conducts business in a transparent, efficient, and effective manner.

Sincerely,

Kip R. Memmott, MA, CGAP, CRMA
Director of Audit Services

To promote open, accountable, efficient and effective government by performing impartial reviews and other audit services that provide objective and useful information to improve decision making by management and the people. We will monitor and report on recommendations and progress towards their implementation.
# Table of Contents

AUDIT SERVICES DIVISION OVERVIEW .......................................................................................................... 1
  What We Do .......................................................................................................................................... 1
  How We Do It ........................................................................................................................................ 2
  Measuring Our Performance ................................................................................................................ 3
  Audit Follow-Up Program ..................................................................................................................... 4

YEAR IN REVIEW ............................................................................................................................................ 5
  2013 Professional Contributions........................................................................................................... 9
  2013 National Publications .................................................................................................................... 10
  2013 Awards and Special Recognition ............................................................................................... 10
  Leadership Roles in National Accountability Organizations .............................................................. 11
  Staff Development and Credentialing ............................................................................................... 11
  Special Events ..................................................................................................................................... 14

STAFFING RESOURCES ................................................................................................................................ 16

OFFICE OF THE CITY AUDITOR ..................................................................................................................... 17

AUDIT SERVICES DIVISION .......................................................................................................................... 18
  Audit Services Division Leadership ..................................................................................................... 19
  Administrative Team ........................................................................................................................... 20
  Performance Audit Teams .................................................................................................................... 21

DESCRIPTION OF 2013 AUDITS AND REPORTS ........................................................................................... 26
AUDIT SERVICES DIVISION
OVERVIEW

What We Do

The Audit Services Division (Division) of the Auditor’s Office conducts independent performance audits of City agencies, programs, and contracts. Our audits focus on strengthening governance, enhancing efficiency, increasing revenues, reducing costs, and improving the quality of services provided by the City and County of Denver to its citizens. The Division, under the leadership of the elected Auditor, strives to keep residents informed about the activities of their City and County government by adhering to a citizen-centric focus. Our reports are structured to communicate the work performed by the Division in an easily understood manner and we formally present audits during the City’s audit committee meetings, which are open to the public and televised to further government transparency and accountability.

Since 1904, Denver’s elected Auditor served as the general accountant for the City and, as such, maintained the City’s financial records and paid City expenses including payroll. However, in 2006 voters significantly changed the role of the Auditor by approving Amendment 1B to the City Charter. The Charter revision created the position of Chief Financial Officer within a newly established Department of Finance and transferred the City’s accounting and payroll functions effective January 1, 2008.

In addition to making changes to the City’s financial governance structure, the Charter revisions significantly enhanced the independent standing and authority of the Auditor. Specifically, the Charter authorizes the Auditor to conduct audits of all City entities in accordance with Government Auditing Standards promulgated by the United States Comptroller General.

THE DENVER AUDIT MODEL FRAMEWORK

Several key components serve as the cornerstone for the Denver Audit Model. These elements provide the Auditor with optimal independence resulting in the subsequent high impact potential of the City’s internal audit model.

Elected Auditor – The City and County of Denver has an elected Auditor who is completely independent from other elected officials and operational management.

Comprehensive Access – City Charter and Code authorize the Auditor to have access to all officers, employees, records, and property maintained by the City and County and to all external entities, records, and personnel related to their business interactions with the City and County.

Formal Audit Response Requirements – City ordinance requires that audited City and County agencies and departments formally respond to all audit findings and recommendations.

Adherence to Professional Audit Standards – The Auditor’s Office conducts all audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) promulgated by the United States Comptroller General.

Formal Independent Audit Committee – The City Charter establishes an independent audit committee, chaired by the Auditor and consisting of six other members. The Mayor, City Council, and Auditor each appoint two members.

The passing of this amendment, along with significant changes to our mission, authority, organizational structure, and audit strategy, has transformed the Denver Auditor’s Office from a
traditional accounting and finance office to a cutting-edge, nationally recognized performance audit office, and established a new model of government performance auditing. Our Denver Audit Model has been recognized by the audit and broader accountability community, and has been featured in Governing and Internal Auditor magazines.

How We Do It

Within our audit function we determine which audits to conduct by utilizing a dynamic and flexible audit plan designed to significantly enhance the impact of audit services. Every October, the Division identifies the audits it will undertake the following year. Instead of developing an audit universe, the Auditor’s Office uses a realistic audit horizon strategy and approach to identify, prioritize, and manage audits deemed to be critical to City operations. Specifically, using the risk-based methodology described throughout the audit plan, the Division identifies and prioritizes a select number of audits for inclusion into the annual audit plan as well as listing potential audits for the ensuing two years. The plan includes significant hours for performing specially requested audits and for urgent audit issues that arise throughout the year not originally captured in the plan. This provides the Auditor with a great deal of flexibility to address emerging issues in a timely manner and for providing high quality and responsive customer service to elected officials and operational management.

After establishing and executing a well-defined plan, we document the results of each engagement through a formally issued audit report. While we consider our most important reporting constituency to be the residents of the City and County of Denver and the municipality’s leadership team, the reports are written with multiple audiences in mind. By providing readers with an executive summary or highlights page; introductory and background material; an explanation of audit scope, objectives, and methodology; one or more major findings; and recommendations for the audited entity, these reports are both educational and actionable, increasing citizen awareness regarding the functions of their City and County government as well as identifying opportunities to improve the City’s operations.

Additionally, the Auditor’s Office offers a suite of non-audit advisory services products—Audit Alerts and Special Advisory Reports—designed to provide elected officials and operational management with timely and critical information and analysis without the formality of an audit. Audit Alerts provide timely identification of potential risk areas that may prevent the achievement of City objectives. They function as a rapid threading tool for disseminating key information identified through an audit engagement, in the event that corrections need to be made to City operations prior to the conclusion of the audit. Special Advisory Reports provide information on limited reviews of time-critical assessments, investigations, or evaluations. They are intended to further City objectives and goals by providing a reporting vehicle that is flexible, quickly issued, and focused on singular issues.
Measuring Our Performance

The Division developed and piloted a formal performance metrics program in 2012. This metrics program is a best practice model that allows the Division to not only demonstrate its impact and proficiency but also to regularly perform self-assessment and trend analysis in order to initiate continuous improvement activities. We measure eight different metrics to evaluate how well we are achieving our mission. The metrics provide a performance framework consisting of a diverse range of indicators to help the Division continuously assess the efficiency and effectiveness of its audit activities as well as communicate achievements and accomplishments to external parties, most significantly the citizenry. As the Division and auditing profession continue to evolve and undergo continuous improvement, these metrics will be reviewed and adjusted on an annual basis as needed to reflect emerging strategies and changes within the profession.

<table>
<thead>
<tr>
<th>2013 Performance Metric</th>
<th>Target Goal</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendations Accepted – Number of audit recommendations agreed with by audited entities as a percentage of total recommendations offered each calendar year.</td>
<td>92%</td>
<td>92%</td>
</tr>
<tr>
<td>Recommendations Implemented – Number of audit recommendations implemented within six months of target date over the prior three-year period as a percentage of total recommendations accepted.</td>
<td>75%</td>
<td>59%</td>
</tr>
<tr>
<td>Percentage of Audit Plan Completed – Planned audits completed in the calendar year.</td>
<td>75%</td>
<td>74%</td>
</tr>
<tr>
<td>Professional Contributions and Recognition – Number of formal instances during the calendar year when the Division contributes to the accountability profession or when the Division is formally recognized by a professional organization.</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Quality Assurance Peer Review – Formal opinion of compliance rendered by an external assessment entity.</td>
<td>Compliance</td>
<td>Compliance</td>
</tr>
<tr>
<td>Audits Delivered on Budget – Actual hours compared to budgeted hours for audit projects completed during the calendar year.</td>
<td>90%</td>
<td>79%</td>
</tr>
<tr>
<td>Audits Delivered on Schedule – Actual audit completion date compared to planned and approved completion date for audit projects completed during the calendar year.</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Agency View of Internal Audit – Percentage of satisfactory surveys received from audited entities.</td>
<td>85%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Audit Follow-Up Program

The Division enhanced its audit follow-up process during 2013 and continued to prioritize the timely completion of follow-up activities to verify the status of recommendations. Although performance audits can improve the efficiency and effectiveness of government activities, the audits are of limited value if the corresponding audit recommendations are not implemented.

Two key indicators of the value of an audit function are the organization’s audit recommendation acceptance rate and implementation rate. If audited entities agree with a recommendation, this indicates the auditee perceives the recommendation as a worthwhile tool to reduce risk or enhance performance. Between 2008 and 2013, audited entities have agreed with 95 percent of the 895 total recommendations we have issued in our audit reports.

However, agreement is only the first step towards cultivating a positive impact for the City; audited entities must implement these recommendations before positive change can occur. The Division’s audit follow-up program performs this critical role of verifying that recommendations have indeed been implemented, through a careful review of audit-grade evidence provided to auditors.

Overall, 79 percent of agreed-upon recommendations from 2011 have been implemented. The implementation rate for 2012 is 29 percent due to the inevitable lag between issuance and implementation. For further details and data on follow-up metrics, see the 2014 Impact Report, *Evolving Government through Effective Auditing: An Impact Report for the Citizenry*. Follow-up work for 2013 is in its early stages; implementation data for 2013 and updated data for 2012 will be discussed in the 2014 Annual Report.

In 2014, the Division will continue implementing its enhanced follow-up program to verify that corrective actions have been taken to address prior audit findings. We will also maintain our regular and formal reporting to the City’s elected officials, Audit Committee members, and operational management on the status of various audit findings and recommendations. Going forward, the Division will continually monitor the quality and feasibility of its audit recommendations to identify opportunities for improvement.
Although the Audit Services Division (Division) maintains the capability to perform financial audits and attestation engagements, we primarily conduct performance audits. In 2013 our audits made a significant impact within the City and focused on delivering key strategies to strengthen governance, enhance efficiency, increase revenue, reduce costs, and improve the quality of governmental services for the citizens of Denver. The Division issued fourteen performance audit reports that spanned a wide array of services and fully supported the continuous improvement activities of the City.

**Our 2013 Audits**

Through a number of our audits, we sought to improve the fiscal stability of the City, including:

- The *Denver Police Department (DPD) Administration* audit, which assessed DPD’s budgeting and performance measurement practices within the Office of the Deputy Chief of Administration.
- The *Denver County Court Accounting Practices* audit examined the internal control environment for the Court’s financial management activities, including cash collections and accounting processes. We assessed the efficiency of the Purchasing Division’s process for purchasing goods and services in our audit of the *Citywide Procure to Pay (P2P)* system.
- The *Fiscal Sustainability: Financial Condition and Transparency* audit assessed the City’s financial condition using a well-regarded methodology to determine if there were any areas that need additional attention and investigation. We identified unfavorable indicators of financial condition related to debt,
capital assets, and liabilities, and we issued the second phase of this report in early 2014.

From a process and strategic point of view, our audit of the Office of Economic Development (OED) Workforce Development, in which we assessed the strategies that the Division has in place to foster effective partnerships and increase funding, found that OED could improve its effectiveness by establishing sustained leadership within the department as well as developing a strategic outreach plan with internal and external stakeholders so that workforce development and the City’s economic growth are integrated and provide more opportunities for partnerships and funding.

Our audit of Public Works Street Maintenance focused on the activities and processes that Street Maintenance performs on an annual basis for resurfacing asphalt streets and reviewed the street sweeping program for effectiveness and environmental compliance. We found that Street Maintenance has not adjusted its sweeping routes in ten years, meaning that the plan has not been revised to account for changes in neighborhood characteristics, traffic volume, and quality of the pavement.

The Denver Public Library (DPL) audit assessed the environmental and security controls for DPL’s special collections and evaluated the efficiency and effectiveness of DPL’s current fundraising activities. Our audit of the City Attorney’s Office – Litigation and Claims Management, evaluated the Office’s litigation cost management, performance management, and transparency of the Liability Claims Fund’s oversight—a self-insurance fund from which litigation and claims payments are made.

City contracting has been the focus of many of our performance audits because of the large dollar amounts of the contracts themselves and the inherent risk. Our audit of the DIA Planning and Development Division focused on some of these risks and identified areas of opportunity in the contract award process and change order process. Inappropriate use of change orders reduces transparency, restricts the ability to properly manage construction projects, and increases the risk of fraud, misuse, and abuse. A lack of adequate controls can impact a project’s original budget and timeline and place the City at risk.

Additionally, within the DIA contracting process, the Chief Executive Officer of DIA and deputy managers delegate signature authority to various individuals within the airport to approve the purchases of goods and services that are essential to operations. By evaluating the signature authority process we identified areas for improvement in our DIA Signature Authority audit report, and noted that DIA lacked a governance structure that detailed the purpose of and responsibilities associated with signature authority and appropriate limits.

From a technological standpoint, our audits of DIA Network Security and Citywide Social Media Usage helped to identify vulnerabilities within the City’s IT infrastructure. The DIA Network Security audit found that DIA’s network equipment was not physically protected from unauthorized access, and DIA’s information and physical security policies and standards were
incomplete, out-of-date, or unenforced. Despite these deficiencies, we also identified areas where controls were well-designed and functioning properly.

Due to the increased use of social media, we audited Citywide Social Media Usage to assess the effectiveness of social media policies and guidance. We determined that the City lacked a comprehensive social media strategy and should develop governance and controls that provide structure and guidance to reduce the risk associated with social media usage.

In 2000, Colorado voters approved constitutional Amendment 20, which legalized the medical use of marijuana by patients suffering from certain debilitating medical conditions. After the amendment took effect in 2001, medical marijuana dispensaries began opening, but it was not until 2010 that the City and the state passed laws to regulate the industry. In November 2012 voters passed Amendment 64, a law which legalized the personal use and regulation of marijuana. Our audit of the City’s Medical Marijuana Licensing process assessed the policies and practices of the Department of Excise and Licenses’ medical marijuana operations. We found that the City’s medical marijuana licensing practices are inefficient and ineffective. The Department lacks an integrated control framework for licensing medical marijuana and subjects the City to high risk in a number of areas: Medical Marijuana records are incomplete, inaccurate, unsecure, and often inaccessible; and the Department’s lack of follow-up on license applications, and in conjunction with State law, has allowed some medical marijuana businesses to operate in the City without a valid City license.

Since Amendment 64 became effective January 2014, it is critical that the City develop and implement a robust system for regulating marijuana-related businesses.

One audit issued during 2013 will carry forward into 2014 beyond our traditional follow-up activities. Specifically, our audit of the Department of Human Services (DHS) identified a substantive issue involving our ability to access records to execute our oversight responsibilities. Even though the City Charter provides the Auditor’s Office with broad and comprehensive access to City and County of Denver records, DHS leadership and legal counsel refused to share any records involving Department clients with Auditor’s Office personnel. As a result, our October 2013 audit that was intended to assess internal controls and customer service was significantly impaired. The Auditor’s Office plans to exhaust every available option in the pursuit of these records so we can fully perform our Charter responsibilities as set forth by the citizenry.

In completing our audit activities for 2013, we also issued three follow-up reports and performed additional in-depth audit work to verify that corrective actions have been taken to address previous audit findings.

All of these engagements helped enhance the City’s efficiency and effectiveness and contributed to our goal of providing value-added services for the citizens of the City and County of Denver. A complete listing is found in the reports issued table at the end of this report.
Contributions to the Profession

Another key goal of the Auditor’s Office is to network and collaborate with other federal, state, and local government auditing organizations and associations to enhance and evolve the auditing and accountability profession.

During 2013 we shared our innovations with other audit entities, and the Office made several well-received presentations to professional accountability organizations. We also had several articles that were published in various professional trade magazines, and in August 2013 the Audit Services Division and the U.S. Government Accountability Office (GAO), co-hosted the Mountain & Plains Intergovernmental Audit Forum (MPIAF) at the Colorado Convention Center.

The Division’s methods, work, and contributions continue to receive national attention from professional auditing and accountability organizations, and in 2013 we received various awards for our work.

Additionally, several Division staff members continue to serve in leadership positions within key international, national, and local accountability organizations. The Division’s participation in these organizations provides stellar professional networking opportunities and ensures that the Division is completely up-to-date on new audit methods and techniques.

Finally, we are committed to retaining an educated and well-qualified staff, and members of our office continued to pursue professional development in the auditing field. In 2013 the Division held key trainings that enabled staff to obtain continuing professional education credits required by Government Auditing Standards.

Undoubtedly, 2013 was a great year for the Audit Services Division of the Auditor’s Office and we are grateful to the Mayor, his teams, City Council, and the City’s Audit Committee for supporting the general mission of our office throughout the year and for their collaborative efforts to ensure that the work we do has a positive impact on the citizens of the City and County of Denver.

The following pages detail our specific accomplishments from 2013.
2013 Professional Contributions

In addition to providing quality audit services, Division personnel made numerous professional contributions throughout the year, including presentations at national and regional conferences and seminars.

United States Government Accountability Office (GAO)

A notable Division accomplishment during the year involved our work with the GAO on a number of initiatives. For example, the GAO highlighted our work on the American Recovery and Reinvestment Act as a best practice in congressional testimony. Denver was one of only two cities recognized. Although the official report was not released until January 2014, the Division worked with GAO throughout 2013 on this testimony and co-presented with GAO officials at a national conference on this topic. Further, the Division entered into a collaborative, forward-looking audit project with the GAO and other state and local audit functions examining affordable housing from a holistic perspective. The fact that the nation’s leading performance audit entity has formally recognized the Division’s work and has sought out additional opportunities for collaboration speaks volumes about the national reputation we continued to establish during the year.

Additionally, owing to the continued success of the aforementioned regional Mountain and Plains Intergovernmental Audit Forum, the Comptroller General of the United States selected Denver as the site for the 20th Biennial Forum of Government Auditors, which will be held in August of 2014. This is the Intergovernmental Audit Forum’s national conference, which will be commemorating its 20th year. Audit professionals from around the nation will be attending the conference allowing the Denver Auditor’s Office to help showcase our beautiful city and good work on the national stage.

Association of Local Government Auditors (ALGA)

2013 ALGA Conference, Nashville, TN
The DATA Act and Its Local Government Impact
Kip Memmott and Sonia Montano, co-presenters

ALGA Regional Training, Vancouver, BC
Public Sector Performance Auditing
Chris Horton, presenter

ALGA Regional Training, Tampa, FL
Audit Report Writing: Creating Impact through Effective Written Communication
Chris Horton, presenter

Institute of Internal Auditors (IIA)

Local Chapter Meetings
Control Self-Assessment: Overview and Application to Business Operations –
Ft. Collins Chapter Chris Horton and Marcus Garrett, co-presenters
Denver Chapter Chris Horton, presenter

Audit Report Writing: Creating Impact through Effective Written Communication – Colorado Springs Chapter
Chris Horton and Emily Jacobson, co-presenters
University of Colorado
Ethics and Compliance Overview – A survey of relevant public policy issues for future business leaders
John Carlson, Visiting Lecturer

University of Colorado School of Law
Silicon Flatirons
John Carlson, Visiting Lecturer

2013 National Publications

In 2013 the Division successfully contributed articles to various professional trade magazines, which included:

**American Society of Public Administration, PA Times**
*Regional Audit Conference Promotes Accountability*, first Quarter 2013 issue, by John Carlson

**Local Government Auditing Quarterly (LGAQ)**
*Citizen Surveys: An Important Tool for Sharpening the Citizen-centric Focus of an Audit Shop*, Spring 2013, by Anna Hansen, Chris Horton, and Marcus Garrett

*Education Committee Update*, Spring 2013, by Chris Horton

*Analytical Procedures in the Performance Audit Setting*, Spring 2013, by John Carlson

*Writing with the Reader in Mind: Using Reader Expectations to Improve Audit Report Comprehension*, Summer 2013, by Emily Jacobson

*Street Sweeping and Environmental Compliance*, Winter 2013, by Katja Freeman

The publication of these articles significantly contributed to the auditing profession and further established our office as a benchmark organization.

Additionally, several of our audits received local attention and were featured in the local media.

2013 Awards and Special Recognition

**Association of Government Accountants (AGA)**
In May 2013, the Denver Chapter of the Association of Government Accountants (AGA) presented Auditor Dennis Gallagher with their Distinguished Service Award for 2013. Auditor Gallagher was recognized for his years of service with the State Legislative Audit Committee as well as his service as Denver’s City Auditor. Most notably, he was recognized for the outstanding work the Auditor’s Office does on performance auditing and the impact that we are having in the Denver community.

**Association of Local Government Auditors (ALGA)**
In May 2013, our office received the prestigious Knighton Award in the large audit shop category. The Knighton Award is given to the best performance audit reports of the prior year. Audit reports are evaluated against five established criteria by a panel of professional internal auditing peers.

Our office received the Silver Knighton award for our Police Records Management System IT oversight.
General Controls audit. The audit examined and assessed the IT general controls related to the Police Department’s Records Management System. Using sophisticated information technology techniques, the team audited police system operations. The audit found electronic public safety records were at risk of total loss due to several deficiencies, including the absence of a disaster recovery plan, lack of backup files and offsite storage, lack of recovery tests, inadequate change management, and system administration and security deficiencies. The award was officially presented to members of our staff at the 2013 ALGA Annual Conference.

We are extremely proud of these achievements.

**Leadership Roles in National Accountability Organizations**

Several Division staff members accepted requests to participate in leadership roles within national auditing and accountability organizations. By serving in these positions, the Division is now strategically positioned within the three primary professional audit organizations: the Institute of Internal Auditors, which is the largest internal audit professional organization in the world and maintains chapters throughout Colorado; the Association of Local Government Auditors, the only national professional organization focused on local government auditing; and the National Intergovernmental Audit Forum, organized by the U.S. Government Accountability Office (the entity that promulgates the Government Auditing Standards), which exists to promote collaboration between federal, state, and local government auditing functions.

**Association of Local Government Auditors (ALGA)**

- Kip Memmott - Chairperson for the Membership Committee
- Nancy Howe - Chairperson for the ALGA Awards Program
- Emily Jacobson - Assistant Editor for the *Local Government Auditing Quarterly*
- Chris Horton - Chairperson for the Education Committee

**Institute of Internal Auditors (IIA)**

- Audrey Donovan - Member of the IIA International Public Sector Committee
- Emily Jacobson - Editor for the IIA Denver Chapter Newsletter

**National Intergovernmental Audit Forum (NIAF)**

- John Carlson - Member of the NIAF Professional Standards Liaison Committee

**Staff Development and Credentialing**

The staff of the Audit Services Division meets continuing professional education (CPE) requirements, in accordance with Government Auditing Standards set forth by the Comptroller General of the United States. These standards require staff auditors to obtain eighty hours of continuing professional education every two years.
In 2013 our staff continued their pursuit of professional development, and several members received certifications from various organizations. These certifications are recognized by the industry and demonstrate an individuals’ competency and audit professionalism.

**Certified Risk Management (CRMA)**
Dawn Hume, Audit Supervisor,
Nancy Howe, Lead Performance Auditor, and Manijeh Taherynia, Senior Performance Auditor, achieved their CRMA certification from the Institute of Internal Auditors.

**Certified Government Auditing Professional (CGAP)**
John Carlson, Deputy Director, and Audrey Donovan, Deputy Director, achieved the CGAP certification from the Institute of Internal Auditors.

**Denver Community Leadership Forum (DCLF)**
Dawn Hume, Audit Supervisor, successfully completed the curriculum for the University of Colorado’s School of Public Affairs, 2013 Denver Community Leadership Forum.
In addition to these certifications, members of our staff were actively involved in the following organizations:
For the fourth consecutive year, the Division co-hosted a well-received Mountain & Plains Intergovernmental Audit Forum at the Colorado Convention Center.

### 2013 Mountain & Plains Intergovernmental Audit Forum

In August 2013, the Audit Services Division (Division) of the Denver Auditor’s Office and the U.S. Government Accountability Office (GAO) co-hosted a record number of attendees for the Mountain & Plains Intergovernmental Audit Forum (MPIAF). To accommodate a growing interest in the MPIAF, this year’s program was held at the Colorado Convention Center. The 2013 conference focused on working together for better government, highlighting successful examples of collaboration between government audit functions and other stakeholders. Presenting to more than 130 governmental audit professionals, conference speakers provided attendees with concrete examples of how audit offices across the country are fostering partnerships, enhancing financial transparency, and responding to emerging issues.

Participants represented a diverse cross section of accountability professionals, including internal and performance auditors, inspectors general, program evaluators and analysts, financial and program managers, and private industry. Local attendees hailed from Denver as well as Broomfield and Colorado Springs, and others traveled to Colorado from Alabama, Kansas, Utah, and Wyoming as well as Washington, D.C., to attend. The diversity of the group was most apparent in the types of institutions represented—both the public and private sectors; state and local government audit functions; Offices of Inspectors General from a variety of federal departments including Housing and Urban Development, Homeland Security, Health and Human Services, Interior, and Environmental Protection; and other federal offices such as GAO, the Social Security Administration, the Fish and Wildlife Service, and the Office of Natural Resources Revenue. This year surpassed last year in drawing the largest number of attendees in MPIAF’s history. “I am very pleased with the great turnout and representation from local, state, and federal agencies located across the Rocky Mountain West and beyond,” said John Carlson, Deputy Director, Denver Audit Services Division and member of the MPIAF Executive Committee. “We look forward to 2014 and have already begun planning forum activity.”

On the first day of the conference, Denver Auditor and MPIAF Co-chair Dennis Gallagher welcomed attendees and introduced keynote speaker Helen Hsing, Managing Director of Strategic Planning and External Liaison for GAO. Ms. Hsing’s keynote address fostered a better understanding of collaborations, networks, and partnerships in an audit context. She discussed collaborative experiences of GAO, highlighting lessons learned, pitfalls, risks, and rewards.
Throughout the two-day conference, auditing professionals from across the nation made several presentations that covered topics such as how to add value through risk-based auditing; how to use internal and external collaboration to further the development and implementation of audit recommendations; the moral significance of the public trust when confronted with a conflict of interest; the complimentary roles of audits and investigations within an Office of Inspector General; and how GAO’s Denver Field Office implemented an enhanced telework program.

Friday’s program opened up with a virtual address from the Honorable Phyllis Fong, Inspector General for the U.S. Department of Agriculture. Ms. Fong presented via live video broadcast from her office in Washington, D.C., sharing the history and evolution of the federal Inspector General community. Further, Ms. Fong explained how Inspectors General collaborate through the Council of the Inspectors General on Integrity and Efficiency, of which she is currently the Chair.

After the opening address, three City and County of Denver employees—City Controller Beth Machann, Director of Accounting and Financial Reporting Kelli Bennett, and Manager of Financial Reporting Heather Darlington—shared techniques for improving financial business processes through better reporting and increased transparency. The remainder of the day included presentations about the importance of better coordination between energy producers and water resource managers; emerging issues in government auditing; techniques for testing IT general controls; and giving impactful and engaging presentations.

The Denver Auditor’s Office is proud to play an integral role with GAO in growing the Forum with timely information and valuable networking opportunities. Auditor Gallagher noted, “The collaboration between our office and GAO is a prime example of how powerful government partnerships can be. A few years ago this forum was barely hanging on. Now we’re at the convention center because we needed more room. I look forward to seeing what—and how many people—next year brings.”

Additional information about the Forum is available on the MPIAF website at: http://www.auditforum.org/mountain/mtn_home.htm.
Dennis J. Gallagher has held several elected positions in Colorado during the previous forty years at both the state and local level. He was elected City and County of Denver Auditor in 2003 and re-elected in 2007 and 2011.

After his initial election as Denver Auditor, Auditor Gallagher undertook a major reorganization of the Auditor’s Office, streamlining it and reducing it from a cumbersome five divisions to a more efficient three divisions. He supported Denver’s Charter change to remove payroll and accounting from the Auditor’s Office and transfer them to a newly created Chief Financial Officer in the City and County of Denver administration. Accompanying that change was the creation of a new independent Audit Committee, which he chairs. As a result of these improvements, the Auditor’s Office has an expanded and more robust performance audit and information technology audit function to better serve the citizens of Denver.

The Auditor is assisted in carrying out his responsibilities by five appointees: Dawn Sulley, Deputy Auditor; Sharon Bailey, Director of Policy and Research; Denis Berckefeldt, Director of Communications; Breck Grover, Director of Contracts and Accountability; and Clay Vigoda, Director of Government, Community Affairs and Prevailing Wage. The Auditor’s Executive Team members perform diverse duties, including reviewing and approving City contracts; enforcing the City’s Prevailing and Living Wage laws; serving as a liaison with the City Council and members of the Mayor’s administration; performing community outreach; communicating to the media; researching policy issues that affect the operations and well-being of the City; and managing the budget of the Auditor’s Office. This team of highly skilled and experienced professionals work collaboratively with the Audit Services Division in carrying out its audit work.
AUDIT SERVICES DIVISION

Over the past year we have strived to attract and retain a talented and diverse workforce. This group of highly skilled professionals understands the importance of their position as the City’s independent auditors and is committed to performing quality audit work. Our staff members bring to the City professional experience ranging from Big Four public accounting firms to public-sector auditing expertise cultivated at respected organizations including the U.S. Government Accountability Office. The majority of our staff members have received advanced graduate degrees in accounting, business administration, law, public administration, public policy, and other relevant fields of study.

By evaluating potential audits from a variety of perspectives, we can ensure that there is widespread audit coverage in terms of both the types of audits performed and in terms of the city’s department, programs activities and contracts. To accommodate diversity in our audits, we have developed staff expertise in a wide variety of areas important to the City’s operations. The Auditor’s Office’s Audit Services Division is divided into six teams, and each team specializes in audits focusing on a segment of the City’s agencies and departments. This staffing strategy allows us to maximize staff expertise and deepens the familiarity we have with crucial operational areas within the City.

In concurrence with this strategy, the staff strictly adheres to the standards of the auditing profession and exercises the highest standards of ethics.
Audit Services Division Leadership

Kip Memmott, Director of Audit Services, and the Division’s two deputies, John Carlson and Audrey Donovan, lead the audit function for the Auditor’s Office. They bring between thirteen and eighteen years of professional experience to the Division in the areas of auditing, consulting, government affairs, law, risk management, compliance, and policy analysis at the federal, state, and local government levels and in the private sector. They hold a number of relevant certifications including Certified Government Auditing Professional, Certified Internal Auditor, and certification in Risk Management Assurance. The ASD leadership team sets strategy and provides direction for the Division’s activities, including performing an annual risk assessment, establishing the annual audit plan, overseeing audit engagements, and performing quality control activities.

Kip is a graduate of the Harvard University Kennedy School of Government’s Senior Executives in State and Local Government executive education program and is pursuing a Certificate in Public Leadership from the prestigious Brookings Institution. He also chairs the Association of Local Government Auditors’ Membership Committee and has recently been nominated by the Association’s Nominating Committee to serve as an At-Large Board member. Audrey is a current member of the Society of Corporate Compliance and Ethics and the Institute of Internal Auditors, where she serves on the International Public Sector Committee. John is an active member of the Colorado Bar Association and serves in a number of professional capacities, including on the Colorado Advisory Committee on Government Accounting, the U.S. Government Accountability Office’s Standards Committee, and the City of Louisville’s Local Licensing Authority.
Administrative Team

Emily Jacobson and Edyie Thompson are responsible for Division communications and report production activities. In 2013, they managed the production of the 2012 Audit Services Annual Report, the 2014 Annual Audit Plan, and the Division’s first Impact Report, entitled "Evolving Government through Effective Auditing: An Impact Report for the Citizenry." Additionally, they are integrally involved in the writing, editing, and formatting of all audit reports.

Edyie and Emily work with all of the Division’s teams, ensuring consistency and quality across reports. Edyie has been instrumental in the design and creation of templates for our audit reports, annual audit plan, annual report, and Impact Report. Emily assists in the development and revision of these reports, ensuring clarity and proper usage and tone. She was instrumental in developing the Division’s new Highlights Page, which was introduced in 2013 and replaces the executive summary in our reports. Both women are involved in their respective professional fields. Edyie is a member of the International Association of Administrative Professionals and the American Society of Administrative Professionals. She is currently expanding her skill set to include the Adobe Creative Suite. Emily is a member of the Institute of Internal Auditors, where she assists with the communications for the Denver Chapter, and the Association of Local Government Auditors, where she serves as the Assistant Editor of the organization’s journal, the Local Government Auditing Quarterly. Emily looks forward to participating in the 2014 class of the Denver Community Leadership Forum, a year-long intensive leadership training program at the School of Public Affairs at the University of Colorado Denver.
Performance Audit Teams

Sonia Montano and her team perform audits of Denver International Airport (DIA), the Denver County Court, the Office of Human Resources, the Department of Environmental Health, the Board of Ethics, and the Office of Emergency Management and Homeland Security. They have experience in both the public and private sectors conducting internal audit work, as well as performing public policy research and statistical data analysis. Other areas of experience include conducting peer reviews, which involve evaluating and reporting on other audit organizations’ compliance with generally accepted government auditing standards; this expertise underscores the team’s thorough understanding of the standards under which we conduct our audit work.

In 2013, the team performed audits of DIA’s Planning and Development Division, accounting processes at the Denver County Court, and the signature authority process at DIA. They are involved in a number of professional organizations including the Association of Airport Internal Auditors, the Association of Local Government Auditors (ALGA), and the Institute of Internal Auditors. Sonia presented at ALGA’s annual conference a case study of the City’s use of American Recovery and Reinvestment Act dollars and how our office helped improve oversight.
Led by Dawn Hume, this team performs audits in the areas of economic development, human services, library services, parks and recreation, community planning and development, and excise and licenses. Collectively, they have experience in the public sector at the federal and local level as well as in the private sector both domestically and internationally. Prior to joining the Auditor’s Office, team members have conducted a diverse range of audits, including corporate operational, compliance, and process audits; federal loan guarantee and asset relief program audits; and mortgage and banking audits. Their areas of expertise include risk management assurance; quantitative and quantitative data analysis; data analytics; and writing and editing.

In 2013, the team conducted audit engagements of the Division of Workforce Development within the Office of Economic Development, the Department of Human Services, and the Denver Public Library; and they started audit work on an audit of the Department of Parks and Recreation. They created a new follow-up reporting process and database to improve the method by which our office tracks implementation of audit recommendations. They are members of the Association of Local Government Auditors, the Institute of Internal Auditors, and the American Society of Public Administration. Further, Dawn is a recent graduate of the Denver Community Leadership Forum.

At the end of 2013, Dawn’s team grew with the addition of Lead Auditor Anna Hansen, who served for most of the year on Chris Horton’s team. In addition to their regular City and County of Denver audits, in 2014 the team will be working on a collaborative inter-governmental audit with the U.S. Government Accountability Office and other state and local audit entities.
Our IT Audit Team performs information technology-specific audits for the Auditor’s Office, focusing on operations in the City’s Technology Services office as well as other IT functions throughout the City. In 2013, the team conducted audits on the security of the network at Denver International Airport and social media usage throughout the City.

The members of the IT team have a thorough understanding of security standards and applicable rules and regulations governing IT operations. They bring public- and private-sector experience assessing IT security, operating systems, and mobile devices, as well as using data analytics to extract meaningful conclusions from large amounts of information. Team members have advanced degrees in computer information systems and instructional technology and maintain relevant certifications, including Certified Information Systems Auditor and Certified Information Systems Security Professional.

Our IT auditors are involved in IT certification and security professional organizations, ISACA and (ISC)² as well as audit organizations, the Institute of Internal Auditors and the Association of Local Government Auditors. In 2013, they presented to other IT professionals at the Data Center World conference on navigating compliance requirements, as well as to the Colorado Housing and Finance Authority on data analysis using Microsoft’s Excel and Access programs. The team is being led by a new supervisor, Rob Pierce, who looks forward to continuing to grow the IT audit capabilities of the Auditor’s Office.
Led by Chris Horton, in 2013 this team focused their audit work in the areas of the Department of Safety (Police, Fire, and Sheriff), the Mayor’s Office, the Clerk and Recorder’s Office, and City Council, as well as other special projects. They each have between seven and sixteen years of audit experience, both in the public and private sector. Past government audit experience includes positions in Arizona, Texas, and Missouri with specific expertise in the areas of criminal justice and government financial audits (CAFRs). The team’s private-sector experience includes business and financial analysis and entertainment-industry audits.

In 2013, the team conducted audit engagements of the administration of the Denver Police Department, litigation and claims management within the City Attorney’s Office, Citywide social media usage, and fiscal sustainability.

They are involved in a number of professional organizations, including the Association of Local Government Auditors, for which Chris serves as the Chair of the Education Committee, the Institute of Internal Auditors, and the American Society of Public Administration. Members of the team made several presentations and authored several articles during 2013 on topics such as audit report writing, control self-assessment, and using citizen surveys.

Members of the team made great strides professionally during 2013. Marcus Garrett earned his Peak Performance Black Belt certification and, at the end of the year, he was promoted to Supervisor. He will be leading a new audit team, and Rob Farol will be joining him. Both Anna Hansen and Robyn Lamb were promoted from Senior Auditors to Lead Auditors and are excited to help lead the new teams they are joining.
The team led by Chris Wedor focuses on audits of the Departments of Public Works, Finance, and General Services, as well as the Wastewater Management Division and the City’s licensure of medical and retail marijuana establishments. Prior to joining the Auditor’s Office, team members developed audit skills through legislative, state-level, and private-sector audit experience. Their areas of expertise include finance and accounting, environmental law and policy, fraud detection, data analytics, and GIS mapping.

In 2013, the team performed audits on the City’s procure-to-pay process, medical marijuana licensing, and the Department of Public Works Street Maintenance Division. They are active in the Institute of Internal Auditors and the Association of Local Government Auditors (ALGA), for which Nancy Howe serves as the Awards Program Committee Chair. They published a number of articles through ALGA’s quarterly journal, including one featuring what they learned through their street maintenance audit about street sweeping as an environmental compliance tool. Additionally, Katja Freeman was promoted to Lead Auditor and looks forward to expanding her role on the team in that new capacity.
DESCRIPTION OF 2013 AUDITS AND REPORTS

The following table provides a description of various audit projects performed by the Division during 2013.

<table>
<thead>
<tr>
<th>Audit</th>
<th>Purpose</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Department Administration</td>
<td>Assessed the economy, effectiveness, and efficiency of the Denver Police Department’s budgeting and performance measurement practices within the Office of the Deputy Chief of Administration. Included a review and analysis of management processes, off-duty administration, applicable laws, policies and procedures, and systems in place as well as financial data.</td>
<td>2/21/2013</td>
</tr>
<tr>
<td>OED Workforce Development Division</td>
<td>Assessed the effectiveness of the Office of Economic Development’s (OED) Division of Workforce Development in terms of the development of partnerships and procurement of funding. Included a review of the Division’s strategies to foster effective partnerships and to maximize and increase funding. Aimed to determine how the Division measures the impacts of its programs and how it uses those measurements to conduct outreach to potential funders, employers, and job seekers.</td>
<td>3/21/2013</td>
</tr>
<tr>
<td>City Procure to Pay (P2P) Process</td>
<td>Evaluated the City’s Procure to Pay (P2P) system, which was implemented in 2010. Assessed the efficiency and effectiveness of the procurement process; determined if Purchasing has a strategic focus; determined if agency staff are purchasing outside the established procurement process; evaluated the dollar thresholds in place; and evaluated the customer satisfaction of agency staff that utilize P2P.</td>
<td>5/16/2013</td>
</tr>
<tr>
<td>Audit</td>
<td>Purpose</td>
<td>Issue Date</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>City Attorney’s Office: Civil Litigation and Claims Management</td>
<td>Sought to understand how the City Attorney’s Office (CAO) manages litigation costs, including assessment of internal controls, the Liability Claims Fund, and the City’s self-insurance practices. Evaluated CAO’s performance management, including assessing the impact of Practice Manager, a litigation management tool. Evaluated the performance management of outside legal services providers.</td>
<td>6/20/2013</td>
</tr>
<tr>
<td>DIA Planning and Development Division</td>
<td>Examined the effectiveness and efficiency of the Planning and Development Division at Denver International Airport (DIA) with regard to change order practices for construction projects including the impact change orders have on budgets and schedules. Evaluated how the Division manages change orders, including verification that change orders were necessary and administered properly.</td>
<td>6/20/2013</td>
</tr>
<tr>
<td>Medical Marijuana Licensing</td>
<td>Assessed the policies and practices of the Department of Excise and Licenses’ medical marijuana licensing operations focusing on the associated processes and controls and their efficiency and effectiveness.</td>
<td>7/18/2013</td>
</tr>
<tr>
<td>DIA Network Security</td>
<td>Determined whether information security policies are adequate; personnel are experienced, qualified, and trained; network equipment is physically protected from unauthorized access; environmental controls protect the safety of both equipment and personnel; network equipment inventories are accurate; malware protection is effective; and equipment rooms are compliant with DIA physical security standards.</td>
<td>9/19/2013</td>
</tr>
<tr>
<td>Denver County Court Accounting Practices</td>
<td>Examined the internal control environment for the Court’s financial management activities, including cash collection and accounting processes. Assessed the third-party collection efforts and reporting of court assessed fees and fines.</td>
<td>10/17/2013</td>
</tr>
<tr>
<td>Audit</td>
<td>Purpose</td>
<td>Issue Date</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Department of Human Services</strong></td>
<td>Intended to review and assess gift card internal controls and management, review the quality of customer service provided by and oversight within the DHS Call Center, and analyze the customer service experience of stakeholders who serve DHS clients. The audit was significantly impaired by limited access to data and the inability to review data prior to redaction in order to assess the validity of the data used to execute the audit objectives. Consequently, we were not able to provide audit assurance regarding the effectiveness, efficiency, and economy of DHS operational areas under review.</td>
<td>10/17/2013</td>
</tr>
<tr>
<td><strong>Denver Public Library (DPL)</strong></td>
<td>Assessed the environmental and security controls for Denver Public Library’s special collections and to evaluate the efficiency and effectiveness of DPL’s fundraising activities.</td>
<td>11/21/2013</td>
</tr>
<tr>
<td><strong>Citywide Social Media Usage</strong></td>
<td>Assessed the effectiveness of Citywide social media guidance or policy, specifically regarding strategy, business objectives, governance structure, and the administration of social media throughout the City.</td>
<td>11/21/2013</td>
</tr>
<tr>
<td><strong>Public Works Street Maintenance</strong></td>
<td>Evaluated Street Maintenance’s process for creating the annual paving program and adjusting the program throughout the year. Assessed whether paving activities are prioritized equitably across the City. Determined whether Street Maintenance’s street sweeping operations are strategically related to the City’s compliance with air and water quality regulations, including a review of the street sweeping plan, the posting of signs prohibiting parking on street sweeping days, and ticketing and towing practices related to street sweeping.</td>
<td>11/21/2013</td>
</tr>
</tbody>
</table>
### Audit Reports Issued in 2013

<table>
<thead>
<tr>
<th>Audit</th>
<th>Purpose</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiscal Sustainability: Financial Condition and Transparency</strong></td>
<td>Assessed the City’s current financial condition and the degree to which financial information is publicly reported in comparison to leading practice. The financial condition assessment included a review of thirteen financial condition indicators, such as revenues, liquidity, solvency, capital assets, debt management, expenditures, and post-employment benefits such as pensions.</td>
<td>12/19/13</td>
</tr>
<tr>
<td><strong>DIA Signature Authority</strong></td>
<td>Evaluated whether DIA has an appropriate governance structure in place to delegate signature authority and monitor the activities of individuals with signature authority. Determined whether the current oversight procedures for monitoring electronic signature authority in applicable systems were appropriate.</td>
<td>12/19/13</td>
</tr>
</tbody>
</table>

For more detail, click on each audit link, or visit our website at: [www.denvergov.org/auditor](http://www.denvergov.org/auditor)

### 2013 Follow-up Reports

<table>
<thead>
<tr>
<th>Report</th>
<th>Summary</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIA Safety Culture Follow-up</strong></td>
<td>The Department of Aviation took many steps to enhance the safety culture among management and employees by implementing nine of the thirteen audit recommendations we outlined in the 2010 audit. Aviation did not implement two of the remaining four audit recommendations because its approach to implementation will be dependent on a forthcoming rule on Safety Management Systems by the Federal Aviation Administration (FAA). The other two recommendations were not fully implemented.</td>
<td>06/30/13</td>
</tr>
<tr>
<td><strong>DIA South Terminal Redevelopment Program Follow-up</strong></td>
<td>The 2012 audit resulted in three recommendations, and our follow-up review found that the Department of Aviation did not fully implement any of the audit recommendations.</td>
<td>10/10/13</td>
</tr>
</tbody>
</table>
### 2013 Follow-up Reports

<table>
<thead>
<tr>
<th>Report</th>
<th>Summary</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>OED Small Business Opportunity Follow-up</td>
<td>Division of Small Business Opportunity (DSBO) had not implemented a majority of the recommendations outlined in the 2011 audit. Although the agency may have in fact implemented some of the outstanding ten recommendations, auditors were unable to obtain complete information from DSBO due to poor response to follow-up inquiries.</td>
<td>10/10/13</td>
</tr>
</tbody>
</table>

For more detail, click on each audit link, or visit our website at: [www.denvergov.org/auditor](http://www.denvergov.org/auditor)