Audit Services Division Overview

The Audit Services Division (Division) of the Auditor’s Office conducts independent performance audits of City agencies, programs, and contracts. Our audits focus on strengthening governance, enhancing efficiency, increasing revenues, reducing costs, and improving the quality of services provided by the City and County of Denver to its citizens.

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

- Elected Auditor, independent from other elected officials and operational management
- Comprehensive access to all officers, employees, records, and property
- Requirement that audited agencies formally respond to audits
- Conduct all audits in accordance with Generally Accepted Government Auditing Standards (GAGAS)
- Formal Independent Audit Committee

2013 Audits

The Division issued fourteen performance audits in 2013 that assessed a wide array of City services.

We sought to improve the fiscal stability of the City through the following audits:

- Denver Police Department Administration
- Denver County Court Accounting Practices
- Citywide Procure to Pay (P2P) System
- Fiscal Sustainability: Financial Condition and Transparency

We also looked at process effectiveness and strategic planning and development for several of our audits including:

- Office of Economic Development Workforce Development
- Public Works Street Maintenance
- Denver Public Library
- City Attorney’s Office – Litigation and Claims Management
City contracting has been the focus of many of our performance audits because of the large dollar amounts of the contracts themselves and the inherent risk. In 2013 our contracting audits included:

- **DIA Planning and Development Division**
- **DIA Signature Authority**

Our technology audits for 2013 helped to identify vulnerabilities within the City’s IT infrastructure and internal controls for social media usage:

- **DIA Network Security**
- **Citywide Social Media Usage**

Additionally, in 2000, Colorado voters approved constitutional Amendment 20, which legalized the medical use of marijuana by patients suffering from certain debilitating medical conditions. In November 2012 voters passed Amendment 64, a law which legalized the personal use and regulation of marijuana. We completed an audit on the Department of Excise and Licenses’ medical marijuana operations:

- **Medical Marijuana Licensing**

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

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

All of these engagements helped enhance the City’s efficiency and effectiveness and contributed to our goal of providing value-added services for the citizens of the City and County of Denver. For more information on these audits, visit our website: www.denvergov/auditor.

**Division Performance**

The Division developed and piloted a formal performance metrics program in 2012. This metrics program is a best practice model that allows us to not only demonstrate our impact and proficiency but also to regularly perform self-assessment and trend analysis in order to initiate continuous improvement activities. We measure eight different metrics to evaluate how well we are achieving our mission. The metrics provide a performance framework consisting of a diverse range of indicators to help us continuously assess the efficiency and effectiveness of our audit activities as well as communicate achievements and accomplishments to external parties, most significantly the citizenry.
The Division’s methods, work, and contributions continue to receive national attention from professional auditing and accountability organizations, and in 2013 we received two awards for our work. In May 2013, the Denver Chapter of the Association of Government Accountants (AGA) presented Auditor Dennis Gallagher with their Distinguished Service Award for 2013. Auditor Gallagher was recognized for his years of service with the State Legislative Audit Committee as well as his service as Denver’s City Auditor. Most notably, he was recognized for the outstanding work the Auditor’s Office does on performance auditing and the impact that we are having in the Denver community. Also in May 2013, our office received the prestigious Knighton Award in the large audit shop category. The Knighton Award is given to the best performance audit reports of the prior year. Our office received the Silver Knighton award for our Police Records Management System IT General Controls audit.

Additionally, several Division staff members continue to serve in leadership positions within key international, national, and local accountability organizations, including the Association of Local Government Auditors, the Institute of Internal Auditors, and the National Intergovernmental Audit Forum. The Division’s participation in these organizations provides stellar professional opportunities for the staff.

Contributions to the Profession

A key goal of the Auditor’s Office is to network and collaborate with other federal, state, and local government auditing organizations to improve the auditing and accountability profession. During 2013 we shared our innovations with other audit entities, and the Office made several well-received presentations to peer auditors. We also published several articles in various professional trade magazines, including the Local Government Auditing Quarterly and Public Administration Times. In August 2013 the Audit Services Division and the U.S. Government Accountability Office (GAO) co-hosted the Mountain & Plains Intergovernmental Audit Forum (MPIAF) at the Colorado Convention Center. The 2013 MPIAF drew a record number of attendees who came to learn about how audit offices across the country are fostering partnerships, enhancing financial transparency, and responding to emerging issues.

2013 Performance Metric | Target Goal | Actual
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Recommendations Accepted | 92% | 92%
Recommendations Implemented | 75% | 59%
Percentage of Audit Plan Completed | 75% | 74%
Professional Contributions and Recognition | 5 | 17
Quality Assurance Peer Review | Compliance | Compliance
Audits Delivered on Budget | 90% | 79%
Audits Delivered on Schedule | 90% | 100%
Agency View of Internal Audit | 85% | 100%

2013 Annual Report Highlights
networking opportunities and ensures that we are completely up-to-date on new audit methods and techniques.

Finally, we are committed to retaining an educated and well-qualified staff, and members of our office continue to pursue professional development in the auditing field. In 2013, our auditors received additional certifications including Certification in Risk Management Assurance and Certified Government Auditing Professional. We also held key trainings that enabled staff to obtain continuing professional education credits required by Government Auditing Standards.

Our Staff

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

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

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