



Hello Neighbor!

Auditor's Office Finds Workers Underpaid

\$1 Million Held Back from DIA Contract

A Prevailing Wage audit discovered evidence that 53 shuttle bus drivers at Denver International Airport were owed more than \$550,000 in underpayments. For three years, the drivers were paid less than half their legally required wage. Because of the underpayment, the Auditor's Office exercised its authority to suspend payments to a consortium of contractors working on the DIA Hotel and Transit Center. DIA's CEO has agreed to withhold \$1 million until the issue of pay owed to the drivers is resolved.



I'm Timothy M. O'Brien, CPA, Denver's independently elected auditor. My office serves as a check and balance on Denver's "strong mayor" government. I am a licensed CPA and have a MBA from the University of Colorado. With over 40 years of auditing and accounting experience, I have produced more than 750 financial and performance audits.

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"Retaining a portion of the payment safeguards the necessary funds while we work to resolve the underpayment issues," said Auditor O'Brien. "As one of the key principles behind prevailing wage is to create a level playing-field for all City contractors, fairness requires that we enforce prevailing wage laws without fear or favor."

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Audit Committee

When voters elected in 2006 to move Denver's accounting and payroll functions from the Auditor's Office to the Executive Branch, they also approved the creation of an Audit Committee under the independently elected Auditor. The Committee's responsibilities include overseeing the external audit [see related External Audit story in this email] and reviewing results of internal audits.

The Committee is chaired by Auditor O'Brien, with six other members: two appointed by the Mayor, two by the City Council, and two by the Auditor. Current members are: - Rudolfo (Rudy) Payan, Vice-chairman - Jack Blumenthal - Leslie Mitchell - Florine Nath - Charles Scheibe - Edward Scholz

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Gauging the Market for External Audit Services

Denver's independent Audit Committee issued its first Request for Proposals for the external audit of the City's finances, as mandated by Denver's Charter.

"The same firm has been doing the external audit for 10 years. We're happy with them, but it is good practice to issue a RFP periodically to gauge the market and ensure that we're getting the best deal for the taxpayer," said Auditor Timothy M. O'Brien, CPA. "We also took the opportunity to encourage subcontractor participation by small business concerns, including minority-owned and women-owned companies."

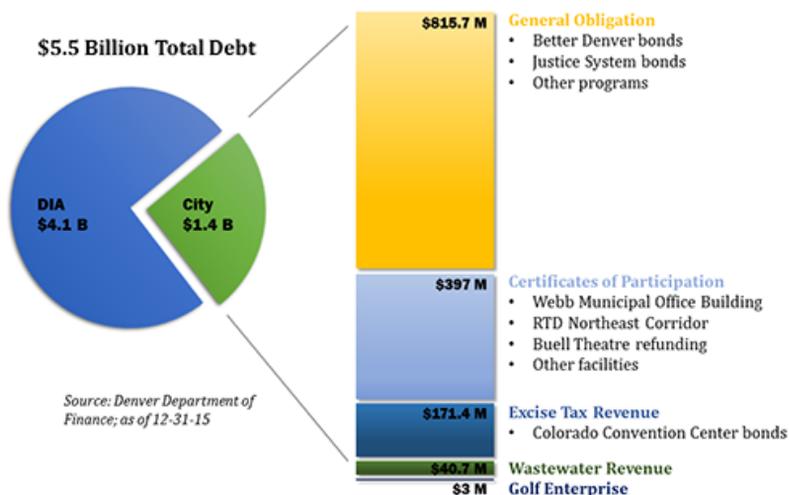
"Going to the market for this important audit is good governance, and demonstrates the proactive audit management program being implemented by this Auditor," said Deputy Auditor Valerie Walling, CPA.

Auditor O'Brien acknowledged that many firms lack the resources to audit a client as large and diverse as the City. "In addition to auditing the City's Comprehensive Annual Financial Report, the external auditor audits two enterprise fund agencies – Denver International Airport and Wastewater Management – as well as the Deferred Compensation Plan Trust Fund."

The contract is subject to City Council approval.

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Snapshot of Existing City and County of Denver Debt



Three principles of City's debt policy:

1. Equity: Those who benefit from the financed item should pay for it.
2. Effectiveness: Completed project accomplishes its intended goal, and identified revenue source for repayment is adequate to cover debt service.
3. Efficiency: The relative cost of financing is better than competing alternatives.

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Potpourri from around the city . . .

Denver's Vision Zero: Last year, Colorado's governor set a goal for zero traffic deaths. In 2015, there were 545 fatalities statewide, 57 in Denver. In February, the City of Denver formally committed to "Vision Zero," including a strategic plan, \$750,000 in the 2016 budget, a data dashboard providing information on crashes over the past three years, and coordination with the Denver Vision Zero Coalition.

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