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OFFICE OF THE AUDITOR
CITY AND COUNTY OF DENVER

2021 Annual Report



Timothy M. O'Brien, CPA, Denver Auditor

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Auditor's Letter



My office serves as a check and balance for Denver's government on behalf of the community we serve. In 2021, we took on the challenges posed by the pandemic and recovery work, while maintaining our high standards of professionalism and service.

City leaders strive to equitably support the recovery of residents, businesses, and everyone who cares about Denver. Our audit work can help them achieve efficiency, effectiveness, accountability, and transparency. Our wage teams can also help workers and employers build a stronger economy that includes everyone.

Equity is a planning consideration in every audit we do. One of our first steps in the audit process is to consider risk for inequity in the agencies, programs, and systems we examine.

In this report, you will find summaries of our audit highlights and impacts identified from our follow-up work. We also provide a detailed look at Denver Labor's successes in working with both employees and businesses throughout the city. Read more about our exemplary staff, our office's work on behalf of everyone who cares about the city, and how we strive for open communication with all members of our diverse community.

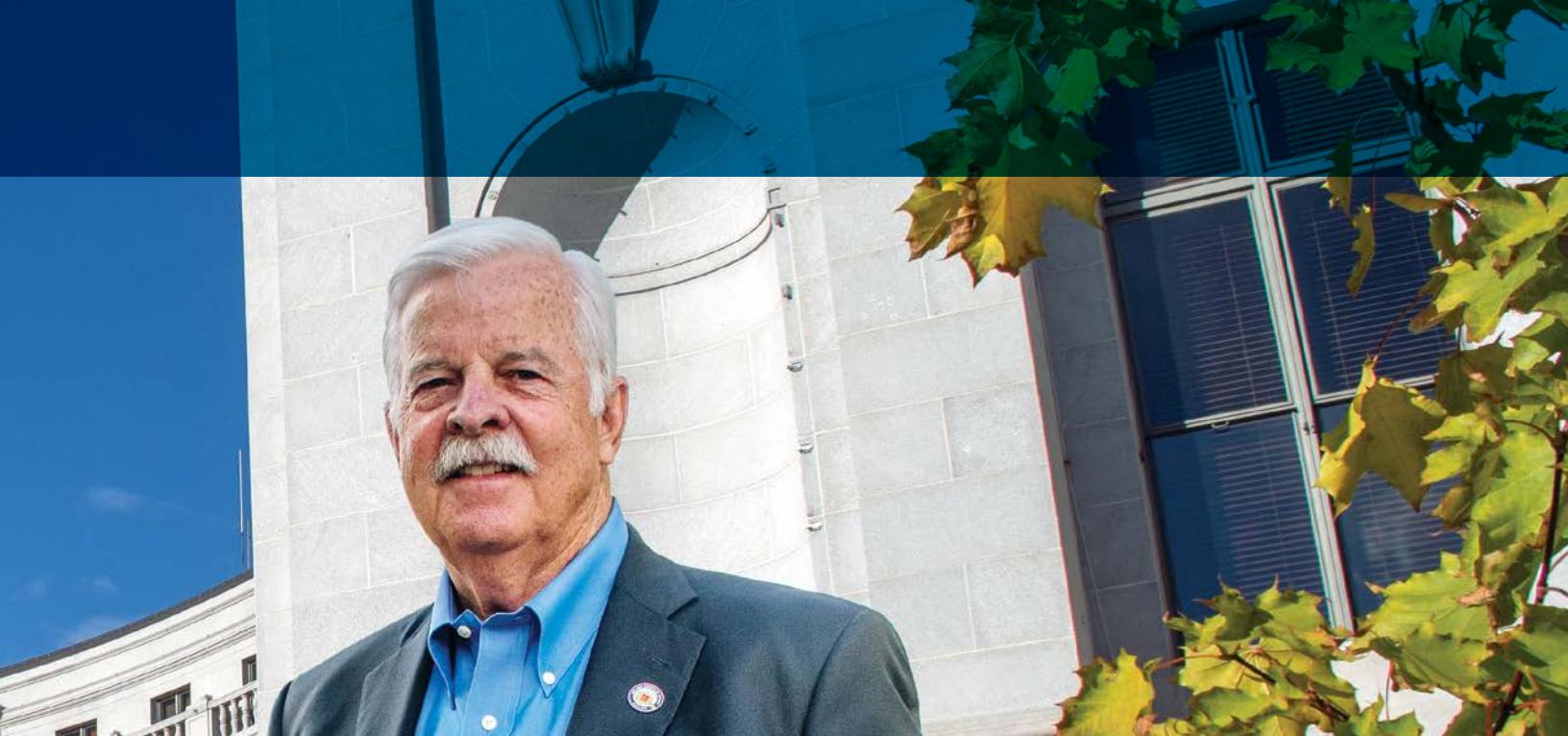
First, let me extend my appreciation to Mayor Michael B. Hancock, the Denver City Council, the independent Audit Committee, and members of the city's operational management for supporting our mission throughout the year.

New in 2021, the City Council approved additional authority for the elected Auditor that allows me to use subpoenas when working with external entities for audits and wage enforcement work. This necessary tool will help ensure we have access to the records we need in a timely manner and at a lower cost to the taxpayer. I am pleased to report we did not have cause to use this new authority in 2021. We are grateful for our community partners who work cooperatively through our regular processes to find satisfactory resolutions for the best benefit of the people we serve.

In the past year, my audit teams examined some of the city's most used, necessary, and beloved programs to see what was working and what could be improved. We continued to see a trend of inadequate oversight of third-party contracts and construction projects.

I was pleased to find the city did a good job setting up safeguards and plans for spending the first round of federal coronavirus relief dollars. The federal government sent hundreds of millions of dollars to the City and County of Denver, and I identified it as a high priority to audit right away to ensure the city was not only managing that money well but was also ready for the next round and future recovery efforts. The initial coronavirus relief funds were used for food assistance, public health efforts, economic support, and individual support.

The city was not as well prepared to manage new tax revenue to support our parks. My team examined how Denver used a new portion of sales and use tax approved to support park maintenance and the purchase of new parks. We found the city is buying new land, which requires more



care, while leaving existing parks below adequate standards for maintenance. Denver's parks and recreation staff were severely impacted by pandemic budget cuts and furloughs, leaving one of the most widely popular public resources without the tools it needs for success.

We saw the impacts of the pandemic on city agencies in several audits. Staff turnover, challenges in workforce hiring, budget cuts, and changes in the workplace caused many concerns for city management.

Meanwhile, Denver Labor's goal to protect Denver's employers and employees and ensure everyone is paid according to the law is even more important as our economy starts to recover from the shutdowns and restrictions of the pandemic.

Our team of analysts investigate 100% of wage complaints. In the first two years of citywide minimum wage enforcement, we used a complaint-based system to recover unpaid wages and to track data about industry compliance and community needs. This helped prepare us for a data-driven, proactive enforcement method in 2022.

Denver Labor is looking deeper and analyzing more details in payrolls and invoices than ever before to ensure thousands of workers across the city receive the money they are owed. Through outreach, education, and investigation, our team works with both employers and employees. Our wage team helps keep business working and city funds going out the door to contractors and workers as quickly and efficiently as possible.

In 2021, we were honored to receive the top auditing award for local governments of our size in the U.S. and Canada. The Association of Local Government Auditors recognized our team with an Exemplary Knighton Award for their work on the 2020 audit of the Neighborhood Sidewalk Repair Program — an audit still impacting our community today. Awards like this let the public know they can trust the work we do on their behalf.

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 to safeguard the public's investment in the City and County of Denver.

Our function as an independent agency serves as a tool for good government in the city. Your input matters to us — and to other city leaders. By continuing to support our work and elevate the issues we cover, you help ensure Denver's leaders take meaningful action.

Follow us on social media, sign up for our monthly email newsletter, or reach out to us directly by emailing auditor@denvergov.org to share your thoughts, concerns, or questions. **Read this Annual Report in Spanish on our website.**



Timothy M. O'Brien, CPA, Denver Auditor



2021 Audit Reports



Airport Parking Shuttle System

OBJECTIVE: We wanted to assess how well Denver International Airport manages its parking shuttle services contract. This included evaluating whether the contract procurement process followed city rules and whether the airport's outsourcing of the service was economically beneficial.

RESULTS: Denver's airport was not doing enough to ensure the shuttles running from the parking lots to the terminal and concourses are on time and that the company running them is not overcharging the airport for the service. We found the shuttles were late so often that the airport could have been

assessing the vendor millions of dollars in penalties — but it did not.

Furthermore, neither the airport nor the vendor sufficiently monitored customer complaints, and the airport's contract monitor also did not monitor or assess penalties for service reliability, vehicle maintenance, employee training and appearance, safety, reporting, and compliance with airport rules and regulations.

Meanwhile, the airport's process to award the most recent vendor contract was not competitive enough. The existing vendor had a significant advantage, because the airport did not allow enough time during the 2016 procurement process for other interested companies to secure the buses they would need to fulfill the contract.

IMPACT: The airport agreed with all but one of our recommendations. By improving its contract monitoring and the reliability of its shuttle service, the airport can better serve passengers and employees who rely on the shuttles. The airport can also better ensure it does not overpay and that it hires its vendor based on a fair, open, and competitive process.



From left to right: Audit Managers Sonia Montano and Jared Miller; Audit Director Katja Freeman; Audit Manager Amy Barnes; Audit Director Dawn Wiseman; Audit Managers Emily Owens Gerber, Kharis Eppstein, and Cody Schulte; and Executive Assistant Edyie Thompson.

Compensation Setting Analysis

OBJECTIVE: We wanted to identify whether there were any indications of bias based on gender, race, or ethnicity that may exist in the City and County of Denver's processes for setting career service employees' salaries and merit increases.

RESULTS: We found the city could not systematically track employee data to ensure no bias in pay for all genders, races, or ethnicities because it did not require collecting full data in the city's system of record. We intended to analyze pay equity for thousands of Denver employees, but we could not do that because, as we learned, the city does not have all the necessary information accessible for analysis.

Without that knowledge, city officials also cannot perform regular checkups to identify bias or inequity.

IMPACT: The Office of Human Resources agreed with both our recommendations to collect complete employee data and require city agencies to submit their methodologies for allocating merit increases for review to ensure that bias plays no part in determining salary and merit increases.

Construction Manager/General Contractor Project Delivery Method

OBJECTIVE: We wanted to assess how well the Department of Transportation & Infrastructure manages technically complex construction projects by looking at one case study: the Northfield Fire Station project. We looked at whether the city received what it contracted for and whether it paid the right amount to build the fire station.

RESULTS: We found Transportation & Infrastructure inadequately managed the Northfield Fire Station construction project and did not effectively monitor costs to ensure the city was not overcharged.

Overall, the department lacked policies and procedures to decide when it will use the "construction manager/general contractor" delivery method to consistently manage technically complex construction projects.

For the Northfield Fire Station project, city staff over-relied on the contractor to determine project costs, and the department did not validate the contractor's cost estimates. Staff also did not ensure the designer and the contractor complied with key contract terms and required deliverables.

Furthermore, staff did not oversee the contractor's subcontracting process to ensure it was competitive and fair — particularly, the contractor subcontracted building trades work to itself. And staff did not validate the accuracy of the costs the city paid for design and construction services.

IMPACT: Transportation & Infrastructure agreed to implement all 13 recommendations. By more adequately managing city construction projects, the city can be a better steward of taxpayer money. It can more thoroughly ensure it does not overpay and that it receives all contractually required services and deliverables it is paying for.



From left to right: Senior Auditor William Morales, Audit Analytics Lead Robert Persichitte, Senior Auditor Juliane Mann, and Lead Auditor Kristin McCormack.

Continuous Auditing

OBJECTIVE: We continuously analyze the city's finances and process data year-over-year to identify risks, control failures, and trends in risk indicators. We strive to improve the efficiency and effectiveness of our office by using analytics to identify areas where audit resources can be best applied.

RESULTS: In 2021, we analyzed over 20 million records across the city's journal entries, tax system, purchase and travel cards, purchase orders, supplier invoices, expense reports, payroll, human resources, and short-term rental licenses. We applied a new series of analytics to the city's journal entries, which identified multiple anomalies.

Our automated controls identified a spike in tax write-offs with the same requester and approver, which the Treasury Division identified as a planned event. Our analysis of tax collection activity showed a potential for more strategic approaches by the collections department. Our continuous analysis of credit card and invoice data showed a steep decline in total city spending during the pandemic. However, we

identified that spending at online vendors remains proportionally significant. A continuous analysis of shipping addresses for city-purchased items found some items were shipped to home addresses, posing a risk to the city.

We tested our analytics against a random sample of transactions and found our analytics are between five and nine times better at identifying risky credit card and expense report transactions than a random sampling.

IMPACT: The analytics team supported 10 audits and two follow-ups in 2020 and nine audits and one follow-up in 2021. In 2021, we completed four internal reports outlining new analytics and risks across multiple systems. Our analytics led to the creation of the "Expense Report Approval Process" audit to look deeper into the risks identified by the continuous audit work. The team also led internal trainings on Excel, Arbutus, Python, sampling, and attribute development.

Coronavirus Relief Funding

OBJECTIVE: We wanted to see how well the city complied with certain requirements of the Coronavirus Aid, Relief, and Economic Security — or CARES — Act, specifically those expenses paid for in 2020 using the \$126.9 million the city received through the federal Coronavirus Relief Fund.

RESULTS: Overall, the Department of Finance did a good job managing city spending of the coronavirus relief funds. For instance, it formed a federal funding committee and implemented a phased spending plan to use the initial aid, and it also submitted federal reports on time. All of this meant the city was set up well to receive further recovery funds.

However, we identified some transactions that were documented improperly, and some transactions also lacked supporting information to show how an expense was related to the pandemic. Furthermore, the city failed to properly track interest for the coronavirus relief funds and bank reconciliations were not done as required for several months.

IMPACT: The city agreed to implement all five recommendations. Continuing to ensure the city uses its relief funds appropriately will maximize their benefit to the community — such as through food assistance, public health efforts, economic support, and individual support for residents and businesses.



Cybersecurity

OBJECTIVE: Partnering with cybersecurity experts across several engagements, we examined the city's cybersecurity defenses – such as how well it secures passwords, tracks information technology assets, and protects Denver International Airport's network operations. We also assessed the city's vulnerability to cybersecurity attacks and security breaches using information from earlier audit work and by addressing new potential risks.

RESULTS: We commonly found areas of strength as well as areas that needed improvement. Because of the information security sensitivities involved with cybersecurity risks, many of the issues we identified were communicated separately to the relevant city agencies for their remediation.

IMPACT: Our recommendations helped fortify the city's ability to safeguard important and sensitive data and to prepare for, prevent, and respond to cybersecurity threats. Having a proactive approach to cybersecurity can enable faster responses to security alerts and allows the city to focus on areas of greater risk. It can also improve the efficiency of other city operations and reduce future costs to the taxpayer.



From left to right: Lead Auditors Nicholas Jimroglou and Karin Doughty and Audit Manager Jared Miller.

Denver Art Museum

OBJECTIVE: We reviewed the city's relationship with the Denver Art Museum and looked at the effectiveness of museum policies and practices, as well as the governance of the museum's board of trustees.

RESULTS: The Denver Art Museum's agreements with the city were outdated, unclear, and lacked details on which entity owned what and which entity was responsible for potentially significant future costs associated with those assets.

We found the city did not properly account for some of its assets at the museum – such as art, buildings, and land – accumulated since the city and the museum started their cooperation. The city had no reliable procedures to properly track and account for these items.

The audit found the museum needed to strengthen its inventory policies and practices, its emergency planning activities and documentation, and some of its badge access controls.

We also found the Denver Art Museum Board of Trustees did not reflect the diversity of the Denver metro area – since women and people of color were underrepresented among the 35 trustees. The board's bylaws had also not been updated in over two decades.

IMPACT: The Mayor's Office and the Denver Art Museum agreed to implement 21 of 22 recommendations – but both disagreed with the audit's primary recommendation: for the two entities to develop a new operating agreement. Without a clear, singular, and overarching agreement, the city and the museum may disagree on which of them must cover future costs and which is the rightful owner of certain assets.

The Denver Art Museum was one of several city entities to recently refuse to provide all requested information. Because of this trend, the Auditor's Office sought and now has subpoena power for future audits.



Denver County Jail Building 24 Buildout Contract

OBJECTIVE: We contracted with construction auditing experts at CliftonLarsonAllen LLP to evaluate the Department of Transportation & Infrastructure's oversight of its contract to construct the Denver County Jail's Building 24.

RESULTS: The examination revealed the Department of Transportation & Infrastructure allowed the construction project to balloon in cost by more than 30% and last almost four times longer than scheduled. Construction on the building was supposed to be done by January 2018, but completion was postponed to late March 2021.

CliftonLarsonAllen found insufficient documentation for invoices from subcontractors and insufficient documentation to explain additional work and costs. Many subcontractors billed for more than they had originally quoted for their work — adding nearly \$2 million to the project cost.

IMPACT: The Department of Transportation & Infrastructure agreed with both recommendations for better contract monitoring. Effective project management is essential to combat rising construction costs. The city must ensure it gets what it pays for out of its contractors — and at no higher cost to the taxpayer than is necessary.



From left to right: Lead Auditor Todd Green, Senior Auditor Ryan Barnes, Audit Manager Cody Schulte, Senior Auditor Megan O'Brien, and Lead Auditor Carl Halvorson.

Denver Golf Operations

OBJECTIVE: We wanted to see whether Denver Golf is meeting its key mission and performance objectives.

RESULTS: While overall course conditions were satisfactory, we identified several safety and aesthetic issues and found the check-in process for the golfer loyalty program is cumbersome and slow — all of which may negatively impact golfers' experiences.

Denver Golf was missing out on revenue because it had not integrated its credit card machine and cashiering system. This means it could not charge no-show fees when customers cancel on short notice and leave time slots unfilled. Golf also risked losing revenue through potential fraud and misuse because manager approval was not required to approve voids and cash refunds.

Denver Golf could not ensure its project goals and priorities are aligned. Golf does not have a current strategic plan to proactively shape its future and its capital improvement planning documents are fragmented and incomplete.

IMPACT: To ensure a better customer experience for golfers, Denver Golf should improve customer service, maximize revenue, update strategic documentation, and improve its capital planning and financial monitoring. Of our 13 recommendations, Denver Golf disagreed with four and is choosing not to implement recommendations that would increase transparency, hold Denver Golf more accountable to the city and the public, and improve organizational efficiency and effectiveness.



From left to right: Audit Manager Amy Barnes, Senior Auditor Dave Hancock, Associate Auditor Tami Rowel, Lead Auditor Karole Dachelet, and Senior Auditor June Samadi.

Expense Report Approval Process

OBJECTIVE: We wanted to determine the extent of issues identified by our internal risk analytics: Why were expense reports with poor documentation and inaccurate expense categories passing the prescribed approval process?

RESULTS: We learned the Controller's Office did not formally review the city's expense report approval process to address problems and ensure it works as intended.

We found a high percentage of approved expense reports lacked adequate documentation to support the dollar amounts listed and did not include sufficient explanations of what an expense was for. Several expenses were also categorized inaccurately.

We also learned the roles and responsibilities for employees tasked with approving expense reports were

not adequately defined or uniformly understood. And the insufficient approval process allowed for potentially questionable purchases to be approved, even though they may not comply with city rules.

Furthermore, the approval process for the City Council president's expense reports, in most cases, violated a requirement in the city's fiscal rules that is meant to prevent city officials and staff from approving their own expenses.

IMPACT: The Department of Finance agreed to our seven recommendations to improve oversight and accountability in the expense report approval process. Officials told the Audit Committee they had fixed the problem of the City Council president's self-approval authority through a new safeguard that ensures no employee or official can act as their own manager-level approver. We will verify this during future follow-up work.

Information Technology Disaster Recovery

OBJECTIVE: We wanted to evaluate the city's information technology disaster recovery program and determine the extent to which the city's critical systems can be restored after a disaster.

RESULTS: We found the city's Technology Services agency had not prioritized a disaster recovery strategy in its strategic planning and operations.

Technology Services had not given proper authority to its Disaster Recovery Committee, it had not updated its disaster recovery documentation for a new data center, and it had not ensured employees were aware of the disaster recovery program and could plan for their own roles and responsibilities during an emergency.

Agency personnel, contractors and contingent workers, and disaster recovery team members were not adequately aware of or sufficiently trained in disaster recovery.

On top of this, we found Technology Services had not kept any disaster recovery-related documentation — including little tracking of annual changes to the information system contingency plan — and it lacked disaster recovery metrics from its system of record.

IMPACT: Technology Services agreed with all seven recommendations. Safeguarding information technology data in an emergency is critical. Contingency planning helps ensure Denver's systems and data are up and running as soon as possible for the continuity of city operations.



Parks Legacy Plan

OBJECTIVE: We wanted to know whether the Department of Parks and Recreation was using voter-approved Parks Legacy Fund dollars appropriately to maintain, improve, and expand Denver's parks system.

RESULTS: We found that although the department was expanding the parks system, it was not maintaining or improving it. The department was not ensuring existing facilities and land were being adequately taken care of and that they remained safe for the public and staff — even as it acquired new park assets. We identified numerous safety and aesthetic issues, some of which posed a public health hazard.

Meanwhile, the department could not show it was following all ordinance requirements for the Parks Legacy Fund, and it had not sufficiently identified which expenses should be included in its calculation of administrative costs.

The department was not informing the public about the status and success of projects created using legacy fund dollars — limiting transparency and the fund's impact and effectiveness. And it was not preserving institutional knowledge of the fund through succession planning among department staff.

IMPACT: Using this voter-approved tax increase in line with the ordinance and effectively communicating with the community and other stakeholders will allow Parks and Recreation to assure Denver voters it is expanding and taking care of the city's parks system, in line with voters' wishes. Parks and Recreation agreed with all nine recommendations, but audit staff had concerns related to the department's written response.



From left to right: Senior Auditor Ron Keller, Associate Auditor Katie Beverlin, Senior Auditor Tyson Fausson, Lead Auditor Shaun Wysong, and Audit Manager Kharis Eppstein.

Phishing

OBJECTIVE: We wanted to examine employee behavior when faced with a phishing email to assess how well the city identifies, prevents, detects, and responds to cybersecurity phishing incidents. We also wanted to assess the effectiveness of both the city's cybersecurity awareness training and its email security tools.

RESULTS: We conducted internal and external phishing campaigns to test the city's cybersecurity defenses and see how employees responded to phishing emails. Through a random control trial, we sent one of two fake phishing emails to over 6,500 employees. Among the employees who received a phishing email, those who took all six city training courses offered in the first three quarters of 2020 were significantly less likely to submit sensitive information, such as their username and password, compared to employees who took no training.

We also found that those who completed trainings more recently

performed better than those who had not. However, not all city employees completed cybersecurity training because the city had not yet identified which specific employees need to take it.

Finally, we compared the city's cybersecurity training program to the results of the phishing emails used in the audit and recommended areas for improvement.

IMPACT: The city's Technology Services agency agreed to implement all seven recommendations, which included identifying employees' job types in the city's system of record so training can be customized to specific roles. By having consistent and targeted training, city employees — and thereby, the city itself — should be less susceptible to phishing attacks, which can cause data breaches or system failures.



Records Management

OBJECTIVE: We wanted to find out the extent to which the Clerk and Recorder's Office has effective and efficient controls and processes for records management.

RESULTS: We found the Clerk and Recorder's Office did not have a strategic plan to prioritize the digitization of records, it had not assessed what documents are considered historical or what risks threaten stored records, and it was not destroying records in accordance with the city's records retention schedule. The office also had not organized its staff effectively and efficiently. It had not conducted a workforce analysis nor does it have succession plans to ensure work continues when staff leave.

The office operated without sufficient policies and procedures, such as those related to quality assurance review and contract monitoring, which impacted the efficiency and effectiveness of its operations.

Most crucially, the office had not proactively redacted certain personally identifiable information when recording documents, and there were inconsistent redaction practices among staff. The office did not adequately disclose that information being recorded will become part of the public record and therefore will be accessible online.

IMPACT: Without a proper strategic plan to guide the preservation and distribution of public records, documents could become lost or damaged, which could erase city historical records. Also, not protecting personally identifiable information leaves residents open to identity theft and the city open to litigation. The Clerk and Recorder's Office agreed with all 17 recommendations.



From left to right: Senior Auditors Heather Burger and Justine Joy, Lead Auditor Anna Hansen, Senior Auditor Robert Farol, and Audit Manager Emily Owens Gerber.

Transparency: Public Notice and Engagement

OBJECTIVE: We evaluated the city's transparency practices through the prism of three case studies. We wanted to determine whether the selected case studies had adequate processes to ensure public notices comply with requirements and that public engagement practices sufficiently inform and engage Denver residents.

RESULTS: We found the city lacked a comprehensive and centralized approach to public notice and engagement, limiting the public's ability to access information and participate in decision-making.

Selected case studies we looked at did not always meet the minimum notice requirements, and those minimum requirements likely were not enough to ensure community members can meaningfully engage. The agencies associated with our case studies took extra steps beyond public notice requirements to engage the public. However, standards, expectations, and

practices for public engagement vary across the city.

We found city agencies could use additional engagement guidance — as well as make better use of the city's website — to improve residents' awareness of and provide access to public meetings, hearings, and other ways to give input on city projects and decisions.

IMPACT: The Mayor's Office and the three other agencies included in the audit agreed to implement all our recommendations. Engaging community members in government decision-making increases public trust and results in more effective policy solutions. By providing more structure and guidance around its public notice and engagement, the city could better serve the public.



2021 Follow-up & Impacts

FOLLOW-UP REPORT HIGHLIGHTS

The Audit Services Division follows up on all recommendations an audited agency agreed with to determine whether city agencies sufficiently addressed our audit findings and mitigated the risks our audits identified. We communicate our follow-up activities in formal reports published online, specifying whether and 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.

LIST OF 2021 FOLLOW-UP REPORTS

| FOLLOW-UP REPORT NAME | MONTH ISSUED | ORIGINAL REPORT |
|---|----------------|-----------------|
| Workday Post Implementation Assessment | January 2021 | December 2019 |
| Contract Procurement Practices | January 2021 | June 2019 |
| Preserving Affordable Housing | January 2021 | August 2019 |
| Property Tax Assessment Processes | February 2021 | October 2019 |
| Interstate Highway Construction Contract Examination | April 2021 | November 2019 |
| Westin Hotel Revenue | April 2021 | February 2019 |
| Airport Improvement Grants | May 2021 | September 2019 |
| County Courts IT General Controls | June 2021 | August 2018 |
| Denver International Airport Cybersecurity Operations | June 2021 | September 2019 |
| High Intensity Drug Trafficking Areas Grant | July 2021 | March 2020 |
| Prevailing Wage Rate Determination Process | August 2021 | September 2020 |
| Denver Public Trustee | August 2021 | March 2020 |
| Hensel Phelps Construction Contract | September 2021 | September 2020 |
| Employment Services Cluster Grants | September 2021 | August 2020 |
| Edward Byrne Memorial Justice Assistance Grant | October 2021 | August 2020 |
| Minority/Women and/or Disadvantaged Business Program | November 2021 | June 2020 |
| Open Records Request Process | November 2021 | May 2020 |
| City Real Estate Portfolio Practices | November 2021 | May 2020 |
| Marijuana Taxation | November 2021 | April 2020 |
| Library Financial Processes | November 2021 | June 2020 |
| Public Works Asset Management Software Applications | November 2021 | January 2020 |
| Denver Employee Retirement Plan Actuarial Valuation | December 2021 | November 2019 |
| Ethics | December 2021 | February 2020 |
| Accounts Receivable – Denver International Airport | December 2021 | September 2019 |



From left to right: Audit Director Katja Freeman, Deputy Auditor Valerie G. Walling, Denver Auditor Timothy M. O'Brien, and Audit Director Dawn Wiseman.

AUDIT IMPACTS

Our audit recommendations are intended to help city agencies better serve the people of Denver. Auditor O'Brien was disappointed with the lack of follow-through from certain city agencies in 2021. Some agencies took excellent steps to completely implement our audit recommendations. Others took little action at all.

When city managers take our findings seriously, we all benefit from the improvements. We completed 24 follow-ups in 2021 of reports issued since 2018. Out of the 283 recommendations, only 41% or 117 recommendations were fully implemented. Agencies partially implemented 16% or 44 of our recommendations and did not implement 34% or 97 of our recommendations. Agencies previously disagreed with 9% or 25 of the recommendations from these reports.

Some work was out of city leaders' control because of the pandemic. Limited resources and staff shortages citywide slowed some implementations beyond the agencies' expected dates for completion. However, these hardships cannot account for all the not-implemented recommendations.

For example, out of 23 recommendations, the city only fully implemented six from our audit of the Minority/Women and/or Disadvantaged Business Program. We still have concerns about how the city monitors contractors' and subcontractors' compliance with participation goals. The city needs to ensure consistent enforcement of inclusion goals on city projects so businesses owned by women and people of color can have improved opportunities with the City and County of Denver.

And the city implemented only one of 10 recommendations from our audit of the city's real estate portfolio

practices. The changes in how and where city staff work because of the pandemic are good examples of why city management must act on these recommendations. The city needs a complete picture of all city property — including city-owned property, leased property, vacant land, and parks. However, by the end of 2021, the city's real estate portfolio remained incomplete.

When our recommendations are implemented, it can improve how the city uses its limited resources, it can mean better services for the public, and it can support better equity and accessibility in city programs.

We identified several examples of improvements in how city agencies manage grants — which increases accountability and ensures more grant money from the state and federal government will be secured for its intended purpose.

Our audit team also found several city agencies improved how they track, assess, and monitor non-competitive contracts and their contract procurement processes.

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.

41% | OF 283 RECOMMENDATIONS IN 24 FOLLOW-UP REPORTS WERE FULLY IMPLEMENTED

34% | OF OUR RECOMMENDATIONS WERE NOT IMPLEMENTED

Denver Labor Wages Report

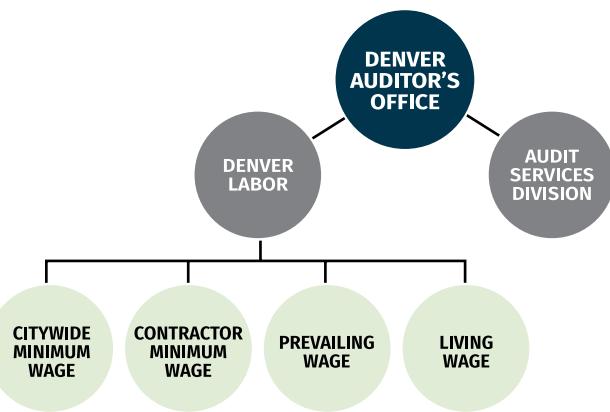


From left to right: Contract Compliance Technician Carol Carter; Lead Denver Labor Analyst Rudy Lopez; Denver Labor Administrator Rafael Gongón; Lead Denver Labor Analysts Kandice McKeon, Abby Kreckman, and Luis Osorio; and Denver Labor Executive Director Jeffrey Garcia.

Denver Labor works with both businesses and workers to resolve wage compliance issues in ways that work for everyone. We take an education-first approach to wage law compliance and enforcement. Denver Labor works to foster community relationships with businesses and labor organizations and educate our diverse community on labor issues. We audit 100% of certified payrolls and investigate 100% of wage complaints. This report serves as our required annual minimum wage report.

The Denver City Council passed a local minimum wage ordinance on Nov. 25, 2019, and the citywide minimum wage took effect on Jan. 1, 2020. In 2021, the ordinance set the hourly citywide minimum wage at \$14.77 per hour.

In 2022, the ordinance requires that wage rate to increase to \$15.87 per hour. Both the separate minimum wage for city contractors and the prevailing wage rate still apply as determined by law. Employers must pay the greatest applicable wage rate for any work performed in the city or on city projects.





MINIMUM WAGE

In November 2019, the Denver City Council created Denver Revised Municipal Code Chapter 58-16, which sets the local minimum wage for Denver and prescribes the means for setting, enforcing, and complying with the new local minimum wage.

In 2021, our team of skilled minimum wage analysts increased community awareness and compliance with Denver's minimum wage. They demonstrated leadership and innovation as they found new ways to engage some of the most vulnerable workers in our community. Denver Labor Executive Director Jeffrey Garcia and our team of analysts used our complaint-based system to investigate possible underpayments and track important data to pinpoint some of the most at-risk workers and industries.

The citywide minimum wage was \$14.77 per hour, with few exceptions. Denver Labor's goal is to protect Denver's employers and employees and ensure everyone is paid according to the law.

Our office believes education for both employers and the public is the key to a successful citywide minimum wage ordinance. This year, we held nearly 50 live training sessions on Facebook — called "Wages Wednesday" — related to all of Denver's wage laws, what the laws mean for employees and employers, and how they can stay in compliance. We made these virtual trainings accessible by conducting them in both English and Spanish and by making our bilingual staff available to answer questions in either language. Despite the COVID-19 pandemic, we continued to hold virtual events, community meetings, and training sessions throughout the year.



OUTREACH

- Live trainings
- Site visits
- Virtual meetings
- Community canvassing



From left to right: Denver Labor Analyst Chris Rubio, Lead Denver Labor Analyst Abby Kreckman, and Contract Compliance Technicians Sandra Lopez and Karla Trevino.

275 | LARGEST NUMBER OF EMPLOYEES IMPACTED BY SINGLE INVESTIGATION IN 2021

936 | TOTAL NUMBER OF EMPLOYEES WHO RECEIVED RESTITUTION IN 2021

\$146,682.56 | TOTAL AMOUNT OF RESTITUTION RECOVERED UNDER THE MINIMUM WAGE ORDINANCE IN 2021

COMPLAINTS INVESTIGATED

30
new
investigations

19
closed
with
restitution

5
closed with no
underpayment
identified

8
cases open
at end of
year

CONTACT US

denvergov.org/minimumwage
wagecomplaints@denvergov.org
720-913-5039



"EARNED IT, DESERVED IT" CAMPAIGN

- **More than 7 million digital impressions**
- **Thousands reached through broadcast, which turned into trackable community engagements**
- **Hundreds of website visits via social platforms**

We also offer several useful tools for both employers and employees on our website – including a regional address finder to help determine whether work performed was in the boundaries of the City and County of Denver, a minimum wage and tip calculator, an employer underpayment calculator, a tips tracker for the food and beverage industry, and complaint forms in English and in Spanish.

This year, our “Earned It, Deserved It” campaign reached people across the city in new ways and led to a significant increase in engagement and awareness in the community. The campaign depicted workers and their supportive employers successfully working together by following the city’s minimum wage ordinance. We used digital ads, ads at regional



bus stops, radio, television, and social platforms to reach people in their homes and communities in both English and Spanish.

Wage rates timeline

In dollars per hour

| | 2021 | | 2022 | | 2023 |
|---------------------------------------|--|----------------|-------------|----------------|---|
| | JAN. 1 | JULY 1 | JAN. 1 | JULY 1 | JAN. 1 |
| Denver Citywide Minimum Wage | | \$14.77 | | \$15.87 | \$15.87 plus Consumer Price Index |
| Denver Contractor Minimum Wage | \$14 | | \$15 | | 2022 wage plus Consumer Price Index |
| Prevailing Wage | Determined by the Denver Office of Human Resources A series of wages based on job classification | | | | |



The **contractor minimum wage rate** — which impacts city employees and contractors especially at the airport — increased on July 1, 2021, to \$15 per hour and will go up again on July 1, 2022, based on the Consumer Price Index. Workers covered by the contractor minimum wage work on city projects in concessions, catering, maintenance, ramp and cargo work at the airport, hospitality, security, and other jobs on city property.

Here are some examples of how we worked with both employers and employees this year to recover unpaid wages in accordance with the minimum wage ordinances:

RESTITUTION STORIES

Local Restaurant Pays \$18,000 in Returned Wages

An underpaid employee from a local restaurant in Denver reached out to us by submitting a wage complaint. We discovered their employer had not paid the required citywide minimum wage rate in 2020 and 2021.

After working with our analysts, the restaurant reacted quickly and returned nearly \$18,000 to 20 employees. Once more, this story showcases the willingness of local businesses to collaborate with our team and do what's right for their workers.

Nearly 200 Employees Compensated, Wages Permanently Raised

Home improvement sales employees who were compensated by a mix of base pay and commission were not being paid Denver's citywide minimum wage when their sales goals were not met. Almost \$16,000 was recovered for 194 employees and all employees' base wage rates were raised to prevent future underpayments.

National Store Cooperates to Increase Wages

A large national retailer with a store near Denver's border mistakenly thought it was subject to the state minimum wage instead of Denver's minimum wage. Through education and cooperation, the employer corrected the mistake, raised employees' wages, and paid 25 employees more than \$2,600 in backpay.

Janitorial Company Faces Backpay and Fines

A janitorial company incorrectly classified its employees as independent contractors to avoid having to pay minimum wage. The company refused to work with Denver Labor to correct its wage rates and achieve compliance with the law. Our office worked with an outside collections agency to recover \$4,000 in unpaid wages for 24 employees, in addition to fines.

Fast-Food Chain Raises Wages

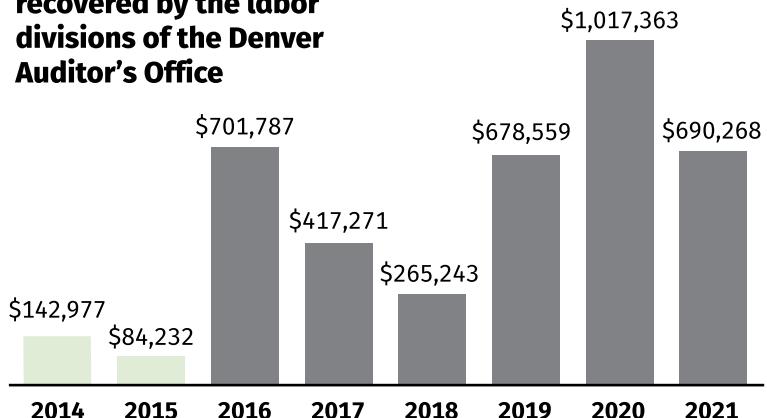
Operators of a fast-food restaurant near Denver's border mistakenly paid less than Denver's minimum wage. Managers worked with our team to repay more than \$7,000 in underpayments for 46 employees, and they permanently increased hourly pay.

Hair Salon Incorrectly Deducts Tips

Hair stylists in a national hair salon chain were paid the minimum wage, but their employer claimed the tip credit that applies only to the food and beverage industry. Our team recovered \$16,000 for 25 employees.



Denver's unpaid wages recovered by the labor divisions of the Denver Auditor's Office



PREVAILING WAGE

In 2021, Denver's mayor prioritized bond projects and construction as part of the city's effort to encourage economic recovery from pandemic-related shutdowns. The Auditor's prevailing wage team works with both contractors and workers on all Denver projects to ensure compliance and payment according to the law.

We have enforced prevailing wage requirements in Denver since the 1950s. Contractors and subcontractors doing work at or in connection with the operation of any public building or doing public work on behalf of the City and County of Denver must pay their workers the prevailing wage.

By revamping the city's prevailing wage ordinance in 2016, Auditor O'Brien changed the way Denver does business on all projects and changed how work is performed on city property. Now, his growing team works to bring all parties together to make Denver a good, efficient place to work.

Prevailing wage is required on contracts of \$2,000 or more for construction, improvement, repair, maintenance, demolition, or janitorial work. Through education, outreach, and investigation, our prevailing wage team works with both employers and employees. Our work helps support businesses in compliance with the law and we strive to put city funds into the

hands of contractors and workers as quickly and efficiently as possible.

Wage reporting software, easy-to-use tutorial videos, and public question-and-answer sessions help streamline the process. Our analysts work with employers to ensure employees are classified correctly, and we also work with employers to guide them through the reporting process.

We can accommodate training and event requests in English and Spanish, both virtually and in person.

In Denver's increasingly competitive job market, both employers and employees win when companies offer wages at least in line with the law. Employers ensure positive customer experiences, successful business models, and stability in their workplace by paying their workers according to the law.

497 | CASES WITH UNPAID WAGES IN 2021

106 | LARGEST NUMBER OF EMPLOYEES IMPACTED IN SINGLE INVESTIGATION

\$85,826.48 | LARGEST DOLLAR AMOUNT RECOVERED IN SINGLE INVESTIGATION

100%
certified payroll audit rate

86,489
payrolls audited

22,127
total number of employees on audited payrolls

Nearly
\$245,536,550
total project payroll value

\$5,659,137,121.38
total project value



From left to right: Denver Labor Analysts Natalie Fraunfelter and Veronica Totten, Lead Denver Labor Analyst Kandice McKeon, Denver Labor Analysts Brandon Stolba and Daniel Foster, Lead Denver Labor Analyst Luis Osorio, and Denver Labor Analysts Arielle Denis and Matt Borquez.

Here are some examples of how we worked with both employers and employees this year to recover unpaid wages in accordance with the prevailing wage ordinance:

RESTITUTION STORIES

Cooperative Contractor Returns Nearly \$86,000 to Employees

A contractor performing custodial work at the Denver Zoo significantly underpaid its employees, resulting in \$85,826.48 owed to 21 employees. The contractor started performing the custodial work at the Denver Zoo before the Auditor's Office discovered that neither the contract nor the contractor had been set up in our compliance software. The contractor had not submitted certified payroll records for our review, and the underpayments were the result of the contractor paying its employees less than the custodian prevailing wage. The contractor cooperated and issued restitution checks expeditiously.

Worker Receives More Than \$7,000 in Restitution

The Auditor's Office enforces Davis-Bacon compliance on City and County of Denver/federal projects. In one recent case, an out-of-state crane contractor employing a power equipment operator for cranes on a Davis-Bacon project underpaid its employee. As a result, the employee received \$7,043.41 in restitution.

Misclassified Airport Employees Receive \$9,500

A contractor installing a solar-power system at Denver International Airport misclassified their employees as roofers instead of electricians, which resulted in a significant underpayment for the workers. The minimum prevailing wage rate for roofers was \$16.56 per hour compared to the \$52.68 per hour prevailing wage that the contractor was required to pay for electrical work, which then increased to \$54.97 per hour after the project's wage anniversary. This resulted in an underpayment of up to \$38.41 per hour for the workers. After the investigation, Denver Labor analysts recovered \$9,575.22 in total restitution to seven employees.

Every dollar matters to Denver's workers and every case matters to Denver Labor. Read more successful restitution stories for Denver Labor on our website.

ARE YOU OWED MONEY?

If you were underpaid at work, our office might have a restitution check waiting for you. Check for your name on our website.

Denvergov.org/DenverLabor



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.



Auditor O'Brien is licensed in Colorado as a certified public accountant, or CPA. 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 11 years serving as the state auditor — which he uses to ensure Denver taxpayers' dollars are used efficiently and effectively.

Denver's Auditor is unique because Auditor Timothy M. O'Brien, CPA, was elected by the people and is independent from all other citywide elected officials and city operational management. He works independently from Mayor Hancock's office and the City Council to maintain objectivity and offer frank, truthful reports for the betterment of Denver. Auditor O'Brien was elected to a four-year term in 2015 and re-elected for a second term in 2019.

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

Under the Auditor's direction, the Audit Services Division performs risk-based performance, financial, information technology, and contract compliance audits that deliver value and impact for Denver and conform to the highest professional standards.

Denver's charter further requires Auditor O'Brien 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 minimum wages, prevailing wage, and living wage ordinances.

Denver Labor, a division of the Auditor's Office, promotes lawful employment and wage compliance while providing exceptional labor, wage, and hourly enforcement. Our goal is to protect Denver's employers and employees through education and by ensuring everyone is paid according to the law.

That means Auditor O'Brien works with both employers and employees to ensure every worker is paid according to the law. The office does outreach and works individually with contractors and business owners to help them understand these laws. Our analysts also help identify correct worker prevailing wage classifications. The office's Denver Labor division oversees education and enforcement of the citywide minimum wage law.

The Auditor's Office has the authority to issue subpoenas to gain access to records from external agencies if documents needed for an audit are not produced voluntarily first.

The Denver Charter and city ordinance authorize the Auditor to have access to all officers, employees, records, and property maintained by the City and County of Denver, and to all external entities, records, and personnel related to their business interactions with the city. No subpoenas were issued in 2021.

**SUBPOENAS
ISSUED IN
2021**

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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. To ensure the committee's independence, the mayor, City Council members, and Auditor O'Brien each appoint two members to four-year terms.



What We Do

AUDIT SERVICES DIVISION

The Audit Services Division produces independent financial and performance audits and other types of assessments of city agencies, programs, finances, technology, grants, 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.

Performance audits review the efficiency and effectiveness of 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, or a grant program's oversight and compliance, to identify errors in reporting and 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 and cybersecurity assessments** review the controls and operation of the city's network, software applications, and cybersecurity processes to make sure they are operating correctly.

Key audits completed this year included a report calling for better clarity about who owns and is responsible for certain assets at the Denver Art Museum. We were unable to complete all aspects of the audit due to restrictions placed on our access to key information. We also analyzed how the city monitors equity in pay for city employees but found city managers are not tracking data in a format that allows comprehensive and regular reviews.

An audit of Denver's Parks Legacy Fund found the city is behind on maintenance, even as management purchases more land and staff is insufficient to keep up with park needs. And we made recommendations to help the Clerk and Recorder's Office better maintain and protect residents' personally identifiable information and historical documents.

We completed several cybersecurity assessments to help city agencies strengthen their protections against hackers. And we conducted several contract compliance and construction audits to help track how taxpayer dollars are used by third parties — where we found a need for better oversight.

A follow-up assessment is performed after the last implementation date given by agencies in response to recommendations in each audit. The follow-up reports confirm whether the agreed-upon recommendations



From left to right: Lead Auditor Rhianna Hruska, Associate Auditors Daniel Emirkhanian and John-Michael Steiner, and Senior Auditor Isabelle Puppa.

were in fact implemented. We follow up on every audit to see whether our findings of important risks are effectively mitigated and providing constructive impact.

Our continuous auditing and data analytics programs help identify high-risk areas of the city by repeatedly performing updated analyses of transactional data from different city databases. Using automation, we sort through thousands of data entries, rather than rely only on a random sample. This helps inform our risk assessments for current or future audits and can help us focus on areas of higher concern. The resulting reports provide us with timely feedback of anomalies or outliers in the city's processes and transactions.

Auditor O'Brien also contracts with professional service firms to provide third-party audits and engagements where specialized expertise is needed, such as in a particular industry or technical discipline. This is an efficient way to complete specialized work such as cybersecurity audits or actuarial work, among other areas of focus. 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 based on risk assessments of city agencies, input from community members, information from city leaders, current events, regulatory changes, and other factors. You can read the 2022 Audit Plan on our website.

You can read all 2021 audit reports on denvergov.org/auditor.

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 staggered four-year terms. The members and their appointing authorities are listed below. Members are appointed based on their education or experience in accounting, auditing, financial management, or related fields.

AUDIT COMMITTEE MEMBERS

Rudolfo (Rudy) Payan, Vice-Chairman (*appointed by Auditor O'Brien*)

Jack Blumenthal (*appointed by Auditor O'Brien*)

Leslie Mitchell (*appointed by the City Council*)

Florine Nath (*appointed by the 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 also receives the results of audits, assessments, and examinations performed or commissioned by the Auditor's Office's Audit Services Division — as well as the results of annual external audits.

In addition to audits of the Annual Comprehensive Financial Report and the single audit report of major grant programs, external audit firms audit Denver International Airport and the Wastewater Management Enterprise Fund, which are city enterprises. An external firm also audits the Deferred Compensation Plan Trust Fund.

All audit reports and committee meeting minutes are published, and committee meetings are televised on Denver 8 TV. Audit Committee meetings were virtual in 2021 thanks to the hard work of our audit teams, the Audit Committee members, and the team at Denver 8 TV.

CONTRACT ADMINISTRATION

The City and County of Denver enters into thousands of contracts every year. 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 done so 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 works to get contracts signed more quickly while still ensuring a thorough review.

Denver contracts can range from low-dollar agreements 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 monitor these contracts. Auditor O'Brien believes the city has a responsibility to keep a close watch on contracts to confirm third parties uphold their agreements and spend taxpayer dollars as promised.

COMMUNITY OUTREACH

In our office, we are continuously exploring new ways to reach members of the community where they are and in ways that matter to them. We work with community groups, registered neighborhood organizations, businesses, and other organizations to spread the word about what we do. You can reach us at your convenience by signing up for our monthly newsletter or by visiting our website, Nextdoor, Twitter, Facebook, LinkedIn, and Instagram.

The Denver Auditor and his communications team believe in transparency and accountability in local government. As a check and balance on the "strong mayor system," we work on behalf of taxpayers to make sure residents know what is happening in the city.

In 2021, we took steps to make our work even more accessible by moving our website to a platform with new language and ADA access tools available. We reached out virtually and in person and worked with community partners in new ways to reach a broader audience across the city. We emphasized language equity and authentic engagement with our diverse and vibrant community.



PRIORITIES THIS YEAR

- English and Spanish outreach
- “Wages Wednesday” live training
- Redesigned website for ADA and language access
- Accessibility in audit PDFs and other online information tools

CONTINUED OUTREACH

- Community events, live trainings, and meetings
- Consistent and meaningful engagement and outreach on social media
- “Ask the Auditor” episodes on YouTube and Denver 8 TV
- Monthly email newsletter in English and Spanish

The Auditor’s community outreach efforts ensure the important work of the office is more widely known and understood. We post unique content on different platforms about community events, important city updates, audit information, labor and wage developments, and other key communications.

The Auditor also continues to emphasize visual media and outreach, including an ongoing initiative to bring information about auditing and wage enforcement to YouTube and local television through Denver 8 TV. Don’t miss our monthly broadcasts of episodes of “Ask the Auditor” and our weekly “Wages Wednesday” Facebook live training sessions.

New in 2021, we worked with local radio, television, and digital platforms to raise awareness about Denver’s city-wide minimum wage. Our English and Spanish outreach targeted some of the most vulnerable populations with the goal of ensuring everyone is aware of their wage rights. Education and awareness for both businesses and workers is central to our wage enforcement work.

Our multiplatform approach to outreach helps the Auditor’s Office maintain two-way communication with the people we serve. Residents provide valuable information about what is and is not working in the city. The Auditor always wants to hear from residents. Anyone who cares about Denver may contact our office by phone, by email, on social media, or at community meetings.



From left to right: Communications Specialists Jeff Neumann, Sara del Valle Ruiz, Kristen Clark, and Stelios Pavlou and Director of Communications Tayler Overschmidt.

TWITTER

[@DenverAuditor](#)
[@DenverLabor](#)

FACEBOOK

[@DenverAuditorOBrien](#)
[@DenverLabor](#)

LINKEDIN

[NEXTDOOR](#)

[INSTAGRAM](#)



ENGAGEMENT BY THE NUMBERS

150,000+
impressions on
Twitter

150,000+
impressions on
Nextdoor

31
media
releases

50+
organizations, community
groups, and representatives

CONTACT US IN ENGLISH OR SPANISH

Email: auditor@denvergov.org
Email: wagecomplaints@denvergov.org



Professional Achievements

PROFESSIONAL ACCOMPLISHMENTS

Our teams use the highest standards on every audit assignment and wage investigation. In 2021, we successfully adjusted to a hybrid work environment in response to the COVID-19 pandemic, and refocused our priorities to support the city's recovery efforts. Our monthly Audit Committee met virtually throughout the year and we did both in-person and virtual trainings for employers and community groups throughout the city.

In 2021, we also took action to encourage diversity, equity, and inclusion in all divisions of the office. Our emphasis on equity is a planning consideration in every audit we do. One of our first planning steps in the audit process is to consider risk for inequity in the agencies, programs, and systems we examine. We held listening sessions with our staff this year to talk about equity in the workplaces and in our community. As a result of those listening sessions, we created an inclusive language guide to help ensure the words we choose in our writing are representative and inclusive of our entire community.

Together, we served the people of Denver through thoughtful auditing, investigations, and hard work, even in the face of adversity caused by the COVID-19 pandemic.

Auditor O'Brien is a certified public accountant with more than 40 years of auditing experience. He recognizes the importance of professional development, of continuous learning throughout a career, and of serving the community in the office and beyond. Auditor's Office 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.

AUDITING ACCOMPLISHMENTS

Audit Services, under the leadership of Auditor O'Brien and Deputy Auditor Valerie Walling, completed impactful, substantive work on behalf of the people of Denver. Our office integrated the auditing specialties and experience of all our auditors, along with Audit Directors Katja Freeman and Dawn Wiseman, to ensure the quality and impact of our work. We completed performance, financial, information technology, data analytics, and compliance audit work.

Our teams diligently provide in-depth analysis of city systems, programs, contracts, finances, and processes, depending on the objectives of each audit. We work to achieve our annual Audit Plan goals using comprehensive risk assessments, with an emphasis on equity, efficiency, and effectiveness.

In 2021, we were honored to receive the top auditing award in the U.S. and Canada for local governments of our size. The Association of Local Government Auditors recognized our team with an Exemplary Knighton Award for their work on the 2020 audit of the Neighborhood Sidewalk Repair Program — an audit still impacting our community today. Awards like this are important because they let the public know they can trust the work we do on their behalf.

The prestigious Knighton awards recognize the best work from government auditing offices each year. Top award winners must show their work had a potential for

significant impact in the community; that the audit has persuasive, logical, and firmly supported conclusions; that recommendations will make government programs more efficient and effective; and that the report uses clear and concise communication. Winners of the award must also show they use appropriate research methods and tools and that they are responsive to the needs and concerns of decision-makers and the public.

The audit team members who earned recognition for this award-winning audit through their intensive efforts were Audit Director Katja Freeman, Audit Manager Kharis Eppstein, Lead Auditor Shaun Wysong, Senior Auditor Darrell Finke, Associate Auditor Daniel Summers, and Associate Auditor Megan Kelly.

Our office had four members who volunteered to serve on and participate in the Association of Local Government Auditors governing committees. Deputy Auditor Valerie Walling served on the Awards Committee; Audit Director Katja Freeman was chair of the Professional Issues Committee; Audit Director Dawn Wiseman was vice-chair of the Professional Issues Committee; and Reporting Specialist Kristen Clark served on the Diversity, Equity, and Inclusion Committee and became the association's deputy communications liaison.

Members of our auditing division participated in professional conferences remotely to further their education and expertise. Members of the audit teams also presented at national conferences, including Dr. Samuel Gallaher, who is an audit analytics manager; Audit Analytics Lead Robert Perschitte; and Information Systems Audit Manager Jared Miller presented at the Rocky Mountain Area Conference on their innovative cybersecurity and audit analytics work.



From left to right: Senior Auditor Megan Kelly, Associate Auditor Caitlin Casassa, Audit Manager Sonia Montano, Lead Auditor Chris Wilson, and Associate Auditor Daniel Summers.

Our auditors' expertise and knowledge are valuable to auditors across Colorado, the United States, and internationally, and we are happy to share our experience with our peers and support the progress of government auditing. Our data analytics and continuous auditing techniques are some of the most advanced in the country, and we are proud to continue to develop more efficient ways to monitor city risks.

DENVER LABOR ACCOMPLISHMENTS

Auditor O'Brien, Denver Labor Executive Director Jeffrey Garcia, and the labor team had a year of growth and significant impact in 2021. The Denver Labor team continues to build relationships in the community to encourage employers to pay employees according to the law. Members of the team stepped up to provide weekly trainings in both English and Spanish, allowing for an inclusive and accessible dialogue about the city's processes.

This year, Denver Labor took in more minimum wage complaints than ever and investigated 100% of cases. We worked cooperatively with employers to find resolutions to wages not paid in accordance with the law.

Our analysts audited 100% of certified payrolls for prevailing wage. Read more about the excellent work this team accomplished in our Denver Labor Wages Report section.

OUTSTANDING STAFF

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 and on The Institute of Internal Auditors' Denver board.

Audit Manager Kharis Eppstein completed her studies this year to become a Certified Internal Auditor. Auditor O'Brien encourages all staff to continue their education and obtain

professional certifications to show the high level of professionalism and qualification in our work. Eppstein also served her community this year by becoming the elected board president for the Alpine Rescue Team.

Our Safety Committee helped keep members of our office safe and healthy this year with the leadership and support of committee members Kharis Eppstein, Edie Thompson, Rafael Gongón, Vilma Balnyte, Darrell Finke, Nick Jimroglou, Tyson Fausone, and Daniel Summers.

Our New Employee Onboarding Committee worked this year to welcome new employees into a hybrid virtual work environment. Committee members included Edie Thompson, Emily Owens Gerber, Kharis Eppstein, Valerie Walling, Tayler Overschmidt, Katja Freeman, John Danilenko-Dixon, Cyndi Lubrano, Kristin McCormack, Nick Jimroglou, Dawn Wiseman, and Tammy Phillips.

Our Events Committee kept our office connected even from home by organizing virtual gathering opportunities. Finding ways to maintain positive relationships and a strong team was more important than ever this year, since our team couldn't stay in touch in person. Thanks to committee members Rafael Gongón, Cyndi Lubrano, Anna Hansen, Cody Schulte, John Danilenko-Dixon, Sara del Valle Ruiz, Kristin McCormack, Megan O'Brien, Brandon Stolba, and Shaun Wysong for your fun ideas and organization.



Our Staff

OFFICE OF THE AUDITOR

Timothy M. O'Brien, CPA, Auditor

MANAGEMENT SERVICES

Valerie Walling, CPA, Deputy Auditor

Jeffrey Garcia, Esq., Executive Director of Denver Labor

Tayler Overschmidt, Director of Communications

Cyndi Lubrano, Business Manager

Tammy Phillips, SPHR, SHRM-SCP, Agency HR Director

John Danilenko-Dixon, Executive Assistant III

AUDIT SERVICES DIVISION

Dawn Wiseman, CRMA, Audit Director

Katja Freeman, MA, MELP, Audit Director

Edyie Thompson, CAP-OM, Executive Assistant II

Vilma Balnyte, CPA, MBA, Audit Manager

Amy Barnes, CFE, CGAP, Audit Manager

Ryan Barnes, CPA, Senior Auditor

Katie Beverlin, MPA, Associate Auditor

Heather Burger, MPA, Senior Auditor

Caitlin Casassa, MPA, Associate Auditor

Karole Dachelet, MPA, Lead Auditor

Karin Doughty, CISA, CDPSE, Information Security Audit Lead

Maria Durant, MA, Senior Auditor

Daniel Emirkhanian, MPA, Associate Auditor

Kharis Eppstein, CGAP, CIA, Audit Manager

Robert D. Farol Jr., CIA, CGAP, Senior Auditor

Tyson Faussone, Senior Auditor

Catherine Friday, MIR, CIA, CGAP, CRMA, Senior Auditor

Sam Gallaher, PhD, MPA, Audit Analytics Manager

Todd Green, CPA, CIA, CFE, Lead Auditor

Carl Halvorson, Lead Auditor

Dave Hancock, MURP, Senior Auditor

Anna Hansen, Lead Auditor

Rhianna Hruska, MPA, MES, Lead Auditor

Nicholas Jimroglou, CDPSE, CISA, Information Security Audit Lead

Justine Joy, MBA, Senior Auditor

Ronald F. Keller, CFE, CIA, Senior Auditor

Megan Kelly, MBA, Senior Auditor

Juliane Mann, MPAcc, Senior Auditor

Kristin McCormack, JD, Lead Auditor

Jared Miller, CDPSE, CFE, CISA, Information Security Audit Manager

Sonia Montano, CGAP, CRMA, Audit Manager



From left to right: Business Manager Cyndi Lubrano, Deputy Auditor Valerie G. Walling, Denver Auditor Timothy M. O'Brien, Denver Labor Executive Director Jeffrey A. Garcia, Esq., and Director of Communications Tayler Overschmidt.

To continue providing quality work and meaningful services to the people of Denver, the Auditor's Office is committed to attracting, supporting, and retaining an educated and well-qualified staff of auditors, analysts, and other specialized professionals to carry out our mission. Members of our skilled staff hold a number of advanced degrees — including a public policy doctorate, law degrees, and master's degrees in public administration, public policy, accounting, political science, business administration, international relations, urban and regional planning, public health, and environmental studies.

Many also have professional and academic certifications and designations — such as certified public accountant (CPA), audit analytics and data science academic certificates, 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), certified data privacy solutions engineer (CDPSE), and chartered global management accountant (CGMA).



From left to right: Denver Labor Analysts Chris Wat and Olivia Almaguer, Lead Denver Labor Analyst Rudy Lopez, and Denver Labor Analyst Maggie Baker.



From left to right: Agency HR Director Tammy Phillips, Executive Assistants John Danilenko-Dixon and Edyie Thompson, and Business Manager Cyndi Lubrano.

AUDIT SERVICES DIVISION CONTINUED

William Morales, MBA, Audit Analytics Senior

Megan O'Brien, MPP, Senior Auditor

Emily Owens Gerber, MPA, Audit Manager

Robert Persichitte, CPA, CFE, CFP, MPAcc, Audit Analytics Lead

Isabelle Puppa, MPP, Senior Auditor

Tami Rowel, MPA, Associate Auditor

June Samadi, MPH, Senior Auditor

Patrick Schafer, CPA, CIA, CFE, MBA, Audit Manager

Cody Schulte, CPA, CIA, MAcc, Audit Manager

John-Michael Steiner, MPA, Associate Auditor

Daniel Summers, MPA, Associate Auditor

Chris Wilson, MPA, Lead Auditor

Shaun Wysong, MA, Lead Auditor

DENVER LABOR

Rafael Gongón, JD, Denver Labor Administrator

Olivia Almaguer, Denver Labor Analyst

Maggie Baker, Denver Labor Analyst

Matthew Borquez, Denver Labor Analyst

Carol Carter, Contract Compliance Technician

Joel Cota-Howlet, Denver Labor Analyst

Arielle Denis, Esq., Denver Labor Analyst

John Digiorgio, Denver Labor Analyst

Daniel Foster, Denver Labor Analyst

Natalie Fraunfelter, Denver Labor Analyst

Abby Kreckman, Lead Denver Labor Analyst

Sandra Lopez, Contract Compliance Technician

Rudy Lopez, MS, Lead Denver Labor Analyst

Jasmine Madlock, Denver Labor Analyst

Kandice McKeon, OSHA 510, Lead Denver Labor Analyst

Luis Osorio, JD, Lead Denver Labor Analyst

Chris Rubio, Denver Labor Analyst

Brandon Stolba, Denver Labor Analyst

Veronica Totten, Denver Labor Analyst

Karla Trevino, Contract Compliance Technician

Chris Wat, Denver Labor Analyst

COMMUNICATIONS

Kristen Clark, Reporting Specialist

Jeff Neumann, Graphics and Visual Information Specialist

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