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OFFICE OF THE AUDITOR  
CITY AND COUNTY OF DENVER



# Annual Report



Timothy M. O'Brien, CPA, Denver Auditor

**INSIDE:** 2022 Audit Reports + 2022 Follow-up & Impacts  
Denver Labor Wages Report + Audit Analytics + Who We Are  
What We Do + Professional Achievements + Our Staff



# Auditor's Letter



**M**y office serves as a check and balance for Denver's government on behalf of the community we serve. Our operational priorities are your priorities.

In 2022, our recommendations and findings helped city agencies make Denver an even greater place for people to live, work, and spend time. We appreciate the city leaders who take our work seriously and embrace the spirit of improvement throughout the year. Our audit work can help them achieve greater efficiency, effectiveness, accountability, equity, and transparency.

Our wage teams also help workers and employers build a stronger economy that includes everyone.

In this report, you will find summaries of our audit highlights, our innovative use of leading edge audit technology, 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, members of the Denver City Council, the independent Audit Committee, and the city's financial and operational management for supporting our mission throughout the year.

We continue to see the impacts of the COVID-19 pandemic on city agencies, where our audits have identified concerns related to staffing, resources, lack of oversight, and insufficient planning.

In 2022, my audit teams looked at how the city prepared for the first municipal election using the new Fair Elections Fund. Ahead of 2023, many political candidates are choosing to sign up for the taxpayer-funded donations matching program. We found the city needed more safeguards to verify certain requirements of the program, and I was pleased to find managers were already making progress by the time we completed audit fieldwork.

We also prioritized equity by auditing the city's equity programs and practices. My team looked at the design and implementation of the city's social equity office. We examined whether it was achieving its goal of increasing social equity and minimizing institutional, structural, and systemic racism within the City and County of Denver's government. Although management's intentions and work in the community might have worked to support important programs through the pandemic, we found the office lacked basic fundamental structures and strategies to support equity throughout all city agencies.

Other key audits completed in 2022 included a look at trash, recycling, and composting services ahead of significant changes planned in 2023. We also examined mental health support in Denver's jails as well as contract oversight at the airport.

Homeless encampments, the Great Hall construction project at Denver International Airport, affordable housing, and residential permitting all remain on my Audit Plan in the year ahead, and my audit teams already began work on several of these audits in 2022. I also plan to continue my efforts to take a close look at the operations of the Denver City Council, despite challenges previously posed by City Council leadership. This audit has been planned for three years and was originally requested by a member of the City Council, and it is time the legislative branch of Denver government face the same independent scrutiny as all other city organizations.

Meanwhile, Denver Labor is analyzing more details and looking deeper into payrolls and invoices than ever before — with the continued goal of protecting Denver's employers and employees and ensuring thousands of workers across the city receive the money they are owed.

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 year, we used proactive enforcement tools to recover a record amount of restitution for workers who were not paid as required by law.

Through outreach, education, and investigation, our team works with both employers and employees to ensure everyone is paid according to the law. Our wage team helps keep businesses working and city funds going out the door to contractors and workers as quickly and efficiently as possible.

In 2022, we were honored to receive a 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 a Distinguished Knighton Award for their work on the 2021 audit of the airport's parking shuttle system. We also proudly passed our periodically required peer review assuring compliance with government auditing standards. You can be confident that our audit reports are trustworthy and of the highest professional quality.

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.

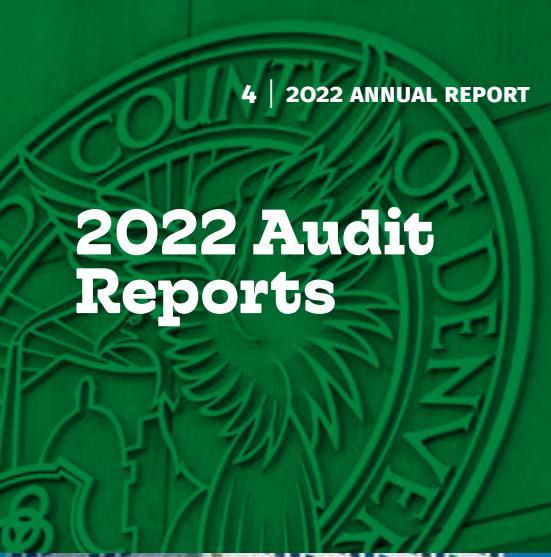
Follow us on social media, sign up for our monthly email newsletter, or reach out to us directly by emailing [Auditor@DenverGov.org](mailto:Auditor@DenverGov.org) to share your thoughts, concerns, or questions. **Read this Annual Report in Spanish on our website.**



Timothy M. O'Brien, CPA, Denver Auditor



# 2022 Audit Reports



*From left to right: Audit Manager Emily Owens Gerber, Associate Auditor Shannon Scheich, Lead Auditor Isabelle Puppa, and Associate Auditor Tami Rowel.*

## Airport Concessions Management

**OBJECTIVE:** Our objective was to evaluate Denver International Airport's concessions contracting practices and assess whether the airport's approach was cost effective and fair. We also sought to assess how the airport's practices compared to selected airports.

**RESULTS:** The airport allowed some vendors to bypass the competitive selection process meant to ensure the airport receives the best value from its vendors. A decade ago, the city approved a complex incentive program

allowing these noncompetitive procurements, and since then, it has cost the airport significant amounts of money without any proven benefit. Additionally, some contracts expired years ago while the businesses continued to operate their airport locations, which is unfair to the other vendors who had to participate in competitive procurements.

Meanwhile, the airport was not fully transparent with how it scored prospective vendors, and it had not assessed how it approached concessions contracting since the airport opened more than 25 years ago. This left airport staff unable to know whether their approach was bringing in the highest possible revenue and helping the airport achieve its other goals.



*From left to right: Information Systems Audit Senior Dave Hancock, Information Systems Audit Lead Nicholas Jimroglou, and Information Systems Audit Senior Robert D. Farol Jr.*

**IMPACT:** Airport officials agreed with all six recommendations, including to discontinue the Premium Value Concessions program. Committing to fairness in how the airport selects concessions businesses — including demonstrating transparency in its scoring of prospective vendors — will promote public trust and provide more equitable opportunities for businesses to operate at the airport.



*From left to right: Audit Manager Amy Barnes, Associate Auditor Juan Gomez, and Senior Auditor Ben Teska.*

## **Co-Responder Expansion Grant and Contract Compliance**

**OBJECTIVE:** Our objective was to see whether the Denver Police Department and the Department of Public Safety were effectively managing the money they received from the Caring for Denver Foundation for a co-responder program that provides behavioral health services for city residents.

**RESULTS:** The Police Department left \$383,000 of the grant funds unused, which earned extra interest and totaled about \$438,000 unspent by the time of our audit. As of April 2022, Public Safety had not worked with the city's Finance Department to return the unspent money to the Caring for Denver Foundation after the grant ended in July 2021.

The city also paid its service provider late and did not pay penalties for the delays, possibly causing hardship for the service provider. The Police Department also used grant dollars to pay for costs that were not allowed, such as excessive indirect costs, travel expenses, and expenses from the wrong grant year.

## **City Equity Program and Practices**

**OBJECTIVES:** Our objective was to determine whether the Mayor's Office of Social Equity and Innovation effectively designed, implemented, and evaluated its initiatives to increase social equity and minimize institutional, structural, and systemic racism in the City and County of Denver.

**RESULTS:** The Mayor's Office of Social Equity and Innovation — formed in 2019 following an equity leadership team's work in 2018 — needed a stronger foundation and more support from the top to ensure effective and lasting outcomes for citywide equity initiatives.

Amid high turnover in leadership and redirected resources to assist the city with pandemic emergency response starting in 2020, Social Equity and Innovation did not have a detailed strategic plan for effective governance and lacked a complete program design to define its goals and how it would use resources efficiently and effectively. The office also lacked a communication plan to ensure clear, consistent direction to guide the city's racial and social justice work, both internally and with other city agencies.

Meanwhile, Social Equity and

Innovation lacked clear authority to work with other city agencies and train city staff about race and social justice in line with the mayor's goals. The executive order establishing the office was vague, so the office could not compel agencies to create racial equity action plans or participate in equity training.

Because the office was created by an executive order, future mayors could end the program or revoke the order.

**IMPACT:** Although Social Equity and Innovation agreed with all 16 recommendations, we had significant concerns about the future of Denver's social equity efforts due to the office's poor production of evidence throughout the audit and leadership's disingenuous responses to our audit work. Once the office adopts properly designed programs, strategies, policies, and procedures and has adequate support from the Mayor's Office, Social Equity and Innovation can more successfully oversee efforts to eliminate social inequities and racial and social injustice from city systems and practices.

**IMPACT:** City officials agreed with 24 of our 25 recommendations. Not complying with grant and contract requirements jeopardizes future funding for the Police Department's Co-Responder Expansion Program. This could hinder the program's goals of reducing the use of emergency services by frequent users and increasing treatment and care services, such as those related to substance use, employment, and supportive housing.



From left to right: Audit Manager Vilma Balnyte, and Lead Auditor Anna Hansen.

## Cybersecurity: Application Security

**OBJECTIVE:** Partnering with cybersecurity experts in an ongoing series of engagements addressing security infrastructure, we examined the city's cybersecurity defenses related to application security. 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 found areas of strength as well as areas that need improvement. Because of the information security sensitivities involved with cybersecurity audits, 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.

## Denver Water City Services

**OBJECTIVE:** Our objective was to see whether Denver Water charged the city correctly for water and sewer billing services, and to assess the city's decision-making process to move billing of sewer services away from Denver Water to do it in-house.

**RESULTS:** We found the city does not verify that rates and fees charged by Denver Water are accurate, appropriate, and in compliance with requirements. Specifically, the city did not check that the costs Denver Water used to set the annual discounted governmental water rate were allowable under the Denver Charter. The city also did not check that it was charged the correct rate in monthly water bills. In addition, the city did not check that monthly service fees for sewer billing were accurate to ensure the city paid only its share of costs.

At the time of our audit, the Department of Transportation & Infrastructure used Denver Water to bill for sewer services and was working to consolidate all utilities billed by the city into one system, including bringing sewer billing in-house. We found Transportation & Infrastructure's analysis was flawed and did not consider several factors identified in leading practices, including adequately evaluating potential impacts to costs and service quality.

The city also did not outline how it would communicate with customers to notify them of the change in billing or how the change would directly impact bills, levels of service, and who they should pay for sewer service.

**IMPACT:** City officials agreed with all five of our recommendations. Without adequate processes to review charges, the city could overpay Denver Water for the services it receives. Meanwhile, Transportation & Infrastructure cannot be certain that switching sewer service billing to an in-house service is the best method of providing billing services to Denver customers.

## Etaï's Café Concessions Contract

**OBJECTIVE:** Our objective was to evaluate whether Denver International Airport's Concessions Division provided adequate oversight of the Etaï's Café concessions contract, including whether the café accurately reported all revenue earned and paid the appropriate rent it owes the city based on its sales.

Based on the "Airport Concessions Management" audit, we determined there were still risks in the airport's contract management process and we made plans to audit individual concessionaires separately. This audit represented the first of those efforts.

**RESULTS:** Consistent with the "Airport Concessions Management" audit, we found the airport did not sufficiently monitor its concessions contract for Etaï's Café. Airport officials relied on the café to self-report its revenue without independently verifying the amounts. Because of this, the airport did not know whether the sales revenue the café reported — and the resulting rent amount the café owed — was accurate.

The café was also giving various discounts the airport never approved. And the café then deducted those discounts from its gross revenue, thereby reducing the rent the café paid.

Lastly, the airport had not updated the café's contract or placed it out for bid since 2012. This decade-long agreement limited opportunities for the airport to reevaluate contract terms and ensure competitive selection.

**IMPACT:** The airport agreed to implement all but one of our eight recommendations. Management refused to reinstate contract requirements to have a certified public accountant sign off on annual financial statements. Without proper contract oversight and due diligence to verify vendors' self-reported revenue, the airport cannot hold them accountable to their contract terms and the city may lose out on money it is owed.

## Fair Elections Fund

**OBJECTIVE:** Our objective was to determine whether the Clerk and Recorder's Office was adequately prepared to administer the new Fair Elections Fund in compliance with city campaign finance laws and regulations ahead of the next municipal election in April 2023.

**RESULTS:** Months ahead of the first payouts from the Fair Elections Fund, the Clerk and Recorder's Office was still working to ensure accuracy in how it would manage the program. The office needed a policy for verifying that campaign contributions made to participating candidates come from valid sources. And the office needed a way to confirm candidates accept only small-dollar contributions.

The Clerk and Recorder's Office lacked a policy to ensure it accurately paid out any matching funds, and it needed to make sure candidates were trained properly.

The office also needed a plan for how it would notify candidates that they had been approved to participate in the fund, and it needed a way to enforce the public debate requirement for participating candidates. Lastly, the Clerk and Recorder's Office needed to lay out how it would consistently audit candidates' spending.

**IMPACT:** The Clerk and Recorder's Office agreed with all three of our recommendations — and management was already making progress by the time we completed our fieldwork in early February 2022. These efforts should help ensure the Fair Elections Fund achieves voters' intent in reducing the impact of large donations in municipal elections and increasing the impact average residents can have.



*From left to right: Associate Auditor Christopher Torrance, Intern Katie Scott, and Senior Auditor John-Michael Steiner.*

## Information Technology Vendor Management

**OBJECTIVES:** Our objective was to assess how well the city oversaw its information technology vendors, monitored their performance, and established policies, procedures, and other processes to ensure good governance.

**RESULTS:** The city lacked a comprehensive and centralized way to manage third-party vendors who supply web applications or provide data via the internet. The city's Technology Services agency provided inadequate oversight, and the agency also did not hold vendors accountable when things went wrong.

The city needed to regularly review third-party vendors for their existing security safeguards. Relying on outdated security information left officials unaware of deficiencies in a vendor's security environment and could put the city at risk of losing data and harming its reputation.

Additionally, the city needed to monitor these vendors to ensure they

provide the services the city pays them to perform. The city needed to clearly define objectives and service expectations — such as the availability of a website to users or providing services to the public — and when there is a breakdown in those services, the vendor should pay appropriate penalties.

**IMPACT:** Technology Services agreed with all eight recommendations, but officials waited for us to complete our recommendations before finalizing a draft vendor management policy. By moving ahead with implementing critical strategies and establishing a comprehensive governance structure, the agency can better ensure it gets what it pays for from technology vendors and that those vendors adequately protect city data.



**From left to right:** Senior Auditor Daniel O'Conor, Audit Manager Carl Halvorson, Associate Auditor Stacey Cunningham, Audit Senior Manager Patrick Schafer, and Senior Auditor Zachary McKenzie.

## Mental Health Services in Denver's Jail System

**OBJECTIVE:** Our objective was to see whether the Denver Sheriff Department's mental health services and programs were effective in providing support for people in jail as well as employees of the Denver jail system.

**RESULTS:** The Sheriff Department's mental health programs were decentralized and the department lacked a strategy to ensure consistency in the programs and planning for when individuals leave jail. We also found inconsistencies and errors in jail data for mental health care, including errors in information used to identify trends and concerns in mental health programs. The department was still using paper records, which created additional challenges for ensuring consistency in care.

Additionally, the department had not clearly defined success and had not formally evaluated staffing and resource needs to support established goals and objectives.

The Sheriff Department could also do more to ensure the quality of care in jails by keeping better oversight of its contractors and assessing the housing needs of individuals identifying as transgender within 72 hours to avoid them staying in isolated housing longer than necessary.

**IMPACT:** The Denver Sheriff Department agreed with all 29 of our recommendations. If the Sheriff Department's mental health programs and operations do not effectively help individuals in need or those who are at high risk, people in jail may not successfully return to the community and might instead cycle back through the jail system.

## Neighborhood Food Environments Program Grant Compliance

**OBJECTIVE:** Our objective was to see whether Denver's Neighborhood Food Environments Program, also known as the Food in Communities project, was using state grant money correctly to support healthy food in low-income neighborhoods.

**RESULTS:** Overall, the Denver Department of Public Health and Environment was using the grant money correctly to advance policy changes and community projects that increase targeted neighborhoods' access to healthy food, especially for low-income neighborhoods and communities of color.

Based on the supporting documentation that was available during our audit, we found all tested expenses were eligible for state grant funding.

However, program leaders needed to maintain more complete documentation to support spending, especially related to tracking in-town mileage. Also, the city was not reviewing invoices from Jefferson County Public Health and the Tri County Health Department in detail — meaning the city did not examine supporting documentation for individual transactions.

**IMPACT:** The Department of Public Health and Environment agreed with all eight of our recommendations. Noncompliance with state grant documentation and oversight requirements jeopardizes both future state funding for the city's Neighborhood Food Environments Program and its goal of increasing Denver residents' equitable access to healthy and affordable foods.

## Peña Boulevard Improvements Construction Contract

**OBJECTIVE:** Our objective was to evaluate whether the Airport Infrastructure Management Division adequately oversaw Phase 1 of the Peña Boulevard improvements construction contract to ensure the city received the work it paid for.

**RESULTS:** We found Denver International Airport needs to strengthen oversight of its construction projects to avoid cost overruns and scheduling delays. Both airport staff and the primary contractor on the Peña project — Interstate Highway Construction — missed deadlines for invoices and contract changes. The airport was also not correctly documenting issues with the contractor's performance in the system of record.

Another gap in construction oversight on the Peña Boulevard project was the airport not accurately tracking the budget. The airport paid for contract changes out of the project's contingency fund but was not accurately tracking how much contingency was already used. While the project was not overbudget at the time of our audit, this practice of inaccurate tracking increased the risk of future overruns.

We also found the airport needed to ensure all subcontractors are properly vetted and paid on time. And the airport needed to create a standard for how management chooses project delivery methods for each of its construction projects.

**IMPACT:** The Airport Infrastructure Management Division agreed with 11 of our 13 recommendations. Without strong project oversight, the airport may not receive all work in compliance with its vendor contracts, and the airport risks overpaying for construction projects and failing to meet project deadlines.

## Residential Trash, Recycling, and Compost Services

**OBJECTIVES:** Our objective was to assess how well the city ensured timely trash, recycling, and compost service for residents and reduced illegal dumping in city neighborhoods. We also evaluated how effectively the city achieved its environmental goals and improved recycling rates.

**RESULTS:** At the time of our audit, the Solid Waste Management Division was not serving residents efficiently and effectively at current service levels. Its trucks were old, it was understaffed, and it lacked enough plans, policies, and resources to support its workload.

Therefore, it was ill-prepared to expand to a volume-based pricing, or "pay as you throw," service model in 2023. The division risked providing worse service to Denver residents, and the city also might not achieve goals meant to address climate change.

Changes to service routes and pickup schedules in early 2022 came with a spike in reports of missed service, and the division used flawed data to measure how well it responded to service requests. Ahead of adopting "pay as you throw," officials did not follow leading practices to design the program with informed knowledge about how prepared the city was to expand recycling and compost services. Officials also could not say whether they may have to raise fees to ensure the program is self-sustaining.

**IMPACT:** Waste collection is one of the essential core services local governments provide their communities. The Department of Transportation & Infrastructure and its Solid Waste Management Division agreed to implement all nine of our recommendations meant to help it address its current challenges and improve service delivery to Denver residents as it makes a substantial change in 2023.



# 2022 Follow-Up and Impacts

## Follow-Up Report Highlights

Audit Services 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 through 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 2022 follow-up reports

FOLLOW-UP REPORT NAME	MONTH ISSUED	MONTH OF ORIGINAL REPORT	RECOMMENDATIONS IMPLEMENTED			
			FULLY	PARTIALLY	NOT	DISAGREE
Homeless Services	February 2022	April 2019	2	1	2	0
Syringe Access and Sharps Disposal Programs	March 2022	August 2020	3	4	1	0
Data Centers	March 2022	September 2020	5	0	2	0
Travel Expenses	March 2022	October 2020	5	3	3	0
Airport Capital Assets	April 2022	December 2020	7	7	3	2
Records Management	April 2022	May 2021	6	4	7	0
Coronavirus Relief Funding	July 2022	July 2021	1	0	4	0
Compensation Setting Analysis	August 2022	February 2021	1	1	0	0
Denver County Jail Building 24 Buildout Contract	October 2022	June 2021	1	1	0	0
Jail Safety	December 2022	March 2019	2	2	0	2
Parks Legacy Plan	December 2022	October 2021	3	1	3	0

## Audit Impacts

Our audit recommendations are intended as tools to help city agencies better serve the people of Denver.

In 2022, our recommendations and findings helped city agencies make Denver an even greater place for people to live, work, and spend time. We appreciate the city leaders who take our work seriously and embrace the spirit of improvement throughout the year.

When city managers take our findings seriously, we all benefit from the improvements. We completed 13 follow-ups in 2022 of reports issued since 2019, including two cybersecurity follow-up reports that did not have public recommendations. Out of the 91 recommendations we made across all those reports, agencies fully implemented only 36. This 40% full implementation rate is nearly the same as 2021.

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 non-implemented recommendations.

For example, although the Clerk and Recorder's Office did successfully create a measurable and action-oriented strategic plan for records management, there are still specific steps that need to be completed to protect the security of personally identifiable information and historical documents. The Clerk and Recorder's Office fully implemented six recommendations, partially implemented four, and did not implement seven recommendations, but managers say they still intend to work on the outstanding risks.

Additionally, the Denver Department of Public Health and Environment lacked the funding it needed to fully implement one

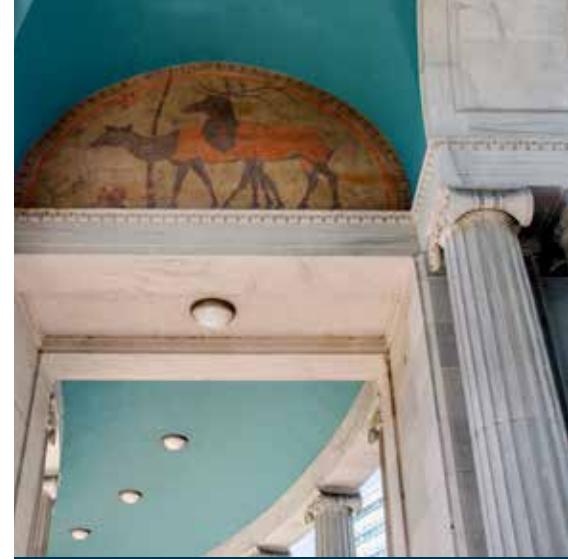
of our recommendations, and the department's decision to move the syringe access and sharps disposal programs to a different section may have reset some of the progress it made. However, department officials developed a new evaluation plan to collect meaningful data about the programs' progress and operations, which fulfilled two of our audit's recommendations.

Before starting on our planned audits related to services for people experiencing homelessness, we followed up on our 2019 audit of the city's homeless services program. We found significant improvement following that audit, including a new agency and complete strategic plan. Soon after our audit, Denver's mayor replaced the Denver's Road Home Division, which was part of Denver Human Services, with the new Department of Housing Stability. The new department started leading efforts to address both housing stability and homelessness resolution in September 2019.

In a follow-up to 2021 audit work, we found the city took a significant step toward ensuring it tracks pay equity among all city employees. The Office of Human Resources made significant progress in encouraging employees to complete their career profiles — a key data collection tool that allows them to track and compare pay factors such as experience, previous work record, education or certification, and level of responsibility.

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

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.



**40%** | OF 91  
RECOMMENDATIONS  
IN 13 FOLLOW-UP REPORTS  
WERE FULLY IMPLEMENTED

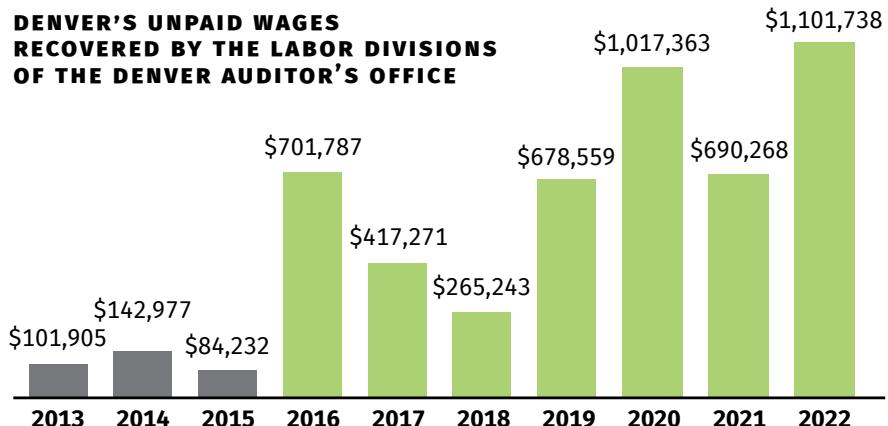
**27%** | OF OUR  
RECOMMENDATIONS  
WERE NOT IMPLEMENTED



# Denver Labor Wages Report



## DENVER'S UNPAID WAGES RECOVERED BY THE LABOR DIVISIONS OF THE DENVER AUDITOR'S OFFICE



## What We Do

**I**n 2022, Denver Labor broke records: Our team put more money than ever back into the hands of workers who were not paid according to the law. We passed the \$1 million mark for worker restitution in October and kept building on that to close the year with \$1.1 million returned. That is money collected from employers and returned to the workers who earned it, not including outstanding or ongoing investigations.

Auditor O'Brien, Denver Labor Executive Director Jeffrey Garcia, and our team of labor analysts work 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.

**TOTAL NUMBER  
OF CASES FOR  
MINIMUM WAGE  
AND PREVAILING  
WAGE IN 2022**

450

In 2022, members of the team held weekly public trainings in both English and Spanish — and provided other materials online and in person in multiple languages. This allows for an ongoing, inclusive, and accessible dialogue about the city's processes.

We audit 100% of certified payrolls and investigate 100% of wage complaints.

Our office enforces both minimum wage and prevailing wage laws. In 2022, the minimum wage rate in the City and County of Denver was \$15.87 per hour, with few exceptions, and it will increase to \$17.29 per hour in 2023.

In 2022, the Denver City Council voted to change the contractor minimum wage so it would increase annually at the same time as the citywide minimum wage. Employers must pay the greatest applicable wage rate for any work performed in the city or on city projects — therefore, the lower contractor minimum wage rate would not apply in Denver.

## WAGE RATES TIMELINE *in dollars per hour*

	2022	2023	2024
	JAN. 1	JAN. 1	JAN. 1
Denver Citywide Minimum Wage	\$15.87	\$17.29	\$17.29 plus Consumer Price Index
Prevailing Wage	Determined by the Denver Office of Human Resources A series of wages based on job classification		



## Minimum Wage

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

New in 2022, the ordinance allowed our team of analysts to proactively begin investigations of businesses considered to be high risk. We investigated employers in industries and locations such as those along Denver's boundaries, national brand companies, restaurants, home care services, salons, and valet parking companies.

Common mistakes we identified included businesses claiming the tip credit when they should not, businesses thinking they are outside Denver's boundary when they are not,

and businesses paying a wage based on the employer's office location instead of where the work was done.

Denver Labor's goal is to protect Denver's employers and employees and ensure everyone is paid according to the law.

### SOURCES OF MINIMUM WAGE INVESTIGATIONS

	2021	2022
<b>Employees</b>	22	21
<b>Third Parties</b>	5	8
<b>Anonymous</b>	3	3
<b>Active Enforcement</b>	0	49
<b>TOTAL</b>	<b>30</b>	<b>81</b>

**\$187,865.98**

*Largest dollar amount recovered in a single investigation for minimum wage.*

**720**

*Total number of employees who received restitution under the minimum wage ordinance.*

**404**

*Largest number of employees impacted by a single minimum wage investigation.*

**1**

*Number of repeat minimum wage offenders in 2021, none in 2022.*

**COMPLAINTS  
INVESTIGATED**

**81**  
*new  
investigations*

**21**  
*closed  
with restitution*

**17**  
*closed with no  
underpayment*

**43**  
*pending cases,  
still open*

**RESTITUTION RECOVERED  
UNDER THE MINIMUM  
WAGE ORDINANCE**
**720**  
*employees*
**220,402**  
*total hours*
**\$442,865.89**
*in 2022 – \$146,682.56 in 2021*

	COLLECTED	SENT TO COLLECTIONS	PENDING – ASSESSED BUT NOT COLLECTED OR SENT TO COLLECTIONS
<b>2021 Penalties</b>	\$4,980 for one employer		\$179,170 for two employers
<b>2022 Penalties</b>	\$8,777 for four employers	\$143,500 for two employers	\$3,000 for three employers

Our office believes education for both employers and the public is the key to a successful citywide minimum wage ordinance. This year, we continued our live “Wages Wednesday” series on Facebook – in both English and Spanish. We are also in the community to do presentations, raise awareness, and build relationships with community groups.

We 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.



PENALTY	DESCRIPTION OF PENALTY	MUNICIPAL CODE	2021 TOTAL	2022 TOTAL
<b>Underpayment</b>	<b>First violation:</b> up to \$50 per person per day of underpayment, at Denver Labor's discretion.	58-17(b)(2)	\$37,150	\$35,277
	<b>Second or third violation:</b> mandatory \$10-\$75 per employee per day of underpayment AND mandatory fine between \$1,000-\$2,500.			
	<b>Fourth or greater:</b> mandatory \$50-\$100 per employee per day of underpayment AND mandatory fine between \$2,500-\$5,000.			
<b>Failure to report</b>	\$1,000 for failure to furnish certified payroll.	58-17(b)(5)	\$2,000	\$7,000
<b>False reporting</b>	\$1,000 per instance of false reporting.	58-17(b)(6)		
<b>Retaliation</b>	\$5,000 per instance of retaliation	58-17(b)(7)		
<b>Miscellaneous</b>	\$1,000 per violation of requirement listed in ordinance but not included in fines enumerated in 58-17(b)(2) through 58-17(b)(9).	58-17(b)(8)		
<b>Failure to pay restitution</b>	\$5,000 for failure to pay final calculated restitution for every employee owed over \$50.	58-17(b)(9)	\$145,000	\$115,000
<b>Attorney fees</b>	Attorney fees and costs.	58-17(c)		
<b>Total Penalty Assessed</b>			<b>\$184,150</b>	<b>\$157,277</b>

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 ordinance:

## Minimum Wage Restitution Stories

### Denver Labor Recovers Unpaid Wages for Afghan Refugee

Third parties can submit a wage complaint on behalf of an underpaid worker. In this restitution case, the African Community Center of Denver reached out to Denver Labor because an Afghan refugee the center had helped find employment to perform construction work was being paid below Denver's citywide minimum wage of \$15.87 per hour. When Denver Labor notified the local contractor about the wage investigation, the contractor eagerly worked with our office to resolve the underpayment and returned the unpaid wages in less than one week. The employer also raised the worker's hourly wage to \$16 per hour.

### Janitorial Employees Receive More Than \$32,000 in Restitution

A janitorial contractor cleaning a college campus in Denver failed to pay employees Denver's citywide minimum wage for a year and a half. After an employee submitted a complaint to Denver Labor, the contractor increased all employees' hourly rates to at least meet the minimum wage and 25 janitors received \$32,089.27 in restitution.

### Valet Parking Company Returns \$38,900 to Employees

After identifying valet parking as a high-risk industry for underpayments, Denver Labor conducted a routine compliance audit on a national valet parking company. The company's payroll records showed it was taking a tip credit for the tips received by its employees — but this is allowed only for businesses in the food and beverage industry to reduce their minimum wage obligation as long as their workers receive that amount in



tips. When Denver Labor notified the business that it could not claim a tip credit, the company worked with our team to raise wages and resolve the underpayment. Forty-nine employees received \$38,895.97 in restitution.

### Thirty-Three Employees Receive \$24,900 in Restitution

The Denver Labor team received a minimum wage complaint through our website because a national beauty service retailer was paying its employees less than Denver's required minimum wage and was also claiming a tip credit. Our minimum wage team educated the employer about the tip credit, which Denver's citywide minimum wage ordinance allows only for the food and beverage industry. The company corrected the wages for all its employees, and our office recovered \$24,875.55 for 33 workers.

### Marijuana Dispensary Updates Wages for 13 Employees

Denver Labor received a complaint about a local marijuana dispensary with multiple locations in the metro area. The dispensary was not adjusting wages to comply with Denver's citywide minimum wage when the work was performed at the

Denver location. After educating the employer on how to track hours and update wages for those employees working within the City and County of Denver, our team recovered \$398.69 for 13 employees.

### A National Retailer on Denver's Border Returns More Than \$25,000 to Employees

A national retailer on the Denver side of the border between Denver and Jefferson counties was paying the state minimum wage rate for two years instead of Denver's minimum wage. An employee saw a social post from our office and submitted a complaint to initiate an investigation. Upon receiving the notice of investigation and an information request from our office, the employer performed a self-audit and paid a restitution of \$25,268.47 for 45 employees. This case illustrates how some national companies with a human resources office outside Colorado may be unaware of local minimum wage laws and incidentally underpay their workers in the City and County of Denver.

## Prevailing Wage

**B**y 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. 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.

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 all help streamline the process. Our analysts work with employers to ensure employees are classified correctly, and

### 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](http://DenverGov.org/DenverLabor)

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.

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:

### Prevailing Wage Restitution Stories

#### Denver Labor Recovers More Than \$207,000 for Waste Services Employees

Employees working on trash removal services and disposal-site contracts received \$207,428.94 in restitution. The prevailing wage team found the workers were classified correctly but the contractor failed to meet prevailing wage requirements by claiming fringe credit that had not been approved by our office.

Fringes are guaranteed benefits that an employer provides for the employees' health and welfare, such as health insurance, paid time off, or a 401(k). For it to count toward their prevailing wage requirements, contractors must translate these benefits into an hourly fringe credit, which must be approved by our prevailing wage analysts.

Denver Labor worked cooperatively with the contractor to obtain accurate documentation, approve fringes retroactively, and calculate the restitution for 35 employees.

#### Apprentice Receives \$2,654 in Restitution for Prevailing Wage Work

Denver's prevailing wage ordinance requires all apprentices to be enrolled in an apprenticeship program registered with the U.S. Department of Labor's Bureau of Apprentice Training. A team member in our prevailing wage division found that a city contractor classified and paid an employee as an apprentice for three months before registering them in an approved apprenticeship program. Until the employee received the required apprentice certificate,

the employee should have been classified and paid as a journey worker for all work performed on the prevailing wage project. After identifying the issue, Denver Labor helped recover \$2,653.68 in restitution for the employee.

The prevailing wage team prioritizes educating employers about the law and workers about their rights. Sometimes mistakes still happen and workers get paid less than what's required. Every dollar matters to Denver's workers and every case matters to Denver Labor.

Read dozens more restitution stories on our website.

**\$658,861.84**

*Total amount of restitution recovered under the prevailing wage ordinance in 2022*

**\$207,428.94**

*Largest dollar amount recovered in a single investigation for prevailing wage*

**1,343**

*Total number of employees who received restitution under the prevailing wage ordinance*

**43**

*Largest number of employees impacted by a single prevailing wage investigation*

**\$5,989,598,905**

*Total project value for all prevailing wage projects*

## Business Resources

Our team offers many types of resources to support Denver's businesses, including tools on our website, work site posters, pamphlets and educational materials, training opportunities, and one-on-one availability with our analysts.

We know underpayments are most commonly the result of honest mistakes, not intentional wrongdoing. As a result, we strive to prioritize education — and when we find businesses owe significant restitution, we work cooperatively to find solutions to help managers pay their employees while keeping their businesses going.

On our website, employers can find tools like a map of Denver where employers can see whether the citywide minimum wage applies to their employees, a restitution calculator spreadsheet, and prevailing wage rates for each job classification.

When we conduct minimum wage investigations, we:

- Receive a complaint or begin a proactive enforcement investigation.
- Assess the complaint to ensure it meets initial investigation requirements.
- Contact the employer to request employee, payroll, and compliance documentation.
- Evaluate the complaint to consider all information provided by any complainant and the employer.
- Determine underpayment and fines, and inform both parties of any restitution that might be required.
- Resolve the complaint.

Once the employer provides evidence of a completed restitution payment, the case is closed. If no restitution was required, the case will be closed. When there is not sufficient evidence, the case is referred to another agency for investigation or to an outside firm for collection of restitution.

Under the minimum wage ordinance, employers are required to keep payroll documentation for three years for all past and current workers. The documentation should include the number of hours worked, the hourly wage paid to each worker, any deductions made from worker wages including taxes, and the net amount of wages each worker receives.

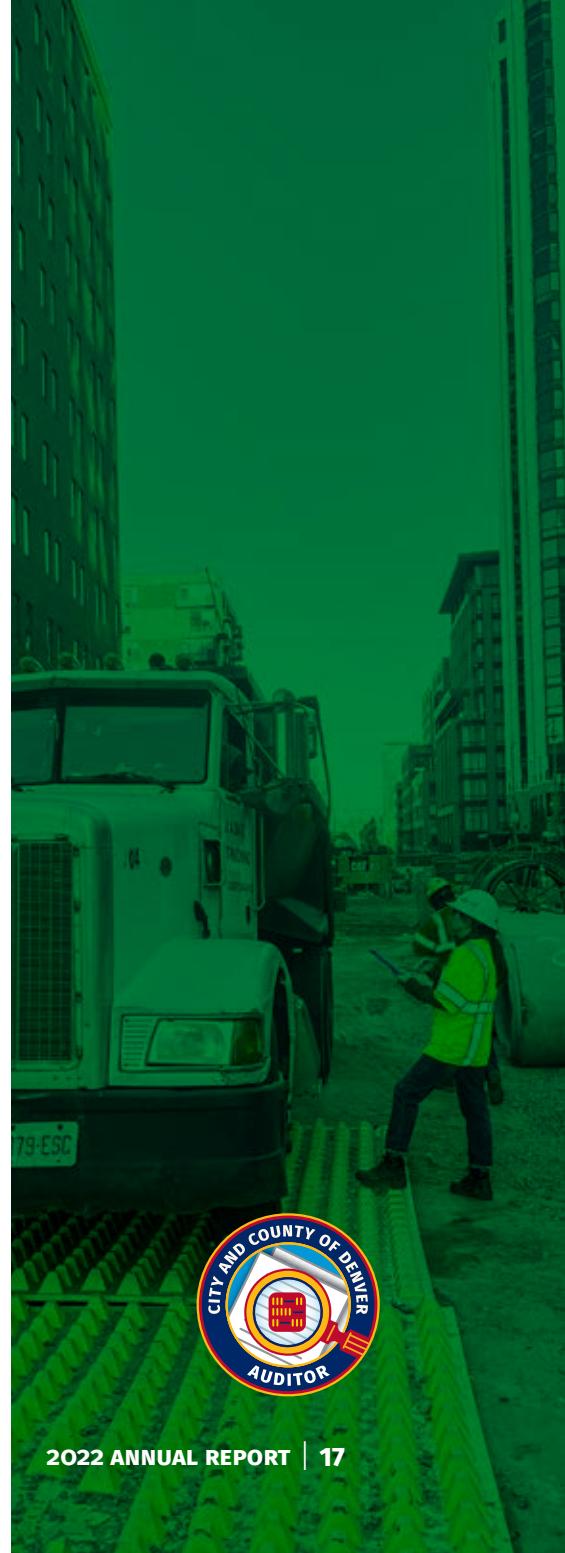
Our office's active enforcement approach to launching a minimum wage investigation can include on-site visits to speak with at-risk workers. Criteria that could trigger active enforcement include:

- Prior violations by a business owner.
- A pattern of noncompliance within an industry.
- Credible information from a state or federal agency.
- Data indicating an employer is likely violating the minimum wage law.

Employers may reduce their minimum wage obligation up to \$3.02 per hour if they are in the food and beverage industry and their employees receive that amount in tips. Employers must keep documentation showing employees received at least that amount in tips to claim the full tip credit. Employers of unemancipated minors performing work as part of a certified youth employment program can pay those minors 15% less than the minimum wage.

Employers on prevailing wage projects in the City and County of Denver are required to submit their certified payrolls every two weeks in the LCPtracker system. Our analysts audit 100% of payrolls. Current wage determinations for all classifications are available on our website. We also offer tutorial videos and an LCPtracker setup form on our website to help contractors get started on each project.

We encourage any employer who is unsure about how to stay compliant with the law to let us know. Call or email our team, and our analysts are happy to help.



# Who We Are



## Office of the Auditor

**T**he mission of the Auditor's Office is to deliver independent, transparent, and professional oversight to safeguard and improve the public's investment in Denver. Our work is performed on behalf of everyone who cares about the city, including its residents, workers, and decision-makers.

Denver's Auditor is unique because 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 to 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, Audit Services 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 as it relates to audit access.

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 and his team work 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 is chairman of the Audit Committee, whose primary task is to annually commission an independent external audit of Denver's financial statements. In addition, results of audits produced by Audit Services are presented to the Audit Committee. To ensure the committee's independence, the mayor, members of the Denver City Council, and Auditor O'Brien each appoint two members to four-year terms.

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.

# Audit Analytics



*From left to right: Data Analytics Specialist Nicholas Hermon, Audit Analytics Senior Heather Burger, Audit Analytics Manager Chris Wilson, and Audit Analytics Senior Daniel Summers.*

## Leading the Way

The Denver Auditor's Office is a clear leader in innovative audit technology and techniques. This year, we surveyed more than 100 local government audit organizations across the country, and we reviewed professional literature about audit analytics to assess the current state of methods, tools, and applications to auditing. We hoped to identify areas where we could further enhance how we use analytics to improve our audit work.

The nationwide survey we did for this special analysis showed the Auditor's Office specifically excels in several areas — including having dedicated audit analytics resources, applying analytics and continuous auditing for general risk assessment and annual planning, and reporting analytical results in a variety of ways.

Our office is generally among the leaders in using audit analytics when compared to our peer organizations in local government auditing, and our analytical techniques are often ahead of the curve of the methods described in recent academic and professional literature.

"Audit analytics" means using automation and new technologies to assess entire datasets and thousands of pieces of information in less time

and in more reliable ways than through traditional techniques like random sampling. Using audit analytics improves auditors' confidence in their conclusions.

Audit analytics differs from simply using audit software to automate more traditional audit tasks. Audit analytics:

- Applies advanced statistics and data science tools.
- Applies expertise to examine large datasets that describe an organization's transactions and functions.
- Helps identify inefficiencies, fraud, or data-quality problems.
- Helps identify the causes and effects of issues.

Auditor O'Brien launched the office's audit analytics and continuous auditing program in 2017. The Audit Analytics Team collaborates with our other audit staff to regularly work with large datasets and statistics, while safeguarding secure data.

Audit analytics is increasingly important and expected in both internal and external audit functions at private and public audit firms. As organizations move toward fully digitized financial and business processes, auditors must follow.

As noted in our analysis, there are many computer languages and software programs that auditors can use to analyze data or write scripts — commands that perform a series of tests — to automate the analysis of data. Our auditors have used the computer language Python and software like Arbutus and Tableau to process data.

Using these tools, auditors in Auditor O'Brien's office can connect to additional data sources, automate advanced analyses, and visualize results. Auditors can have more confidence in the results of these techniques because these new tools can help clean up datasets, confirm the integrity of those datasets, and assess entire populations instead of only relying on sampling.

# What We Do



**From left to right: Audit Director Dawn Wiseman, Deputy Auditor Valerie Walling, Denver Auditor Timothy M. O'Brien, and Audit Senior Managers Patrick Schafer and Sonia Montano.**

## Audit Services Division

**T**he 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, including specific grant programs' oversight and compliance — to identify errors in reporting and payments and other risks to the city and its reputation. Contract compliance audits determine whether a third-party vendor and city agencies are following the terms of a contract. Information technology audits and cybersecurity assessments review the controls and operations of the city's network, software applications, and cybersecurity processes to make sure they are working correctly.

Key audits we completed this year included looking at the insufficient oversight of contracts at Denver International Airport. We found the airport allows some concessionaires to bypass the competitive selection process. Its complex incentive program cost the airport significant amounts of money without any proven benefit. Additionally, some contracts expired years ago while the businesses continued to operate their airport locations. This audit had immediate impact as airport officials promptly began work to discontinue the existing concessions incentive program.

We also looked at the strategies in Denver's jails to help support mental health and keep people with a history of mental health conditions from cycling back through the system over and over. With a strategic plan, the city could take a more holistic approach for ensuring equity and the quality of care in jails.

Additionally, our audit of the city's trash, recycling, and compost program impacted residents in every neighborhood of Denver. We called attention to understaffing and aging resources ahead of the 2023 expansion of services under the volume-based, or "pay as you throw," pricing model.

Addressing these areas of concern right away would make the city better prepared for waste collection changes that will impact 180,000 households in the year ahead.

Meanwhile, we completed more cybersecurity assessments to help city agencies strengthen their protections against hackers. And we conducted other contract compliance and construction audits to help track how taxpayer dollars are used by third parties, and we again found a need for better oversight from the city.

We perform a follow-up assessment 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 were in fact implemented. We follow up on every audit to see whether our findings of important risks are effectively addressed 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.

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, finances, and operations; input from community members; information from city leaders; current events; regulatory changes; and other factors.

You can read all our 2022 audit reports and the 2023 Audit Plan on [DenverGov.org/Auditor](https://DenverGov.org/Auditor).



*From left to right: Senior Auditors Katie Beverlin, Maria Durant, and June Samadi, and Audit Managers Karole Dachelet and Shaun Wysong.*



*From left to right: Lead Auditor Tyson Fausone, Audit Manager Kharis Eppstein, Associate Auditor Danielle Edwards, and Senior Auditor Ronald F. Keller.*



*From left to right: Human Resources Director Ranea Taylor, Business Manager Cyndi Lubrano, and Executive Assistants Edie Thompson and Amy Overzet.*

## Audit Committee

**A**uditor 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.

**Appointed by Auditor O'Brien**



**RUDOLFO (RUDY) PAYAN, VICE-CHAIRPERSON**



**JACK BLUMENTHAL**

**Appointed by the City Council**



**LESLIE MITCHELL**



**FLORINE NATH**

**Appointed by Mayor Hancock**



**CHARLES SCHEIBE**



**EDWARD SCHOLZ**



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

## Contract Administration

**T**he 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 as it relates to audit access.

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 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 the city's oversight of these contracts. Auditor O'Brien believes the city has a responsibility to keep a close watch on contracts to ensure third parties uphold their agreements and spend taxpayer dollars as promised.

## Community Outreach

**I**n our office, we continuously explore 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 visiting us on 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 the public to make sure residents know what is happening in the city.

We continue to emphasize equitable access to our work by offering material in multiple languages, conducting live trainings in English and Spanish, using plain language in our audit reports, and focusing on accessibility tools for our website and reports.

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 through 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 live "Wages Wednesday" training sessions on [Facebook](#).

Through digital, radio, television, newspaper, and community signage projects, we reached hundreds of thousands of people this year with information about the minimum wage. Our English and Spanish outreach targeted neighborhoods across the city and some of the most high-risk industries and locations.

Our multiplatform approach to outreach helps the Auditor's Office maintain two-way communication with

#### PRIORITIES THIS YEAR

- English and Spanish outreach.
- "Wages Wednesday" live training.
- In-person and virtual community events.
- Authentic and engaging social media updates.
- Language and disability access.
- Accessibility in audit PDFs and other online information tools.

the people we serve. Residents provide valuable information about what is and is not working in the city. And our education and outreach regarding wage law benefits both businesses and some of the most vulnerable workers 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.

#### CONTACT US IN ENGLISH OR SPANISH BY EMAIL

[Auditor@DenverGov.org](mailto:Auditor@DenverGov.org)  
[WageComplaints@DenverGov.org](mailto:WageComplaints@DenverGov.org)



#### COMMUNITY OUTREACH

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



@DenverAuditor

@DenverLabor



@DenverAuditorOBrien

@DenverLabor



@DenverAuditor

LinkedIn, Nextdoor, Instagram



# Professional Achievements



## Professional Accomplishments

Our teams use the highest standards on every audit assignment and wage investigation. On every audit, each Audit Services team works to provide in-depth analysis of city systems, programs, and processes. We work to achieve our annual Audit Plan goals using comprehensive risk assessments, with an emphasis on social equity, efficiency, and effectiveness. Our wage analysts work with employers and employees to find cooperative solutions using creative problem-solving and detailed examinations of payrolls. Read more about the excellent work this team accomplished in our Denver Labor Wages Report section. Both divisions of the office are leaders in the nation for their work.

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.

This year Auditor O'Brien accepted an appointment to the U.S. Comptroller General's Advisory Council on Government Auditing Standards where he can share his expertise and help shape future auditing standards for auditors across the country. The advisory council gives input for updates to the standards also known as the "Yellow Book." Denver's Auditor is required by city charter to follow these standards. The Generally Accepted Government Auditing Standards include "requirements for audit reports, professional qualifications for auditors, and audit organization quality control. Auditors of federal, state, and local government programs use these standards to perform their audits and produce their reports."

Auditor O'Brien also gratefully accepted recognition from the National Intergovernmental Audit Forum for his years of contributions to leadership in government. The national organization awarded the David M. Walker Excellence in Government Accountability Award to three recipients — one at the federal level, one at the state level, and Auditor O'Brien representing the local level of government auditors. According to the organization, winners of the award must have demonstrated leadership to improve government performance and accountability, implemented innovative techniques to create a positive future for government and the audit profession, and adhered to the core values of collaboration, professionalism, and integrity.

## 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 Director Dawn Wiseman, to ensure the quality and impact of our work. We completed performance, financial, information technology, data analytics, and compliance audit work.

In 2022, we were proud to pass our required peer review. This periodic review by auditors from other local governments ensures our work holds up and aligns with the Generally Accepted Government Auditing Standards. Peer reviewers look at our reports, evidence, independence, training, and policies to confirm that our work is the best it can be. Because of this, members of the public can be assured that our audit reports are trustworthy and of the highest professional quality.

This year, we were also proud to accept another national Knighton Distinguished Award from the Association of Local Government Auditors, making our audit of Denver's airport parking shuttle system one of the best local government audits in the country. This is the fifth Knighton award for Auditor O'Brien's administration. While we perform our work on behalf of everyone who cares about Denver — not just to win awards — national recognition from our peers validates our methods, professionalism, and results.

The prestigious Knighton awards recognize the best work from local government auditing offices each year. Top award winners have demonstrated to the judges that their work had a potential for significant impact in the community; that the audit has persuasive, logical, and firmly supported conclusions; that report 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 earned recognition for this award-winning audit through their intensive efforts, including Audit Manager Sonia Montano, Audit Manager Vilma Balnyte, Audit Manager Shaun Wysong, Audit Analytics Manager Chris Wilson, and Lead Auditor Rhianna Hruska. Audit Director Dawn Wiseman oversaw the project.

Our office had three members who volunteered to serve on a governing committee and participate in leadership roles with the Association of Local Government Auditors. Audit Director Dawn Wiseman was chairperson of the Professional Issues Committee, Audit Manager Karole Dachelet served on the Awards Committee, and Reporting Specialist Kristen Clark served as the communications liaison for the association.

Members of our auditing division participated in professional conferences to further their education and expertise. Members of the audit teams also presented at national and local conferences, including Dr. Samuel Gallaher (who was previously an audit analytics manager) and current Audit Analytics Manager Chris Wilson who presented at the Rocky Mountain Area Conference on their use of data analytics to test controls and measure effectiveness in city systems. Additionally, Reporting Specialist Kristen Clark presented a four-hour workshop at the 2022 ALGA Annual Conference to teach other local government auditors about writing audit reports in clear, plain language.

The Audit Analytics team also shared their experience and knowledge of continuous auditing with an internal auditor who works with the City of St. Petersburg, Florida. Specifically, the team shared tips on how to document code, automate analysis, and report results. In addition, they shared ideas on how to build analytics specific to purchase cards. This included an explanation of the logic behind the code and the specific area of risk each analytic is intended to catch.

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.

## Outstanding Staff

Our staff comprises many talented, well-educated, and hard-working people. Our team continues to work 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 as a member of the Institute of Internal Auditors' Denver board. And Denver Labor Executive Director Jeffrey Garcia was recognized as 2022 Wage Justice Champion by Towards Justice for his work to get the money workers are owed according to the law back into the hands of the workers who earned it.

Further demonstrating the value our office places on continued development for our staff: Information Systems Senior Auditor Robert D. Farol Jr. became a certified information systems auditor, or CISA, and Reporting Specialist Kristen Clark completed her studies to earn a Plain Language Certificate from Simon Fraser University.

Our Safety Committee helped keep members of our office safe and healthy this year with the leadership and support of committee members Kharis Eppstein, Edyie Thompson, Rafael Gongón, Tyson Faussone, Vilma Balnyte, Nicholas Jimroglou, Isabelle Puppa, and Daniel Summers.

Our New Employee Onboarding Committee worked this year to welcome new employees into a hybrid virtual work environment. Committee members included Edyie Thompson, Amy Overzet, Emily Owens Gerber, Kharis Eppstein, Cyndi Lubrano, Valerie Walling, Tayler Overschmidt, Kristin McCormack, Nick Jimroglou, Dawn Wiseman, and Ranea Taylor.

Our Social Events Committee kept our office connected in our hybrid work environment by organizing opportunities for virtual and in-person gatherings. Finding ways to maintain positive relationships and a strong team was more important than ever this year. Thanks to committee members Cyndi Lubrano, Rafael Gongón, Kristin McCormack, Sara del Valle Ruiz, Daniel Emirkhanian, and Shaun Wysong for your fun ideas and organization!

# Our Staff



**T**o 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 variety of advanced degrees — including 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: Director of Communications Tayler Overschmidt, Executive Director of Denver Labor Jeffrey Garcia, Denver Auditor Timothy M. O'Brien, Deputy Auditor Valerie Walling, and Business Manager Cyndi Lubrano.*

## 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, MBA, Business Manager**

**Ranea Taylor, SPHR, SHRM-SCP, HR Director**

**Amy Overzet, Executive Assistant III**

**Ramses Luis Limones, Student Intern**

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Audit Manager

**Amy Barnes**, CFE, CGAP, Audit Manager

**Katie Beverlin**, MPA, Senior Auditor

**Heather Burger**, MPA,  
Audit Analytics Senior

**Stacey Cunningham**, M.Ed,  
Associate Auditor

**Karole Dachelet**, MPA, Audit Manager

**Maria Durant**, MBA, Senior Auditor

**Danielle Edwards**, MPA,  
Associate Auditor

**Daniel Emirkhanian**, MPA,  
Senior Auditor

**Kharis Eppstein**, CIA, CGAP,  
Audit Manager

**Robert D. Farol Jr.**, CISA, CIA, CGAP,  
Information Systems Audit Senior

**Tyson Faussone**, Lead Auditor

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

**Juan Gomez**, MSAcc, Associate Auditor

**Carl Halvorson**, CIA, Audit Manager

**Dave Hancock**, CISA, MURP,  
Information Systems Audit Senior

**Anna Hansen**, Lead Auditor

**Nicholas Heron**, MRes,  
Data Analytics Specialist

**Mollie Horne**, On-Call Special Projects

**Nicholas Jimroglou**, CDPSE, CISA,  
Information Systems Audit Lead

**Ronald F. Keller**, CFE, CIA,  
Senior Auditor

**Juliane Mann**, MPAcc, Senior Auditor

**Kristin McCormack**, JD, Lead Auditor

**Zachary McKenzie**, CPA, MPACC,  
Senior Auditor

**Sonia Montano**, CGAP, CRMA,  
Audit Senior Manager

**Daniel O'Conor**, CPA, Senior Auditor

**Emily Owens Gerber**, MPA,  
Audit Manager

**Isabelle Puppa**, MPP, Lead Auditor

**Tami Rowel**, MPA, Associate Auditor



**June Samadi**, MPH, Senior Auditor

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

**Shannon Scheich**, MPA,  
Associate Auditor

**Katie Scott**, Intern

**John-Michael Steiner**, MPA,  
Senior Auditor

**Daniel Summers**, MPA,  
Audit Analytics Senior

**Ben Teska**, CPA, Senior Auditor

**Edyie Thompson**, CAP-OM,  
Executive Assistant III

**Christopher Torrance**, CPA,  
Associate Auditor

**Chris Wilson**, MPA,  
Audit Analytics Manager

**Shaun Wysong**, MIR, Audit Manager

**Natalie Fraunfelter**

Denver Labor Analyst

**Abby Kreckman**

Lead Denver Labor Analyst

**Sandra Lopez**

Contract Compliance Technician

**Rudy Lopez**, MS,

Lead Denver Labor Analyst

**Maggie Luxon**, Denver Labor Analyst

**Jasmine Madlock**

Contract Compliance Technician

**Kandice McKeon**, OSHA 510,

Lead Denver Labor Analyst

**Lizeth Nunez**

Contract Compliance Technician

**Luis Osorio**, JD,

Lead Denver Labor Analyst

**Chris Rubio**, Denver Labor Analyst

**Brandon Stolba**, Denver Labor Analyst

**Veronica Totten**,

Denver Labor Analyst

**Karla Trevino**, Denver Labor Analyst

**Chris Wat**, Denver Labor Analyst

## DENVER LABOR

**Rafael Gongón**, JD,  
Denver Labor Administrator

**Matthew Borquez**,  
Denver Labor Analyst

**Carol Carter**,  
Contract Compliance Technician

**Ava Giron**,  
Contract Compliance Technician

**Joel Cota-Howlet**,  
Denver Labor Analyst

**Arielle Denis**, Esq.,  
Denver Labor Analyst

**Jay Digiorgio**, Denver Labor Analyst

## COMMUNICATIONS

**Kristen Clark**, Reporting Specialist

**Sara del Valle Ruiz**,

Community Engagement Specialist

**Jeff Neumann**, Graphic

and Visual Information Specialist

**Stelios Pavlou**, Reporting Specialist



**QUESTIONS AND COMMENTS CAN BE DIRECTED TO:**

**City and County of Denver**

**OFFICE OF THE AUDITOR**

**201 West Colfax Avenue, #705, Denver, CO 80202**

**Phone: 720-913-5000**

**Email: [auditor@denvergov.org](mailto:auditor@denvergov.org)**

**Web: [denvergov.org/auditor](http://denvergov.org/auditor)**

**DENVER LABOR**

**Phone: 720-913-5039**

**Email: [wagecomplaints@denvergov.org](mailto:wagecomplaints@denvergov.org)**

**Web: [denvergov.org/DenverLabor](http://denvergov.org/DenverLabor)**