

# Audit at a glance



## City Council Operations

DECEMBER 2023

**ABOUT** | The Denver City Council is the city's legislative branch established by charter. The council is responsible for passing local laws, appropriating taxpayer funds, and ensuring zoning oversight.

It is made up of 13 elected officials: 11 who represent individual geographic districts and two members whose at-large seats represent the entire city. Members serve four-year terms and can serve no more than three terms. Each council member has considerable discretion on how to spend their office's funding.

## In the report

### **FINDING: Gaps in several City Council operations expose the city to risks and inconsistent practices**

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

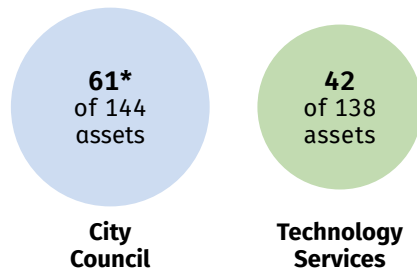
#### **SOME CITY COUNCIL INFORMATION TECHNOLOGY-RELATED PRACTICES EXPOSE THE CITY TO RISKS**

- We found council members and staff are not following some key controls established by the city's Technology Services agency that are meant to protect the city's network and systems against hacks and other cybersecurity threats. Specifically:
  - Missing data and numerous errors in both the City Council's and Technology Services' inventories for tracking the location, type, and user information for technology equipment.
  - Council members and staff are not consistently completing the city's mandatory cybersecurity training.

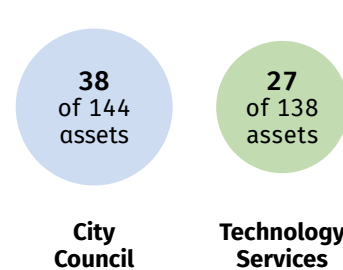
**THE CITY COUNCIL AGREED TO IMPLEMENT ALL 14 OF OUR RECOMMENDATIONS.**

### **Incomplete inventory data for City Council equipment**

#### **MISSING LOCATION DATA**



#### **MISSING USER DATA**



\*Or marked "Not Located."

**Note:** The total number of technology equipment reported in the two inventories differed.

**Source:** Created by Denver Auditor's Office staff using information from the City Council and Technology Services.

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**SOME CITY COUNCIL SPENDING PRACTICES DID NOT COMPLY WITH RULES DESIGNED TO ENSURE TRANSPARENCY AND ACCOUNTABILITY**

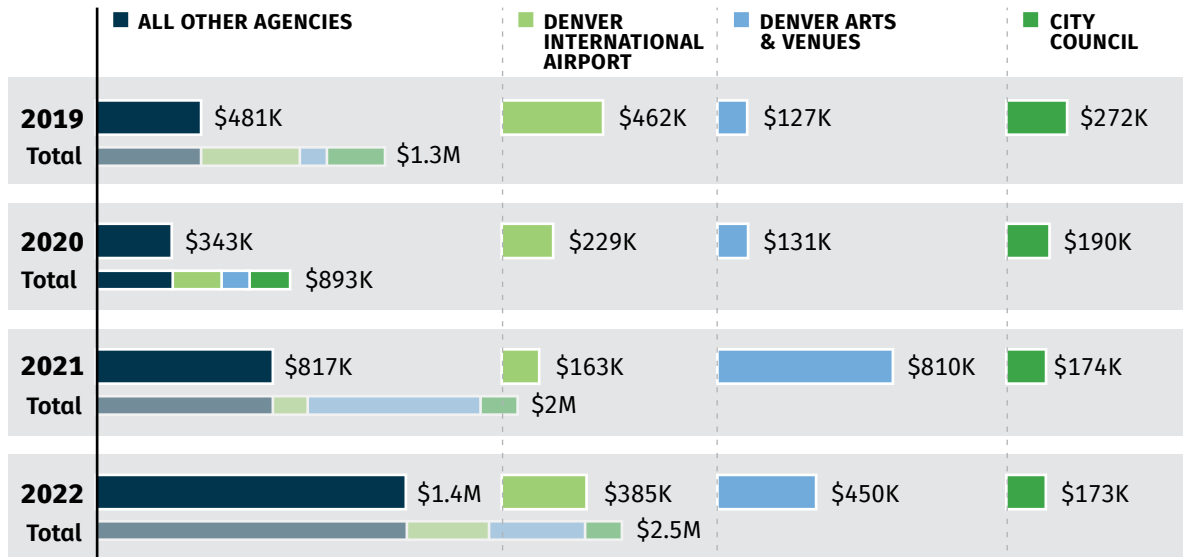
- Some council members use their funding to support local organizations through donations of money or goods, sponsorships, or grants. We found council members’ offices inconsistently followed council policies and procedures as well as some city rules associated with this type of spending. This diminishes the transparency and accountability of council members’ spending.
- From 2019 through 2022, the City Council was the third highest supporter of local organizations among all city agencies – giving more than \$808,000 in the form of grants, sponsorships, and donations.
- Government entities can support organizations – typically nonprofits – through these means, but the ability of cities to support local organizations through donations is restricted in the state of Colorado.
- There appears to be legal precedent allowing council members to support local organizations, but there is limited guidance within the city regarding the appropriateness of this practice until the city’s Fiscal Accountability Rules are updated. And by not consistently reporting their support to local organizations, council members did not follow the City Council’s own internal procedures.

- The lack of consistent documentation to support these transactions violated the city’s records retention guidelines, which require this documentation to be kept for seven years. As a result, Central Office staff, the Clerk and Recorder’s Office, and the public cannot fully know how City Council members used taxpayer money to support local organizations. Furthermore, council members’ inconsistent submittal of the donation declaration form means Central Office staff cannot verify that the donations adhere to the criteria established in the City Council’s own policies and procedures.

**SOME COUNCIL MEMBERS’ TRANSITION PROCESSES WERE NOT WELL DOCUMENTED**

- Council members leaving office must return items that belong to the city, such as identification badges and office keys. But we found not all badges and keys were accounted for among Central Office staff. The Central Office’s documentation indicated that one or more badges and keys belonging to three outgoing council members were unaccounted for. Central Office staff said all badges for outgoing council members were deactivated on July 17, 2023, and locks were changed for the office with missing keys. But without formally tracking and documenting which staff members received badges and keys and the steps taken to address any missing items, the Central Office cannot ensure these items remain in the city’s custody.

**Citywide financial support of local organizations, 2019 through 2022**



Source: Auditor’s Office analysis of information in Workday, the city’s system of record.

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