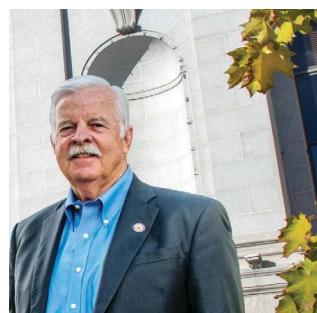


# 2023 ANNUAL REPORT



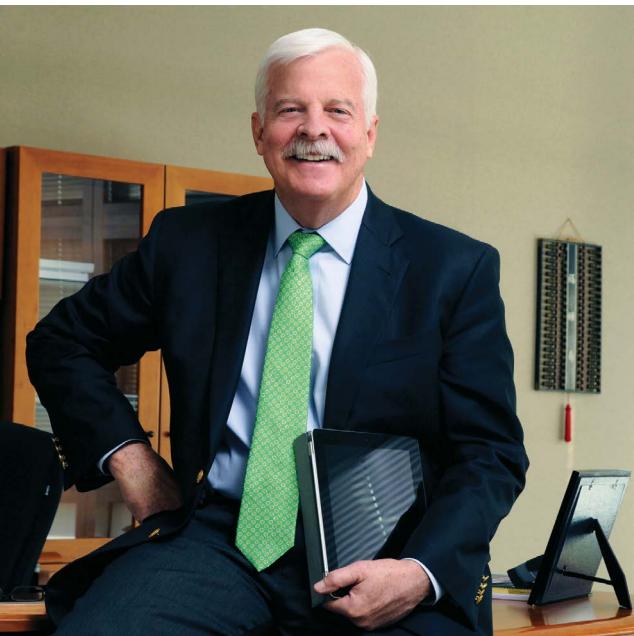
OFFICE OF THE AUDITOR  
CITY AND COUNTY  
OF DENVER



**Timothy M.  
O'Brien, CPA,  
Denver Auditor**



# Auditor's Letter



Our core values are the heart of how we serve Denver with the highest professionalism and deliver clear results. We value people and our community, integrity and objectivity, accountability and transparency, and quality and productivity. Through this vision of value and impact for Denver, my office serves as a check and balance for Denver's government on behalf of the community we serve.

In 2023, 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 efficiency, effectiveness, accountability, equity, and transparency. And 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 audit technology, and impacts identified from our follow-up work. We also provide a detailed look at Denver Labor's successes in deterring wage theft, reducing the harms of poverty, and expanding fair competition through comprehensive wage and hour enforcement. 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 the Mayor's Office, members of the Denver City Council, the independent Audit Committee, and the city's financial and operational managers for supporting our mission throughout the year. As we began a new term and a new mayoral administration in 2023, I am hopeful for continued successful relationships with my elected colleagues.

This past year, my audit teams looked at how Denver International Airport is managing and overseeing the Great Hall construction project. Proper project management and contract oversight will continue to be important to avoid overpaying and ensure fair competition for contractors.

We also prioritized topics our community said were the most important to them by completing an audit of the city's response to encampments. If city leaders do not adequately track expenses and keep reliable data for the city's activities related to encampment response, they cannot assess the effectiveness of their efforts, be transparent with Denver residents, or ensure cleanups are performed equitably.

Other key audits completed in 2023 included an audit of police operations and staffing as well as another look at affordable housing, analyses of the Denver City Council's operations, citywide cybersecurity-related risks, and administration of child welfare placement services.

Denver Labor took on even more responsibility for labor and wage enforcement and education this year. Our team now helps protect every worker at every income level in the city. We are analyzing more details and looking deeper into payrolls and invoices than ever before — with the continued goal of protecting Denver's employers and workers and ensuring thousands of workers across the city receive the money they are owed.

Our team of analysts investigate 100% of wage complaints. Through outreach, education, and investigation, our team works with both employers and workers to ensure everyone is paid according to the law. Our wage team helps keep businesses informed and city funds going out the door to contractors and workers as quickly and efficiently as possible.

In 2023, 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 an Exemplary Knighton Award for their work on the 2022 audit "Residential Trash, Recycling, and Compost Services." This was the sixth Knighton Award for my administration. As a result, 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*



# 2023 Audit Reports



# Administration of Child Welfare Placement Services



## OBJECTIVE

We wanted to evaluate how effective Denver Human Services' kinship caregiver certification process is and whether the agency's controls over its imprest fund are consistent with city rules and leading practices.

## RESULTS

Although significantly constrained by state and federal rules, Denver was likely falling short in supporting family members and close family friends who take care of children after they are removed from their homes due to suspected abuse or neglect.

Our research found gaps in both staff training and access to resources for caseworkers who support caregivers. Because of this, child welfare managers cannot ensure staff have the knowledge and tools they need to best serve both the local children removed from their homes and their new caregivers. Our analysis of Denver Human Services' child welfare case records also seemed to support caseworkers' belief that the kinship caregiver certification process was not serving the caregivers who likely need it most.

**IMPACT**  
About 1,600 local children were placed in kinship care with a relative or close family friend from January 2018 through June 2022. When Denver Human Services does not adequately manage kinship caregiver certification, caregivers may miss out on needed financial aid or not receive accurate instruction, and caseworkers and staff who are already prone to turnover face added stress.

Denver Human Services agreed to implement all seven of our recommendations, which included improving staff training and retention and ensuring consistent procedures.

## Affordable Housing



## OBJECTIVES

We wanted to determine how well the Department of Housing Stability is efficiently and effectively using taxpayer funding to develop and preserve affordable housing and achieve its goals. We also wanted to assess whether the department is prepared to implement new technology that supports its operational objectives, maintains data integrity and security, and fulfills city system-of-record requirements.

## RESULTS

Housing Stability's lack of oversight meant a program to build more affordable housing was not delivering the number of required units and the investment could be significantly higher. Under the city's direction, Denver Housing Authority developed 32 fewer units for very low-income households and 301 fewer units for moderate-income households than required. It also reported 203 units to rent at market rates, claiming they count as part of the agreement to develop affordable housing.

We also found significant health and safety concerns at 14 of the 21 properties we visited, despite recent city inspection forms showing no issues at these same properties. We observed human or pet waste, broken windows, large cracks in exterior brickwork, and evidence of pest infestations.

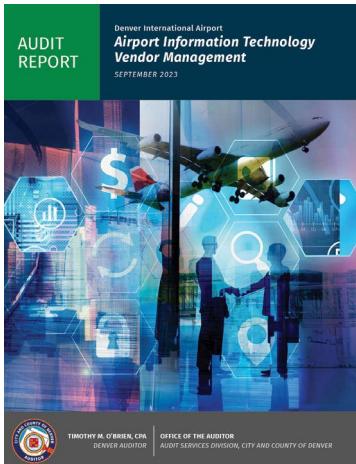
Meanwhile, we found the city was not ensuring its building contractors comply with wage laws on affordable housing development projects. Housing Stability also was not verifying income annually for residents. And it might not have enough staff to accomplish its goals nor have adequate controls over its data, including what is used to populate public dashboards.

## IMPACT

Housing Stability agreed to implement 17 of our 19 recommendations but did not agree to assess whether its building inspection process is effectively identifying issues or could be improved. If the Department of Housing Stability does not adequately oversee affordable housing contracts, development, and conditions, it cannot ensure it meets the needs of Denver residents who struggle to afford to live in the city and it cannot ensure it provides affordable housing units that are clean and safe for people to live in.

← *The staff of the Audit Services Division.*

# Airport Information Technology Vendor Management



## OBJECTIVE

We wanted to assess how effective Business Technologies' processes for vendor management governance were and how well it monitored information technology vendors at Denver International Airport.

## RESULTS

We found the airport was not providing sufficient oversight for nearly 250 vendors that operate information technology systems like baggage handling, badging, and security.

Among the areas of concern, we found the division responsible for the airport's information technology needs did not have a comprehensive strategic plan for vendor oversight, had no formal policies and procedures, did not provide vendor management training for staff, and had no comprehensive list of the vendors it is supposed to oversee.

We also found the airport was not regularly assessing vendors' risks, increasing the potential that systems would be accidentally exposed to hackers or that vendors might fail to live up to the terms of their contracts.

## **IMPACT**

The airport's Business Technologies division agreed to implement all eight of our recommendations, and airport managers had already started taking some steps to address vendor management concerns by the time our audit was published in September 2023.

## **City Council Operations**



## OBJECTIVE

We wanted to assess how effective certain City Council operations and controls are regarding oversight of council office spending, technology asset management, and the transition process for elected members leaving office and assuming office.

## RESULTS

We found the Denver City Council lacked important controls associated with managing information technology assets, ensuring cybersecurity training, regulating council office spending, and ensuring consistency in the council member transition process.

We found missing data and errors in inventories meant to track the City Council's information technology equipment and council members were not consistently completing the city's mandatory cybersecurity training. We found inconsistent compliance with city rules for city-issued credit cards, noncompliance with the City Council's own fiscal policy for purchases during an election year, and incomplete documentation for badges and keys turned in by outgoing members.

Meanwhile, we learned that from 2019 through 2022, the City Council gave more than \$808,000 to local organizations in the form of grants, sponsorships, and donations. But council members were inconsistent in their practices and in what constituted a donation, sponsorship, or grant.

## IMPACT

The City Council agreed to implement all of our 14 recommendations. As an independent agency, the City Council is exempt from control by the Mayor's Office and city agencies under the mayor. But City Council members and their staff still use city systems and are just as accountable to the public.

**Inconsistent practices expose the city's systems to cyberattacks, decrease the transparency and accountability of council office spending, and pose a risk that important security-related practices may not be consistently occurring during future transitions of city leadership.**

## Citywide Information Technology Purchases



### OBJECTIVE

We wanted to assess how well the city's Technology Services agency enforces Executive Order No. 18 by administering, implementing, and communicating requirements to city leaders and employees — particularly those who buy technology, services, and equipment on behalf of the city.

### RESULTS

City agencies were not always following the rules and safeguards for buying technology like computers, software, and subscriptions, possibly leaving the city at higher security risk.

Technology Services has had better control over devices used on the city's network since the mayor updated Executive Order No. 18 in 2021, but we found city employees, agencies, and Technology Services could still do more to button up possible access points to the network. We also found almost all agencies citywide used purchase cards or the expense reimbursement process to bypass required approvals for technology equipment and services.

We found Technology Services was not documenting and communicating technology purchase requirements to city agencies. It had not defined what constitutes a technology purchase or what is considered "on the network," nor had it developed standard steps for approving technology purchases. Additionally, Technology Services was not coordinating with the Department of General Services about what technology purchase information should be communicated to city agencies.

### IMPACT

#### City agencies that bypass

**Technology Services' approval when purchasing technology are not only violating Executive Order No. 18 but exposing the city to several risks — including security vulnerabilities and incompatible equipment or software, data protection and privacy concerns, and missed opportunities to save taxpayer dollars using bulk-discount pricing. Technology Services agreed to implement all six of our recommendations.**

### RESULTS

The Office of Children's Affairs had weak oversight of the Denver College Affordability Fund program and its third-party contractor — a nonprofit called Prosperity Denver Fund. We found Denver's use of a voter-approved tax to support post-secondary education for students from households with lower incomes also lacked sufficient data and sometimes supporting documentation.

For instance, Prosperity Denver did not collect information about all students served or their demographics. Prosperity Denver had no unique identifiers for some students, making it difficult to determine how many the city serves. We also found Prosperity Denver mostly relied on the 35 supported organizations to establish and confirm students' eligibility and to maintain supporting documentation, without independently verifying the information. This exposed the city to a heightened risk of errors and potential fraud, and the city cannot be transparent about who the program helps.

### IMPACT

**The Office of Children's Affairs and Prosperity Denver Fund agreed to implement all eight of our recommendations to improve the city's oversight and administration of the program. Without proper oversight and controls, Prosperity Denver — and therefore, the taxpayers and the city — risk paying reimbursements to nonprofit organizations for ineligible students or paying incorrect amounts, which we found several instances of during the audit.**

## College Affordability Fund Program



### OBJECTIVES

We wanted to review the tax-funded College Affordability Fund program and determine how well Prosperity Denver Fund and the program's supported organizations have ensured students were eligible for scholarship and support services reimbursements and whether the amounts paid out were accurate.

# Cybersecurity: Programmable Logic Controllers



## OBJECTIVES

We wanted to evaluate the security risks associated with programmable logic controllers at a City and County of Denver agency. CP Cyber LLC conducted this cybersecurity assessment on behalf of the Auditor's Office.

## RESULTS

Programmable logic controllers are computer systems that are commonly used in industrial control and automation applications. They are responsible for controlling and monitoring various processes and machines within a facility. Programmable logic controllers are highly reliable and efficient, which makes them an essential part of many industries.

Like any computer-based system, programmable logic controllers are vulnerable to security risks and the consequences can be serious. When they connect to networks that can be accessed remotely, anyone with the right credentials can gain access to the system. An attacker could potentially take over the controller and manipulate its functions. For example, an attacker could change the temperature of a furnace, disrupt the flow of a production line, or even shut down a facility.

Because of the information security sensitivities involved with this assessment, the specific issues CP Cyber found were communicated directly with the relevant agency to protect the systems in question.

## IMPACT

**It is essential for the city to implement and maintain proper security measures. This can include regularly updating the software for its programmable logic controllers, using strong passwords and credentials, and installing firewalls and other security measures to protect systems from external threats. Security breaches could result in financial losses, legal liabilities, damage to facilities, or even injuries and fatalities.**

## RESULTS

We identified insufficient oversight from the start of this multibillion-dollar reimagined project, which was exposing the airport to continued overspending. The airport did not have a structured or risk-based way to choose the right contractual relationships, roles, and responsibilities for the parties involved in the project, risking costly consequences. The airport also bypassed normal processes to hire Hensel Phelps as the new contractor, and officials told staff not to develop or keep records to document the required steps of procurement because of heightened public interest in the project.

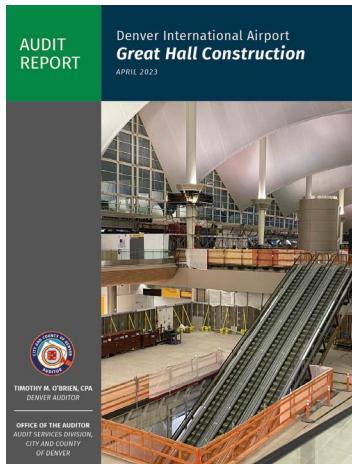
Meanwhile, we found the airport failed to properly oversee Hensel Phelps' subcontracting process for \$70 million worth of work. This lax oversight resulted in the airport paying more than originally proposed in some cases and being overcharged in others. The airport also overrelied on Hensel Phelps without independently verifying costs, and the airport did not adequately review Hensel Phelps' calculations for other costs to ensure the amounts were reasonable and allowable.

## IMPACT

**Poor contract oversight is a consistent theme across various audits at the airport. In this case, airport managers' lax approach put the airport at risk of overspending, diminished transparency, and unfair contracting practices that can damage the airport's reputation.**

**Officials agreed to implement only three of our 10 recommendations to help the airport avoid the costly problems it has faced because of its inadequate construction oversight.**

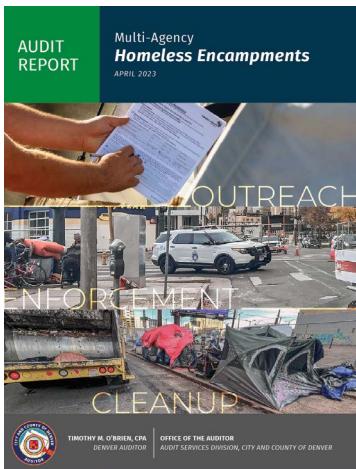
## Great Hall Construction



## OBJECTIVE

We wanted to determine whether Denver International Airport was adequately managing and overseeing the current Great Hall construction project to ensure the airport procured its new contractor in a fair, open, and competitive manner and that the airport was not being overcharged for construction costs.

## Homeless Encampments



### OBJECTIVE

We wanted to determine how well the city's processes for encampment enforcement and the services it provides to people experiencing homelessness at encampments are effective, compliant with laws, and equitable. We also wanted to assess whether the city effectively designed its homeless encampment response program to achieve its mission, goals, and responsibilities, and evaluate how well the city tracks spending related to encampments and monitors contractors.

### RESULTS

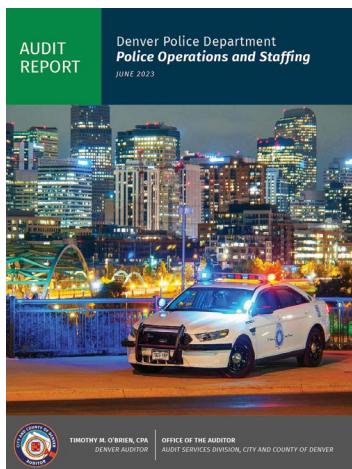
We found Denver was likely underestimating how much it spends on responding to homeless encampments and leaders were not ensuring individuals have equitable access to retrieve their belongings after large-scale cleanups. Additionally, the draft plan for the Denver Unauthorized Encampment Response Program needed improvements to better guide city agencies in their responsibilities, and the city needed to ensure the program was appropriately staffed to achieve its goals and responsibilities.

Finally, the city's communications with people experiencing homelessness were provided only in written English. This is not easily accessible to people whose primary language is not English or who may have a disability, such as a visual impairment.

### IMPACT

**The city agreed to implement all 36 of our recommendations. If city leaders do not adequately track expenses and keep reliable data for the city's activities related to encampment response — including for enforcement, outreach, and cleanup — they cannot assess the effectiveness of their efforts, be transparent with Denver residents, or ensure cleanups are performed equitably and that services are provided to all people experiencing homelessness.**

## Police Operations and Staffing



### OBJECTIVE

We wanted to evaluate how effective the Denver Police Department's recruitment and retention practices were and determine whether it adequately used data to assess its resources and ensure effective operations.

### RESULTS

We identified various issues that could risk community members' safety and also put more than 1,400 uniformed officers' safety, health, and wellness at risk. We found a lack of strategic guidance, no formalized community policing strategy, an unclear understanding of low retention, and ineffective recruiting efforts to encourage diversity among officers.

Specifically, the department lacked an overall strategy for community policing, which promotes targeted strategies to proactively build trust in a community and address public safety issues like neighborhood crime. Without a comprehensive strategy for community policing, the department's efforts will remain siloed across the city and Denver police officers will have a harder time healing their relationships with the people they serve.

### IMPACT

**If the Denver Police Department does not take appropriate steps to address retention and improve its strategic guidance, including for community policing specifically, police officers could continue to struggle in developing the strong partnerships necessary for public trust.**

**While the department agreed to implement all 16 of our recommendations, police officials claimed to have already implemented most of them by the time our audit was published — even as they acknowledged in several cases their efforts were ongoing or that they had intentions for future improvements. We encouraged the department to take the additional steps necessary to adequately implement each of the recommendations it agreed to, which would benefit the department, its officers, and the Denver community at large.**



# 2023 Follow-Up and Impacts

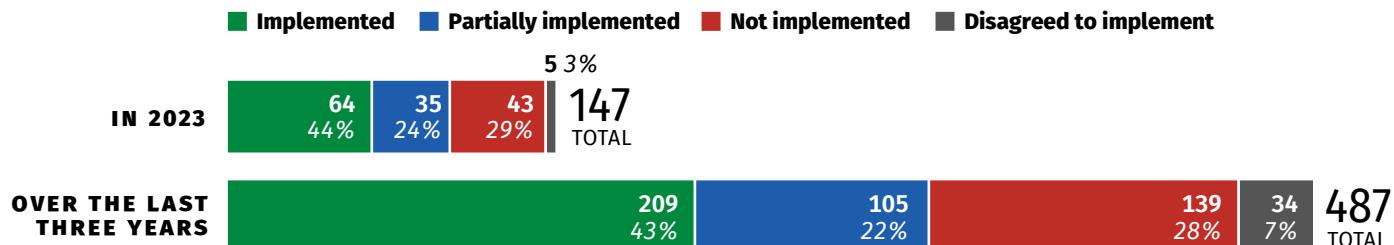
## Follow-Up Report Highlights

Audit Services follows up on all recommendations an audited agency agreed to implement so we can 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 a recommendation it had agreed to. Although we track recommendations agencies disagree with, we do not follow up on them because we assume the agency took no action. The city's implementation of our recommendations is one way we measure the impact of our audit work.

## List of 2023 follow-up reports

Follow-Up Report Name	Month Issued (Original Report)	Recommendations Implemented			
		Fully	Partially	Not	Disagree
Caring for Denver	January 2023 (October 2020)	5	2	2	1
Safety and Security of City Facilities	February 2023 (June 2020)	9	7	7	-
Airport Parking Shuttle System	May 2023 (August 2021)	8	5	8	1
Transparency: Public Notice and Engagement	May 2023 (November 2021)	8	6	3	-
Expense Report Approval Process	June 2023 (November 2021)	5	1	1	-
Cybersecurity: Application Security	July 2023 (July 2022)	N/A	N/A	N/A	N/A
Peña Boulevard Improvements Construction Contract	August 2023 (May 2022)	8	2	1	2
Neighborhood Sidewalk Repair Program (memo)	September 2023 (November 2020)	N/A	N/A	N/A	N/A
Information Technology Disaster Recovery	October 2023 (May 2021)	7	1	-	-
Airport Concessions Management	November 2023 (February 2022)	3	3	-	-
Technology Services Vendor Management	December 2023 (September 2022)	1	1	6	-
Neighborhood Food Environment Program Grant	December 2023 (January 2022)	1	2	5	-
Fair Elections Fund	December 2023 (May 2022)	1	2	-	-
Denver Art Museum	December 2023 (January 2021)	8	3	10	1

## Recommendation implementation



## Audit Impacts

In 2023, 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 14 follow-ups in 2023 of reports issued since 2020, including one cybersecurity follow-up report that did not have public recommendations and one follow-up memo that did not have individual implementation statuses. Out of the 147 recommendations we made across all those reports, agencies fully implemented 64. This 44% full implementation rate matches the three-year average.

The Audit Services Division aims for our audit recommendations to act as tools for the new mayoral administration so city officials can continue improving each agency we audit. While much of the information in each audit and follow-up report this year was based on agencies' work under previous city leadership, these topics should remain a priority for new city leaders in the year ahead.

Implementation of audit recommendations can have measurable and meaningful impacts in the city. For example, city leaders made progress in supporting better public notice and engagement for projects like street paving. Since the time of our 2021 "Transparency: Public Notice and Engagement" audit, several city agencies took steps in the right direction. Engaging community members in the government's decision-making process increases public trust and results in

more effective solutions to community issues. By providing more structure and guidance around public notices and public engagement, the city can ultimately provide higher-quality services to residents and business owners.

Similarly, the Department of Public Health and Environment made notable progress toward ensuring it had a complete strategic plan, policies and procedures for grants and finances, and an annual report for the Caring for Denver program. Thanks to better oversight from the department, the program's foundation now has documented reserve limits. Our original audit found the Caring for Denver Foundation had accumulated almost \$41.5 million in unspent tax revenue. Now, the foundation has a strategic plan to determine funding priorities with clear goals, objectives, strategies, key performance indicators, and timelines.

Denver International Airport is working to sign new contracts and hold contractors more accountable for its concessions' spaces. The airport also has a plan to address the held-over concessions contracts we identified in our audit, which were operating long past the original contracts' end dates without new competitive processes. However, one key recommendation from the original report was not sufficiently implemented. We hope to see further improvement in the future.

The airport has also taken some important steps for stronger monitoring of construction costs and timelines as it considers the next phases of its Peña Boulevard construction projects. The airport took action to hold contractors — and the outcomes of the construction project — more accountable.

On the other hand, failure to implement audit recommendations means the airport is still not encouraging fair competition when it comes to its parking shuttle services.

We did find the airport made progress in tracking customer complaints and ensuring a timely response to issues related to airport parking. But the airport's Parking and Commercial Transportation Division cannot ensure its parking shuttle system contract provides maximum value to the airport — and therefore, the public — without a more competitive procurement process.

After the 2023 municipal election, we followed up on our Fair Elections Fund audit and found promising improvements. By developing policies and procedures to administer the fund, the Clerk and Recorder's Office staff can better ensure campaign contributions come from valid sources, that funds are paid out accurately and in a timely manner, that candidates are trained on how fund dollars should be used, and that matching public funds are spent in compliance with city ordinance and election rules. The integrity and transparency of elections is essential to all local government functions, so positive change is a benefit citywide.

When our recommendations are fully 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 result in real change and improvement.



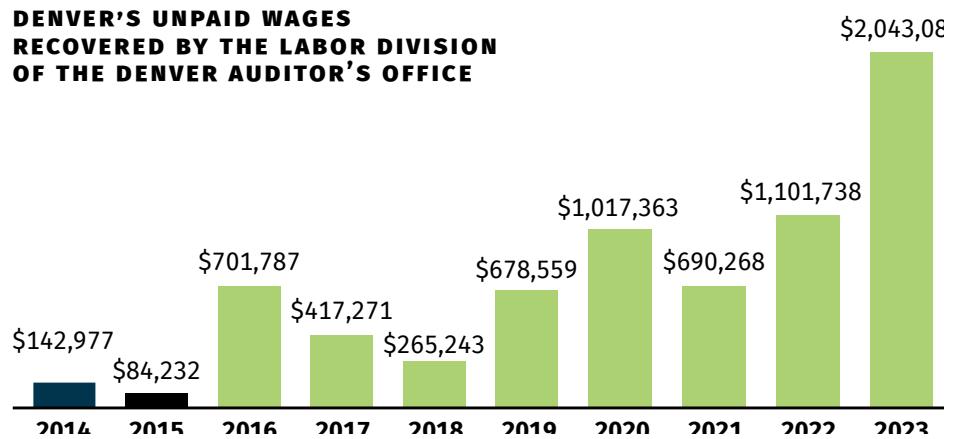
# Denver Labor Wages Report



NUMBER OF WORKERS HELPED IN 2023	3,500
TOTAL NUMBER OF CASES FOR MINIMUM WAGE AND PREVAILING WAGE IN 2023	586

## What We Do

In 2023, Denver's new Civil Wage Theft Ordinance took effect, giving us even more opportunity to help workers of all income levels. Workers, well-intentioned employers, and Denver Labor would all prefer workers to be paid correctly from their first paycheck. We're here to help with that process. Denver Labor closed out its reporting year with more than \$2 million recovered for workers — an all-time high that helped more than 3,500 people pay their bills, support their families, and contribute to our communities.





*The staff of the Denver Labor Division.*

Auditor O'Brien, Denver Labor Executive Director Matthew Fritz-Mauer, and our team of labor analysts collaborate 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. In 2023, members of the team held weekly trainings in both English and Spanish — and they 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.

Denver Labor enforces Denver's civil wage theft, minimum wage, and prevailing wage laws. Employers must pay the highest applicable wage rate to their workers. In 2023, the minimum wage rate in the City and County of Denver was \$17.29 per hour with few exceptions, and it will increase to \$18.29 per hour in 2024.

**WAGE RATES TIMELINE**  
in dollars per hour

	2022	2023	2024	2025
	JAN. 1	JAN. 1	JAN. 1	JAN. 1
<b>Denver Citywide Minimum Wage</b>	<b>\$15.87</b>	<b>\$17.29</b>	<b>\$18.29</b>	<b>\$18.29 plus Consumer Price Index</b>
<b>Prevailing Wage</b>	<b>A series of wages based on job classification.</b> Independently set by a prevailing wage administrator.			

The Denver City Council's passage of the new Civil Wage Theft Ordinance gave our office the authority to help protect workers of every pay level across the city. As a result of the new law and additional enforcement work by our skilled team of analysts, we nearly doubled our previous record of restitution returned to workers. In addition to promised pay, wage theft could include violations of minimum wage, overtime pay, paid sick time, rest breaks, and time off.

As a result of this law, our team now has requirements to collect certain damages and interest from employers for nonpayment of wages owed. This money goes directly back to the workers and factors into our final restitution amount.

# Wage theft and minimum wage

**Wage theft is the failure to pay workers the full wages to which they are legally entitled. On Jan. 9, 2023, the Denver City Council passed the Civil Wage Theft Ordinance.**

Every worker has the right to be paid the wages they've earned and are entitled to. These could include — for example — the minimum wage, overtime, paid sick time, money for time a person spends working, and the wages a person is promised.

Civil wage theft happens whenever somebody is not paid the wages they're entitled to, as promised and required by law. It is one of the most common legal violations in the country. Researchers estimate that every year, civil wage theft affects millions of people and costs tens of billions of dollars.

Minimum wage violations are a form of wage theft. Denver's wage protections cover every worker of every income level in the City and County of Denver.

High-risk industries for wage theft include construction, restaurants and bars, beauty and salon services, valet services, home care, national chains, and businesses along Denver's borders.

Common mistakes we identified included businesses claiming the tip credit when they should not, businesses thinking they are outside Denver's boundary when they're not, and businesses paying a wage based on the employer's office location instead of where the work was done.

## SOURCES OF WAGE THEFT AND MINIMUM WAGE INVESTIGATIONS

Sources	2021	2022	2023
Employees	22	21	141
Third Parties	5	8	21
Anonymous	3	3	8
Active Enforcement	0	49	64
<b>TOTAL</b>	<b>30</b>	<b>81</b>	<b>234</b>





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

Wage theft occurs when a worker is paid less than the full wages to which they are legally entitled. It includes:

- **Overtime violations** – failing to pay nonexempt workers less than time and a half for hours worked in excess of 40 hours per week.
- **Off-the-clock violations** – asking workers to work off the clock before or after their shifts.
- **Meal break violations** – denying workers the legal meal breaks.
- **Illegal deductions** – removing the cost of equipment, training, or other work-related expenses from workers' paychecks.
- **Worker misclassification violations** – misclassifying workers as independent contractors to pay a wage lower than the minimum or to avoid paying overtime.

Year	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
<b>2023 Penalties</b>	\$4,602 for three employers	\$3,000 for three employers	\$23,630.58 for 12 employers

#### MINIMUM WAGE AND WAGE THEFT CASE RESULTS

	2022	2023
<b>Total new cases</b>	81	234
<b>Closed with restitution</b>	21	26
<b>Closed with no underpayment</b>	17	51
<b>Pending cases still open</b>	43	157

Often, employers contract with other employers to provide services. For example, a hotel might hire a cleaning company to provide workers for janitorial services or a general contractor on a construction site might hire other employers to provide labor for electric work, plumbing, drywall installation, painting, or something else.

Our enforcement uses “up-the-chain accountability,” which means that any employer who ultimately benefits from a worker’s labor may be required to pay their wages. Denver Labor will first try to collect from someone’s direct employer.

In 2023, Denver Labor built out its team to start responding to civil wage theft complaints, in accordance with the ordinance and the newly finalized rules. Our rulemaking process included community groups and stakeholders from both labor and business organizations.

**\$334,449.98**

*Largest dollar amount recovered in a single wage theft investigation*

**1,863**

*Total number of workers who received restitution under wage theft or minimum wage ordinances*

**404**

*Largest number of employees helped as a result of a single wage theft or minimum wage investigation*

**0**

*Repeat minimum wage or wage theft offenders*

#### CLOSED MINIMUM WAGE OR WAGE THEFT CASES BY INDUSTRY

Industry (NAICS code)	Number of cases	Total restitution
<b>Other Personal Services, including valet (8129)</b>	<b>8</b>	<b>\$509,031.90</b>
<b>Business Support Services (5614)</b>	<b>3</b>	<b>\$334,449.98</b>
<b>General Merchandise Stores (4523)</b>	<b>1</b>	<b>\$238,270.50</b>
<b>Janitorial Services (5617)</b>	<b>8</b>	<b>\$59,939.04</b>
<b>Limited-Service Eating Places (7222)</b>	<b>4</b>	<b>\$56,935.32</b>
<b>Traveler Accommodations (7211)</b>	<b>2</b>	<b>\$56,019.40</b>
<b>Drinking Places – Alcoholic Beverages (7224)</b>	<b>1</b>	<b>\$40,938.51</b>
<b>Full-Service Restaurants (7221)</b>	<b>2</b>	<b>\$40,026.14</b>
<b>Offices of Physicians (6211)</b>	<b>2</b>	<b>\$16,993.58</b>
<b>Religious Organizations (8131)</b>	<b>1</b>	<b>\$12,950.87</b>
<b>Personal Care Services, including salons (8121)</b>	<b>9</b>	<b>\$12,365.61</b>
<b>Automotive Equipment Rental and Leasing (5321)</b>	<b>1</b>	<b>\$7,588.25</b>
<b>Sporting Goods, Hobby, and Musical Instrument Stores (4511)</b>	<b>1</b>	<b>\$7,405.14</b>
<b>Direct Selling Establishments (4543)</b>	<b>1</b>	<b>\$7,010.01</b>
<b>Restaurants and Other Eating Places (7225)</b>	<b>2</b>	<b>\$4,352.12</b>
<b>Other Amusement and Recreation Industries (7139)</b>	<b>1</b>	<b>\$2,850.79</b>
<b>Legal Services (5411)</b>	<b>1</b>	<b>\$2,478.98</b>
<b>Grocery Stores (4451)</b>	<b>7</b>	<b>\$2,370.73</b>
<b>Other Miscellaneous Store Retailers (4539)</b>	<b>2</b>	<b>\$2,087.38</b>
<b>Support Activities for Air Transportation (4881)</b>	<b>2</b>	<b>\$1,793.09</b>
<b>Facilities Support Services (5612)</b>	<b>2</b>	<b>\$1,395.65</b>
<b>Business Support Services (5614)</b>	<b>1</b>	<b>\$1,368.94</b>
<b>Dairy Product Manufacturing (3115)</b>	<b>1</b>	<b>\$1,038.06</b>
<b>Home Health Care Services (6216)</b>	<b>6</b>	<b>\$596.75</b>
<b>Bakeries and Tortilla Manufacturing (3118)</b>	<b>2</b>	<b>\$408.97</b>
<b>Scheduled Air Transportation (4811)</b>	<b>1</b>	<b>\$308.00</b>
<b>Civic and Social Organizations (8134)</b>	<b>2</b>	<b>\$300.00</b>
<b>Limited-Service Eating Place (7222)</b>	<b>3</b>	<b>\$184.25</b>
<b>Activities Related to Real Estate (5313)</b>	<b>1</b>	<b>\$92.80</b>
<b>All others</b>	<b>35</b>	<b>–</b>
<b>Total</b>	<b>112</b>	<b>\$1,421,550.76</b>



## 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. 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 workers. 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 workers 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.

### PREVAILING WAGE CASES

533  
total cases  
with restitution

\$115,899.17  
amount recovered  
in a single investigation, the  
largest amount

1,707  
workers received  
restitution under the  
Prevailing Wage Ordinance

77  
workers impacted by a  
single investigation, the  
largest number

## 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)

Here are some examples of how we worked with both employers and workers this past year to recover unpaid wages in accordance with the Prevailing Wage Ordinance:

## Working with businesses and the community

Educating and engaging with the business community is the first step in successful enforcement. Workers, well-intentioned employers, and Denver Labor would all prefer workers to be paid correctly from their first paycheck.

We work throughout the year to offer trainings, engage directly with employers, and offer resources in multiple languages to help with this process. In October, Auditor O'Brien and Denver Labor analysts also visited businesses downtown to help make sure employers were prepared for the minimum wage increase coming up on the first of the year.

Employers are required to share the mandatory bilingual work site poster with their workers. The poster is available for download on our website or hard copies are available upon request. This could include posting the notice in a physically convenient location at the work site, providing it directly to each worker, or sharing it electronically.

**Visit our website for resources to help both workers and businesses navigate the city's wage ordinances. Tools include an address finder to see whether your place of work qualifies for the citywide minimum wage, a tips tracker for the food and beverage industry, a minimum wage calculator, and a mandatory work site poster for all businesses to download.**



This year, we also continued our live “Wages Wednesday” series on Facebook – in both English and Spanish. We are regularly in the community doing presentations, raising awareness, and building relationships with community groups.

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 workers while keeping their businesses going.

When we conduct wage theft 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 worker, payroll, and compliance documentation.

- Evaluate the complaint to consider all information provided by any complainant and the employer.
- Determine underpayment, fines, and damages 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.

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 received.

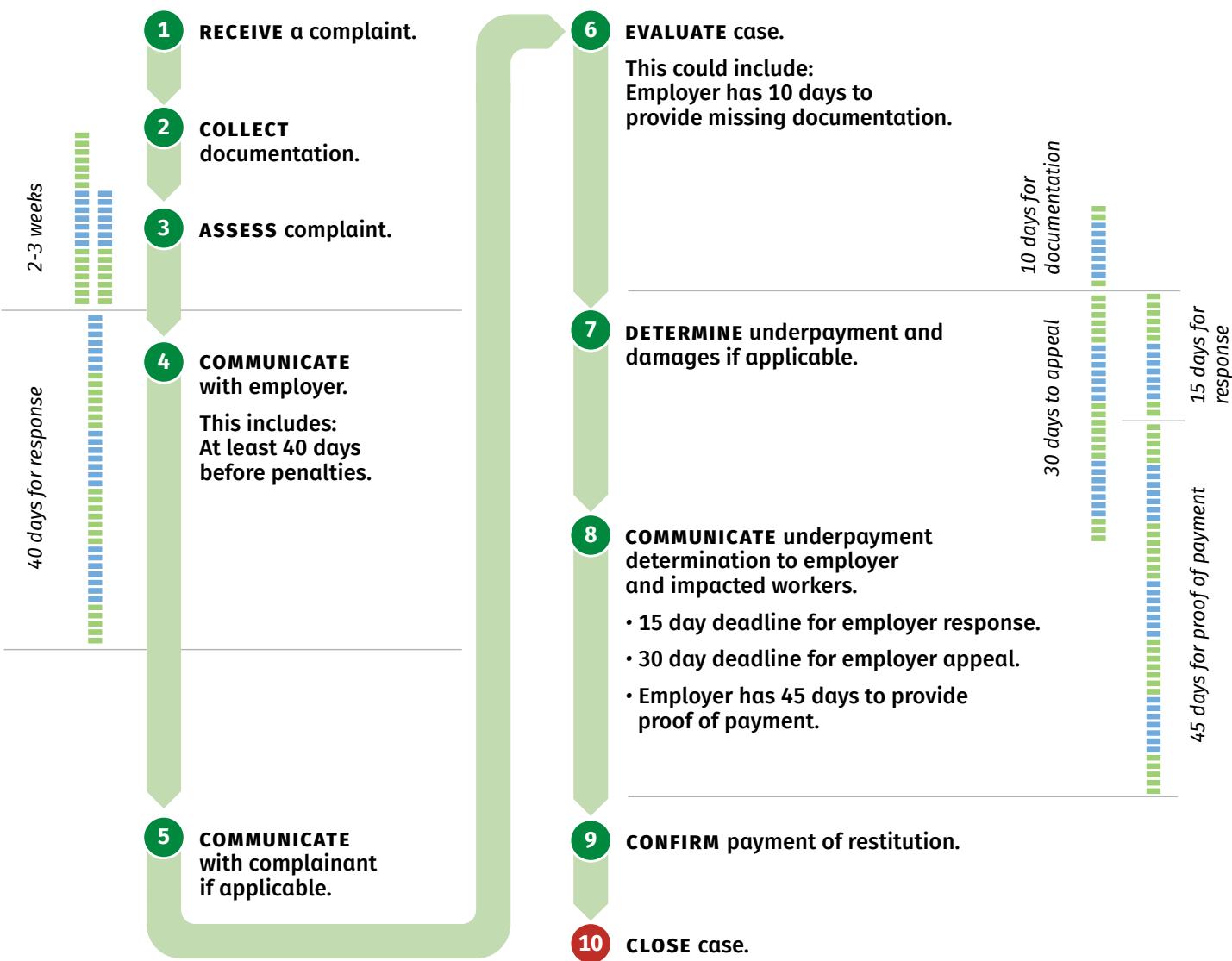
# Steps of a Wage Investigation

DAY

WEEK

MONTH

## TIMELINE



Our office's proactive enforcement approach to launching a wage investigation can include on-site visits to speak with at-risk workers. Criteria that could lead to proactive 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 pay less than the minimum wage if they are in the food and beverage industry and their workers receive actual tips of at least \$3.02 per hour. To claim the full tip credit, employers must keep documentation showing workers received at least \$3.02 per hour in tips. 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 — our analysts are happy to help.

## Restitution Stories

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

### Proactive enforcement results in \$70,531 for valet workers

Denver Labor started a proactive enforcement investigation for a valet company in Denver. Upon receiving payroll records and conducting an audit, our team noticed the business was applying the tip credit, which is allowed only in the food and beverage industry. The company wanted to make things right and cooperated with our team to return unpaid wages to its workers. The case ended with Denver Labor helping recover \$70,531.53 in restitution for 60 workers.

### Denver uses up-the-chain accountability to recover workers' wages

Denver's Civil Wage Theft Ordinance adopts an "up-the-chain accountability" approach. This means any employer who ultimately benefits from a worker's labor may be required to pay their wages. Denver Labor's prevailing wage team notified the civil wage theft team of a city subcontractor that did not pay its workers restitution for the work they performed. Our teams collaborated and applied the "up-the-chain accountability" approach to the primary contractor for the project. Our office educated the company on its responsibilities with subcontractors and the Civil Wage Theft Ordinance, including how this ordinance also applies to the City and County of Denver's prevailing wage projects. The primary contractor understood and promptly paid restitution of \$5,722.82 for seven workers.

### Underpaid janitorial workers receive \$31,495.52

Since Denver's Citywide Minimum Wage Ordinance took effect, Denver Labor has identified the janitorial industry as an industry at high risk of underpayments. Our minimum wage team started a proactive enforcement investigation of the janitorial company Maintenance Resources. After conducting a payroll audit, we discovered the business had not been paying Denver's minimum wage since 2020. The employer was cooperative and paid its workers immediately after receiving our calculations of the underpayment. As a result of the investigation, our office recovered \$31,495.52 in restitution for 29 janitorial workers.

### Denver Labor recovers \$334,211 for remote workers

Our office received a wage complaint because 24-7 Intouch was not paying remote workers who live and work in the City and County of Denver the correct minimum wage. Our team educated the employer on Denver's Minimum Wage Ordinance and how it applies to work performed within the geographic limits of the City and County of Denver. The employer worked with our office and corrected the workers' wages. As a result of our work, our team recovered \$334,211.23 for 161 workers.

### Starbucks owed wages for after-work hours

No case is too small for our office. Denver Labor received a wage complaint after Starbucks required its workers at two locations in Denver to perform work duties off the clock. After an investigation, our civil wage theft team determined these Starbucks locations owed wages to three workers for one to two hours of work. In total, our team recovered \$184.24 for three workers.

### A national pet supply store adjusts pay rate to comply with Denver's minimum wage

Denver Labor conducted a proactive investigation of a national pet supply chain that shares geographic bounds with another county to ensure the company's workers earned at least Denver's minimum wage. In some instances, our team found the business was not paying the correct wage rate. We educated the employer on the minimum wage requirements for the City and County of Denver, and 26 workers received \$1,909.89 for 5,666 hours worked.

### Custodial workers at the zoo recover \$10,000

A contractor at the Denver Zoo was underpaying its custodial workers because they were classified as laborers. The Prevailing Wage Ordinance requires contractors to classify their workers based on the tasks they perform. Denver Labor noticed the mistake and helped recover \$10,000 for 35 workers.

### Apprentices at the airport receive \$30,000 in unpaid wages

Denver's Prevailing Wage Ordinance requires apprentices to work with journeymen at a one-to-one ratio, which means one apprentice to one journeyman for all hours worked on city construction projects. A contractor at Denver International Airport did not comply with this requirement by employing more apprentices than journeymen. After Denver Labor's investigation, the employer had to pay the corrected journeymen rate to the apprentices. As a result, 31 workers received over \$30,000 in restitution.

[Read more examples of successful restitution cases on our website.](#)





# Who We Are

## Office of the Auditor

The 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 leaders. He works independently from the Mayor's Office and the City Council to maintain objectivity and to offer frank, truthful reports for the betterment of Denver. Auditor O'Brien was reelected to his third term in 2023.

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 requires the Auditor to 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. We produce impactful, objective, and quality audits that strengthen evolving city operations and services, and we foster an internal culture of innovation, continuous improvement, and inclusion and engagement.

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.

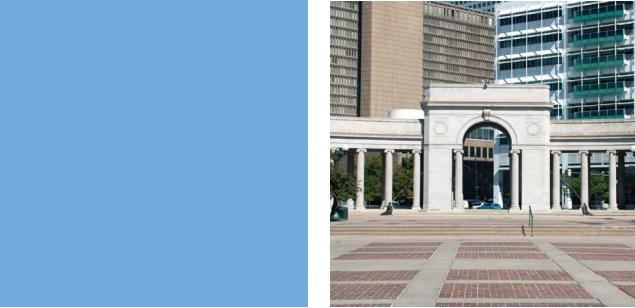
Denver Labor, a division of the Auditor's Office, promotes lawful employment and wage compliance, while providing exceptional labor, wage, and hourly enforcement. We educate workers, businesses, and the community. And we enforce Denver's wage and hour laws fairly and thoroughly, using the most effective tools and strategies available.

We deter wage theft, reduce the harms of poverty, and expand economic justice through comprehensive wage and hour enforcement and education.

Auditor O'Brien and his team work with both employers and workers 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 prevailing wage classifications for workers.

The Auditor is chairman of the independent 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 staggered 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 Colorado state auditor — which he uses to ensure Denver taxpayers' dollars are used efficiently and effectively.





# Audit Analytics

## Leading the Way

The Denver Auditor's Office is a clear leader in innovative audit technology and techniques. The Auditor's Office 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 various ways.

"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.

Our analytical techniques are often ahead of the curve of the methods described in recent academic and professional literature.

In 2023, our team used audit analytics and continuous audit programs to look at technology purchases citywide, the use of purchase cards and travel cards, expense reports, and purchase orders, and also contributed to specific audits and projects. Audits that received data analysis, sampling, or technical support from the Audit Analytics Team this year included our analyses of the city's College Affordability Fund Program, police operations and staffing, citywide information technology purchases, homeless encampments, affordable housing, and City Council operations.

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.

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. We have used the computer language Python and software like Arbutus and Tableau to process data.

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

*From left to right: Audit Analytics Senior Daniel Summers, Audit Analytics Manager Chris Wilson, Audit Analytics Senior Kayley Smiley, and Audit Analytics Senior Heather Burger. Not pictured: Audit Analytics Specialist Christopher Purdy.*





# What We Do

## Audit Services Division

**Audit Services 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 and equity 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 look closely 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 third-party vendors 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, technology equipment, and cybersecurity processes to make sure they are working correctly.

Among the key audits we completed in 2023 was a look at how the city responds to homeless encampments. Denver was likely underestimating how much it spent on responding to homeless encampments and leaders were not ensuring individuals had equitable access to retrieve their belongings after large-scale cleanups. We made several recommendations for tracking spending, ensuring equitable access, and having appropriate staffing. The new mayoral administration has significantly changed the city's approach to encampment response since the time of this audit.

We also looked at Denver International Airport's oversight of the Great Hall project. Leaders' lax approach to construction oversight continued to put it at risk of overspending, a lack of transparency, and unfair contracting. Our audit found insufficient oversight from the start of the reimagined project — which was exposing the airport to continued overspending. Airport managers need to strengthen their management and oversight of the Great Hall project to ensure the best value for the city.

In another key audit, we found that without overall strategic guidance, a formalized community policing strategy, a clear understanding of low retention, and improved recruiting efforts that encourage diversity among officers, the Denver Police Department could continue to struggle with developing the strong partnerships necessary for public trust. We hope our recommendations will help protect and improve the safety, health, and wellness of both police officers and members of our community.



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

Later in the year, we looked at the city's oversight of affordable housing and found serious concerns related to too much trust in third-party partners and shortfalls on promises made to the community. Denver was not doing enough to ensure safe and habitable spaces at affordable housing properties, and the city was not ensuring taxpayer-funded affordable housing projects were fully delivering on promised units.

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 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 on a random sample. This informs 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 2023 audit reports and the 2024 Audit Plan on [DenverGov.org/Auditor](https://DenverGov.org/Auditor).

## 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.

The primary responsibility of the Audit Committee is to commission an annual independent external audit of the city's finances and review the results of the 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.

The Audit Committee also receives the results of audits, assessments, and examinations performed or commissioned by Audit Services, a division of the Auditor's Office.

### APPOINTED BY AUDITOR O'BRIEN



**Jack Blumenthal**  
Vice-chairperson



**Frank Rowe**

### APPOINTED BY THE CITY COUNCIL



**Leslie Mitchell**



**Florine Nath**

### APPOINTED BY THE MAYOR



**Charles Scheibe**



**Edward Scholz**

## 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 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.



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

## Community Outreach

We continuously explore new ways to reach members of the community where they are and in ways that matter to them. We clearly communicate the value and impact of audit work and wage ordinances with everyone who cares about Denver. We seek to increase community awareness and support for Auditor's Office work by communicating impact and value with clarity, accessibility, and inclusion.



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, on social media, or in person at community events and trainings throughout the year.

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.



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 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 Denver8 TV. Watch our monthly broadcasts of "Ask the Auditor" episodes 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 past year with information about wage theft and audit results. Our English and Spanish outreach targeted neighborhoods across the city and some of the most high-risk industries and locations.

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**

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

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

#### **PRIORITIES THIS YEAR**

- Language and disability access.
- Community events, live trainings, and meetings.
- Authentic and engaging social media updates.
- Plain language and visual content.
- Collaboration with the community.
- Diversity of outreach and platforms.
- Consistent and meaningful engagement and reach on social media.
- "Ask the Auditor" episodes on YouTube and Denver8 TV.
- Digital and traditional awareness marketing.
- Monthly email newsletter in English and Spanish.

## **Prevailing Wage Administration**

The Denver Auditor's Office has enforced prevailing wage rates on city projects since the 1950s, but in 2023, the Denver City Council tasked our office with also setting those wage rates for contractors and subcontractors. The new prevailing wage administrator position is independent from Denver Labor and reports directly to the Auditor. Luis Osorio is the first member of our team to hold the position.

Denver's Prevailing Wage Ordinance requires employers to pay specific wage rates depending on the type and location of work for city contracts and public projects. The prevailing wage administrator takes over the wage-setting work for construction, improvement, repair, maintenance, demolition, and janitorial work. Some positions in these classifications had not seen pay increases in years.

This new position is intended to help make the process of setting and reviewing prevailing wage rates stronger and more efficient. The administrator uses a flexible approach to set prevailing wage rates and issue clarifications and interpretations of the prevailing wage. In this way, businesses will have clarity and workers will have pay rates competitive for the market.

By streamlining the inspection and clarification process in the Auditor's Office, we can better help the people of Denver live, work, and raise a family here.





# Professional Achievements

## Professional Accomplishments

Our teams use the highest standards on every audit assignment and wage investigation. Each Audit Services team works to provide in-depth analysis of city systems, programs, and processes. We work to achieve the goals of our annual Audit Plan using comprehensive risk assessments, with an emphasis on social equity, efficiency, and effectiveness. Our wage analysts work with employers and workers to find cooperative solutions using creative problem-solving and detailed examinations of payrolls. 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. This year, he was honored by the continued broad coalition of support he received from the community that led to his reelection to a third term as Denver Auditor. Over the last eight years, he has advocated for all Denverites as an independent, professional government watchdog. He is committed to continuing to serve everyone who cares about Denver in his final term.

In 2023, Auditor O'Brien continued to serve on the U.S. Comptroller General's Advisory Council on Government Auditing Standards where he shares his expertise and helps 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'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 Director Dawn Wiseman, to ensure the quality and impact of our work. We completed performance, financial, information technology, analytics, and compliance audit work.

Our teams diligently provide in-depth analysis of city systems, programs, contracts, finances, and processes, depending on the objective 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 2023, we were proud to accept another Knighton Exemplary Award from the Association of Local Government Auditors, making our audit of Denver's residential trash, recycling, and compost services one of the best local government audits in the United States and Canada. This is the sixth 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 must demonstrate that their work has a potential for significant impact; has persuasive, logical, and firmly supported conclusions; has recommendations that make programs more efficient and effective; and that 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 that earned recognition for this award-winning audit through their intensive efforts included Audit Manager Karole Dachelet, Lead Auditor Tyson Fausson, Lead Auditor Caitlin Casassa, Audit Analytics Manager and Methodologist Dr. Samuel Gallaher, Audit Analytics Senior Heather Burger, and Audit Director Dawn Wiseman.

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, Lead Auditor June Samadi was a member

of the Digital Strategy Committee, and Senior Communication and Reporting Specialist Kristen Clark served as the communications liaison for the association. Kristen Clark also gave three presentations at the Association of Local Government Auditors' annual conference: two plain language workshops and a concurrent session on effective communication.

Senior Audit Manager Sonia Montano began serving at the federal level on the Comptroller General's Advisory Council on Standards for Internal Control. She is helping to revise and update the Government Accountability Office's standards for internal control — further extending our office's prominence as leaders in these areas across the country.

Members of our audit division also participated in professional conferences to further their education and expertise. Members of audit teams also presented at conferences, including Audit Manager Kharis Eppstein, Lead Auditor June Samadi, and Lead Auditor Anna Hansen who presented the results of our "Mental Health Services in Denver's Jail Systems" audit to the federal Department of Health and Human Services' Office of the Inspector General and Office of Audit Services.

Senior Communication and Reporting Specialist Kristen Clark also served on the Communications and Publication Committee for ACES: The Society for Editing and gave training presentations for auditors across the country.

Our 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 audit analytics and continuous auditing techniques also remain some of the most advanced in the country, and we are proud to continue to develop more efficient ways to monitor and report on city risks.

## Outstanding Staff

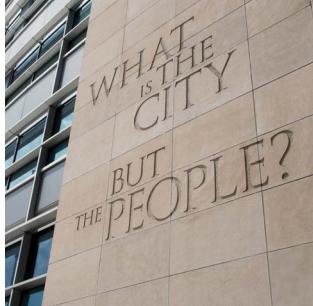
Our staff includes many talented, well-educated, and hard-working people. Our team continues to strive to improve their work, themselves, our office, and our industry.

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.

Information Systems Auditor Senior Dave Hancock recently passed the Certified Information Systems Manager certification, adding to the resources on our team for cybersecurity audit work — a key priority of Auditor O'Brien's.

Our Emergency Response Team helped keep members of our office safe and healthy this year with the leadership and support of emergency response coordinators Kharis Eppstein and Tyson Fausson and committee members Edyie Thompson, Rafael Gongón, Vilma Balnyte, Nicholas Jimroglou, Isabelle Puppa, and Daniel Summers.

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



# Our Staff

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 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, and public health.

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), certified information security manager (CISM), and chartered global management accountant (CGMA).

## Office of the Auditor

**Timothy M. O'Brien, CPA, Auditor**

### MANAGEMENT SERVICES

**Valerie Walling, CPA, Deputy Auditor**

**Matthew Fritz-Mauer, Esq., PhD, Executive Director of Denver Labor**

**Taylor Overschmidt, Director of Communications**

**Cyndi Lubrano, MBA, Business Manager**

**Luis Osorio, JD, Prevailing Wage Administrator**

**Ranea Taylor, SPHR, SHRM-SCP, MBA, Human Resources Director**

**Amy Overzet, Executive Assistant III**

**Valeria Valenzuela, Student Intern**

### AUDIT SERVICES DIVISION

**Dawn Wiseman, CRMA, Audit Director**

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

**Vilma Balnyte, CPA, MBA, Audit Manager**

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

**Katie Beverlin, MPA, Lead Auditor**

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

**Maria Durant, MBA, Senior Auditor**

**Danielle Edwards, MPA, Senior Auditor**

**Daniel Emirkhanian, MPA, Senior Auditor**

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

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

**Tyson Fausone, Lead Auditor**

**Carl Halvorson, CIA, Audit Manager**

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

**Anna Hansen, Lead Auditor**

**Melinda Houston, Associate Auditor**

**Nicholas Jimroglou, CDPSE, CISA, Acting Information Systems Audit Manager**

**Shawn Jones, MAcc, Senior Auditor**

**Frank Jusu, Associate Auditor**

**Safa Kholghy, Audit Intern**

**Natalia Kietlinski, MBA, Associate Auditor**

**Juliane Mann, MPAcc, Lead Auditor**

**Kristin McCormack, JD, Audit Manager**

**Jordon Monk, Senior Auditor**

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





**Alexander Muñoz, CPA, Senior Auditor**

**Caroline Nelson, Audit Intern**

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

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

**Danielle Pluid, Senior Auditor**

**Isabelle Puppa, MPP, Lead Auditor**

**Christopher Purdy,  
MS, Audit Analytics Specialist**

**Jackson Rossmith, Senior Auditor**

**June Samadi, MPH, Lead Auditor**

**Summer Sargent, Audit Intern**

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

**Shannon Scheich, MPA, Senior Auditor**

**Kayley Smiley,  
MS, Audit Analytics Intern**

**Daniel Summers,  
MPA, Audit Analytics Lead**

**Ben Teska, CPA, Senior Auditor**

**Hannah Thaw, CPA, Senior Auditor**

**Simon Vakili, CPA, Lead Auditor**

**Chris Wilson,  
MBA, Audit Analytics Manager**

**Shaun Wysong, MIR, Audit Manager**

## **DENVER LABOR**

**Rafael Gongón,  
JD, Director of Denver Labor**

**Krystal Baroni,  
Labor Compliance Technician**

**Matthew Borquez,  
Lead Labor Compliance Analyst**

**Carol Carter, Staff Assistant**

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

**Jose Cota-Howlet, Denver Labor Intern**

**Arielle Denis, Esq.,  
Legal Analyst Administrator II**

**Jay Digiorgio, Labor Compliance Analyst**

**Natalie Fraunfelter,  
Labor Compliance Analyst**

**Ava Giron,  
On-call Contract Compliance Technician**

**Nyaomi Herbert,  
Labor Compliance Technician**

**Abby Kreckman,  
Labor Compliance Supervisor**

**Jamie Landa,  
Labor Compliance Technician**

**Sandra Lopez, Labor Compliance Analyst**

**Rudy Lopez, MS,  
Labor Compliance Supervisor**

**Maggie Luxon,  
Lead Labor Compliance Analyst**

**Jasmine Madlock,  
Labor Compliance Analyst**

**Kandice McKeon, OSHA 510,  
Labor Compliance Supervisor**

**Lizeth Nunez, Labor Compliance Analyst**

**Christina Ramos,  
Labor Compliance Analyst**

**Chris Rubio,  
Lead Labor Compliance Analyst**

**Brandon Stolba,  
Labor Compliance Analyst**

**Iris Tan, Labor Compliance Technician**

**Veronica Totten,  
Lead Labor Compliance Analyst**

**Karla Trevino,  
Senior Management Analyst**

**Anna Van Der Like,  
Policy Analyst Administrator II**

**Chris Wat, Labor Compliance Analyst**

**Monique Witcher,  
Labor Compliance Technician**

## **COMMUNICATIONS**

**Rocio Arnaz, Marketing and  
Communications Associate**

**Kristen M. Clark, Senior Communication  
and Reporting Specialist**

**Sara del Valle Ruiz,  
Community Engagement Specialist**

**Jeff Neumann, Graphics and Visual  
Information Specialist**

**Stelios Pavlou, Reporting Specialist**



From left to right: Director of Communications Tayler Overschmidt, Deputy Auditor Valerie Walling, Denver Auditor Timothy M. O'Brien, Business Manager Cyndi Lubrano, and Executive Director of Denver Labor Matthew Fritz-Mauer.



## QUESTIONS AND COMMENTS CAN BE DIRECTED TO:

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