Dear Mr. O’Brien,

The Office of the Auditor has conducted a performance audit of Citywide Information Technology Purchases.

This memorandum provides a written response for each reportable condition noted in the Auditor’s Report final draft that was sent to us on March 29, 2023. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING 1
City agencies bypass necessary approval for information technology purchases when they use purchase cards and expense reimbursements.

RECOMMENDATION 1.1
Determine when purchase cards can be used
The city’s Technology Services agency should revise policy and procedure to reflect when a purchase card can be used to make technology purchases.

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<th>Agree or Disagree with Recommendation</th>
<th>Target date to complete implementation activities (Generally expected within 60 to 90 days)</th>
<th>Name and phone number of specific point of contact for implementation</th>
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<tbody>
<tr>
<td>Agree</td>
<td>12/31/2023</td>
<td>Jennifer Randolph</td>
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Narrative for Recommendation 1.1
Technology Services will revise policy and procedure to reflect when a purchase card can be used to make technology purchases.

RECOMMENDATION 1.2
Develop workflows for technology purchases
The city’s Technology Services agency should work with the Controller’s Office’s to determine requirements for monitoring and ensuring preapproval of technology purchases. Options include:
• Developing a catalog of preapproved technology purchase types in ServiceNow that connects with Workday’s workflows.
• Standardizing memo line entries with codes to better flag technology purchases or create flags based on keywords in Workday.
• Adding spending categories that trigger Technology Services reviews of purchase card reconciliations and expense reimbursement requests in Workday.
• Creating a required checkbox for purchase card reconciliations or employee reimbursement requests that requires city employees to attest that no technology was purchased.

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Narrative for Recommendation 1.2
Technology services will work with the Controller’s Office’s to determine requirements for monitoring and ensuring preapproval of technology purchases.

AUDIT FINDING 2
Technology Services lacks detailed citywide guidance for technology purchases

RECOMMENDATION 2.1
Clarify policies and procedures for technology purchases
Once workflows are determined, as outlined in Recommendation 1.2, the city’s Technology Services agency should:

• Refine its relevant policies and procedures.
• Develop supplemental procedures to address city employees’ roles and responsibilities for technology purchases — both for agencies on the network and Technology Services personnel.
• Finalize and approve these policies and procedures.

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Narrative for Recommendation 2.1
Technology Services will review and revise applicable policies and procedures. Associated purchasing standards and procedures will be updated and/or created to address technology purchasing roles and responsibilities.

RECOMMENDATION 2.2
Update documentation for technology purchases
The city’s Technology Services agency should change its policies and procedures to define “technology purchases” and “on the network” to ensure compliance with Executive Order No. 18. This change should include guidance on when purchase cards and expense reimbursements can be used for technology purchases and it should better define what technology purchases require preapproval from Technology Services.

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Narrative for Recommendation 2.2
Technology Services will revise its policies and procedures to include purchase card and expense reimbursement guidance. These revisions will better define “technology purchases” and “on the network” to ensure compliance with Executive Order No. 18.

RECOMMENDATION 2.3
Update guidance for when purchase cards can be used for technology purchases
Following Recommendation 1.1, the city’s Technology Services agency should work with the Controller’s Office to update credit card usage policies and procedures to reflect when purchase cards can be used for technology purchases.

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Narrative for Recommendation 2.3
Technology Services will work with the Controller’s Office to update policies, and procedures to reflect when purchase cards can be used for technology purchases.
RECOMMENDATION 2.4
Develop and conduct training on technology purchases
Once recommended process, policy, and procedural changes have been implemented as described in recommendations 1.2 and 2.2, the city’s Technology Services agency should work with the Department of General Services to develop a required training, and periodic refresher, specifically for those personnel responsible for technology purchases citywide. This should include:

- Definitions for technology categories, how to purchase technology on purchase cards, and what receipts are required for out-of-pocket reimbursements.

Once training has been developed, develop a communications plan to disseminate the Executive Order No. 18 and Technology Services’ policies and procedures for technology purchases annually to applicable staff who make citywide technology purchases. This training should also discuss security, data protection and privacy, and financial resources risks when agencies bypass Technology Services’ preapproval of technology.

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Narrative for Recommendation 2.4
Technology Services will work with General Services to develop required training and periodic refresher. Training will include risks associated to purchasing unapproved technology. This training will be specifically for those personnel responsible for technology purchases citywide.

Technology Services will develop and disseminate applicable communication plan.

Please contact Cristienne Beam at 720-337-6393 with any questions.

Sincerely,

David Edinger
Chief Information Officer

cc: Valerie Walling, CPA, Deputy Auditor
    Dawn Wiseman, CRMA, Audit Director
    Paul Kresser, Deputy Chief Information Officer
    Chris Todd, Chief Technology Officer