I am pleased to present the Denver Auditor’s 2024 Audit Plan for the City and County of Denver. As we welcome Mayor Mike Johnston’s new administration, I look forward to our new and continuing audit work being a resource for all city leaders and the community we serve. When given due consideration, audit work is a powerful and insightful tool for using the public’s limited resources more efficiently, effectively, and equitably.

This year’s 2024 Audit Plan once again incorporates performance, financial, information technology, cybersecurity, and contract compliance risks, along with audit analytics techniques into our integrated auditing approach. My team of professionals adheres to the highest standards and is recognized as leaders in the nation for local government auditing work. The 2024 Audit Plan delivers value and impact for Denver and will be conducted with the highest professional standards.

In the age of artificial intelligence and more aggressive hackers than ever, I am making protection of the city’s data — including personally identifiable information and proprietary information that belongs to our constituents — one of my top priorities. As a result, I am directing my team to take on several new cybersecurity and technology projects in the year ahead. This includes evaluating how city leaders look at cybersecurity risks, how employees and others access the city’s networks, and how the city manages outdated technology.

We also received outstanding support and engagement from the community this year, leading to several community-driven planned audits. New audits on the list connected to community input include looking at how the Department of Public Safety manages overtime and secondary employment. I am also adding audits of the city’s 311 services and the Climate Protection Fund.

As with every year, some audits listed in our plan were started this year and will be completed in 2024. These include audits of the security of city voting systems, city shelters, and airport concessions contracting. Examining management and the use of resources at Denver International Airport — with large amounts of money dedicated to major construction projects — remains a high priority going into 2024.

Our ongoing audit work is based on a thorough risk-assessment process — informed by the public, city leaders, current events, and previous audit findings. My team will also continue to work on construction audits, financial audits, and contract oversight in the year to come.

Our function as an independent agency assuring accountability for the people we serve could not be more important. The independent audit function serves as a tool for good government, transparency, and accountability in the city. My office’s professional assessment of city operations acts as a safeguard for taxpayer dollars, and it is a reminder for every city agency to expect proper scrutiny.

Our audit recommendations are intended to help city agencies find ways to improve the work they do. When agencies take our work seriously and make expeditious changes, everyone wins.

As a certified public accountant, I am bound by a code of ethics and professional standards. In determining the 2024 Audit Plan, I bring the obligations of my professional license as well as the voters’ trust.

The Audit Plan is a flexible document that may change throughout the year because of unexpected circumstances and emerging risks. In any year, changes could impact the Audit Plan arising from the need for emergency audits, changes or delays in scheduling, or decreased risks because of changes and improvements within city organizations.

I look forward to the year ahead as we continue delivering independent, transparent, and professional oversight, thereby conserving the public’s investment in the City and County of Denver. I am committed to providing ongoing information on how public dollars are spent and how government operates on behalf of everyone who cares about the city, including its residents, workers, and decision-makers.

I thank the residents of Denver for their support of a comprehensive Audit Plan. Please feel free to contact me with questions at auditor@denvergov.org or 720-913-5000.

Sincerely,

Denver Auditor Timothy M. O’Brien, CPA
### Security of City Voting Systems

**Clerk and Recorder’s Office**

This audit will assess how well city voting systems comply with security requirements and how well the Denver Elections Division safeguards election equipment and data from attacks. This may include reviewing policies and procedures for security systems, information technology general controls, and equipment-monitoring processes.

### Concessions Contract

**Denver International Airport**

As part of our audit series on contracts and agreements, this audit will review an airport concessions contract to evaluate and ensure performance, value, and proper city oversight.

### Employment Practices

**Department of Public Safety**

This audit will review how the Department of Public Safety approves, allocates, and makes use of secondary employment and overtime for its employees.

### Professional Services Contract Management

**Citywide**

This audit will review how the city manages standard and on-call contracts for professional services.

### Information Technology Risk Management

**Technology Services**

This audit will assess how well the city’s Technology Services agency and other city agencies maintain a risk management database. This may include assessing the city’s compliance with its own risk management policy and comparing Technology Services’ efforts with industry frameworks and best practices.

### Paramedic Response Times

**Denver Fire Department**

This audit will assess the response times of Denver Health’s ambulance services within the Denver Fire Department. This may include reviewing Denver Health’s operating agreement with the city and evaluating response-time data and industry standards.
## 2024 PLANNED AUDITS

### 2024 Annual Audit Plan

<table>
<thead>
<tr>
<th>Audit Description</th>
<th>Responsible Department</th>
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</thead>
<tbody>
<tr>
<td><strong>PROPworks Software System</strong></td>
<td>Denver International Airport</td>
</tr>
<tr>
<td>This audit will review the internal controls for PROPworks, a software system the airport uses for multiple revenue streams. This may include assessing the airport’s related information technology general controls.</td>
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<tr>
<td><strong>City Shelters</strong></td>
<td>Department of Housing Stability</td>
</tr>
<tr>
<td>Community audit idea</td>
<td></td>
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<tr>
<td>This audit will assess the efficiency and effectiveness of the city’s system for sheltering people experiencing homelessness.</td>
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<tr>
<td><strong>City Vehicle Management</strong></td>
<td>Department of Transportation &amp; Infrastructure</td>
</tr>
<tr>
<td>This audit will evaluate the city’s fleet management program. This may include reviewing how the city maintains and replaces city vehicles and assessing inventory management and internal controls over fuel distribution.</td>
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<tr>
<td><strong>Employee Separation Process</strong></td>
<td>Department of Finance</td>
</tr>
<tr>
<td>This audit will review the process for how city employees separate from the city when their jobs end. This may include reviewing how accurately and quickly the city pays out former employees’ paid time off, sick time, and vacation time.</td>
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<tr>
<td><strong>Caring for Denver Foundation</strong></td>
<td>Department of Public Health and Environment</td>
</tr>
<tr>
<td>Community audit idea</td>
<td></td>
</tr>
<tr>
<td>This audit will review the city’s oversight of the Caring for Denver Foundation. This may include reviewing fund management practices, compliance with city ordinance, and policies and procedures.</td>
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<tr>
<td><strong>Certifying Disadvantaged Businesses</strong></td>
<td>Denver Economic Development &amp; Opportunity</td>
</tr>
<tr>
<td>This audit will review how the city certifies and renews businesses owned by people of color, women, and other disadvantaged populations. This may include reviewing the city’s monitoring processes, the competitive contracting process, and how well the city is achieving stated goals.</td>
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</tr>
<tr>
<td><strong>City and County of Denver Self-Insured Drug Plan</strong></td>
<td>Office of Human Resources</td>
</tr>
<tr>
<td>This audit will review the effectiveness of the city’s self-insured drug plan. This may include reviewing costs associated with premiums, drug costs, and plan accessibility and to what extent the plan benefits city employees.</td>
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</tbody>
</table>
### Court Information Technology General Controls

| Denver County Court | This audit will evaluate information technology general controls for Denver County Court such as user access, domain controls, effectiveness of policies and procedures, and previously identified risks. This may include reviewing the court’s data center. |

### Denver 311 Services

| Technology Services | This audit will assess whether the Denver 311 service adequately directs calls to appropriate agencies, addresses questions, and documents comments from residents and community members. |

### Climate Protection Fund

| Office of Climate Action, Sustainability, & Resiliency | This audit will review how well the agency is achieving its goals for the voter-initiated Climate Protection Fund and how well it is complying with fund use requirements. This may also include analyzing outputs and outcomes for fund spending. |

### Scientific & Cultural Facilities Tier 1

| Denver Museum of Nature & Science | Continuing our series on the city’s Scientific & Cultural Facilities District Tier 1 recipients, this audit will explore city oversight and the efficiency, effectiveness, and financial operations of the museum under its cooperative agreement with the city. |

### Network Access

| Technology Services | This audit will review change management and access controls for the city’s network. |

### Hiring Process

| Civil Service Commission | This audit will review the hiring process for civil service employees, which is integral to efficiently and effectively recruiting and hiring new job candidates for Denver’s police and fire departments. |

### Outdated Technology Infrastructure

| Citywide | This citywide audit will assess technology that is approaching or has reached the end of its useful life. This may include assessing the city’s proactive strategies and planning and evaluating to what extent city systems are patched and updated in a timely manner. |

### Organizational Culture

<p>| Citywide | This audit will compare agency leaders’ desired culture for the City and County of Denver with the actual state of culture within city agencies to help leaders address potential impacts on agency operations. |</p>
<table>
<thead>
<tr>
<th>Software Applications</th>
<th>Denver Human Services</th>
<th>This audit will assess the risks associated with unpatched systems or unmanaged devices within Denver Human Services. This may include exploring how many in-house applications the agency has and assessing those applications for information technology general controls.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybersecurity</td>
<td>Citywide</td>
<td>This continued assessment program examines the city's vulnerability to cybersecurity attacks and security breaches using information from previous results and by addressing newly identified potential risk areas.</td>
</tr>
<tr>
<td>Construction Audits</td>
<td>Citywide</td>
<td>This continued series of audits focuses on various risks in city construction projects and practices such as rules and regulations, project management, and internal controls. We may choose to look at projects at the airport, city capital construction projects, or bond projects.</td>
</tr>
<tr>
<td>Financial Audits</td>
<td>Citywide</td>
<td>These audits will review city agencies' accounting processes such as by assessing compliance with standards and internal control requirements. This may include reviewing specific transactions, accounts, and financial reporting practices.</td>
</tr>
<tr>
<td>Contracts and Agreements</td>
<td>Citywide</td>
<td>As required under the Denver Charter, this continued audit series will review selected city contracts and agreements to evaluate and ensure performance, value, and proper city oversight.</td>
</tr>
<tr>
<td>Grant Audits</td>
<td>Citywide</td>
<td>The continuation of this audit series will review selected city grants for compliance with grant terms and expenditures.</td>
</tr>
<tr>
<td>2024 Follow-Up Audits</td>
<td>Citywide</td>
<td>All audits by the Auditor's Office provide recommendations for improvement, to which the audited agency must agree or disagree. For recommendations that the responsible entity agreed to implement, we complete a follow-up audit after the agreed-upon implementation date. Each follow-up audit will assess the status and quality of implementation for each recommendation.</td>
</tr>
</tbody>
</table>
The vision of the Audit Services Division of the Denver Auditor’s Office is to deliver value and impact for Denver by performing audits that follow the highest professional standards. Our office’s mission is to deliver independent, transparent, and professional oversight — safeguarding and improving the public’s investment in the City and County of Denver. Our work is performed on behalf of everyone who cares about the city — including its residents, workers, and decision-makers.

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.

The independent audit function is key to transparency and accountability in Denver’s government. Denver’s elected Auditor serves as a check and balance in the strong-mayor system. The Auditor and the Auditor’s Office provide an important and valued function for Denver, a responsibility that requires a high level of expertise and professionalism.

The 2024 Audit Plan reflects Auditor O’Brien’s steadfast commitment to an overall positive impact of the Denver Auditor’s Office on behalf of Denver’s residents, businesses, and visitors.

AUDITING UNDER THE DENVER CHARTER

The Denver Charter says the Auditor shall conduct:

- Financial and performance audits of the City and County of Denver in accordance with generally accepted government auditing standards;
- Audits of individual financial transactions, contracts, and franchises; and
- Audits of financial and accounting systems and procedures, including records systems, revenue identification, and accounting and payment practices, for compliance with generally accepted accounting principles, best financial management practices, and any applicable laws and regulations governing the financial practices of the City and County of Denver.
The 2024 Audit Plan ensures broad audit coverage throughout the city while also addressing specific performance, financial, contractual, information technology, and regulatory risks. According to the charter, the ultimate decision to perform any audit is at the sole discretion of the Auditor. Our approach to scheduling audits is flexible and subject to change throughout the year based on newly identified risks.

INTEGRATED AUDITING

Integrated audits incorporate elements of performance, financial, and information technology auditing. This produces a more effective outcome through a holistic audit approach with a focus on improving governance, compliance, performance, and operations.

Integrated auditing incorporates diverse approaches, including:

- **PERFORMANCE AUDITING** | We identify opportunities to improve the efficiency and effectiveness of city activities. Our performance audits also assess the viability or strength of the internal control environment of the city’s agencies and programs. We analyze policies, evaluate programs, and assess the city’s ability to mitigate risk. We may also select performance audits that align with the city’s major strategic initiatives.

- **FINANCIAL AUDITING** | The 2024 Audit Plan continues our focus on the overall financial management and fiscal activities of the city. These audits will assess the financial internal control environment, compliance with city policies, financial governance, accounting and reporting practices, and high-risk financial transactions.

- **INFORMATION TECHNOLOGY AUDITING** | Our audits will continue to address identified information technology risks by focusing on the effectiveness of the city’s cybersecurity defenses, data protection, data privacy, and management of critical systems and applications.

- **CONTRACT COMPLIANCE AUDITING** | The 2024 Audit Plan reflects a continued emphasis on auditing city contracts for compliance with contract terms and fulfillment of the scope of work.

AUDIT ANALYTICS AND CONTINUOUS AUDITING

As part of Auditor O’Brien’s original vision for the Auditor’s Office, the Audit Analytics Program expands the office’s risk assessment and auditing capabilities and continues leading-edge audit practices to provide greater value and impact. Using data science tools, auditors sort through large numbers of transactions and entire datasets to identify the highest risks.

- **AUDIT ANALYTICS** | The Auditor’s Office uses quantitative and qualitative risk-finding analytics of audit-related data and applies survey and sampling methodologies to support audit teams working with many different topics and sources of information. Audit analytics can be used to ensure data is accurate, consistent, and complete; to identify, analyze, and create visual representations of anomalies and patterns; to build statistical models; and to synthesize analytical results in audit reports.

- **CONTINUOUS AUDITING** | Continuous auditing is an audit analytics method that allows auditors to directly connect with city data systems, use an entire data population rather than samples, and automate ongoing analyses of that data. These ongoing analyses of data systems are used to identify high-risk areas and to test controls in the city’s financial and operational systems in a timely fashion. The information gained from continuous auditing helps inform audits and our annual risk assessment. It also helps audit teams improve efficiencies in planning and fieldwork by identifying trends and exceptions earlier than through traditional audit methods.
**ANTI-FRAUD FOCUS**

The city’s management is responsible for establishing internal controls to detect and prevent fraud for each city entity. Although fraud detection is not a primary responsibility of the Auditor’s Office, our audits consider the possibility that fraud, waste, or abuse may be occurring.

**AUDIT FOLLOW-UP PROGRAM**

Audit follow-up activities are conducted for every audit to assess whether city personnel implemented the agreed-upon audit recommendations for improvement and impact.

The Auditor’s Office regularly issues follow-up audit reports to the Audit Committee and the City and County of Denver’s operational management. These reports show the status of audit findings and our recommendations for improved business practices.

Our office measures the rates at which agencies accept our recommendations and then implement them. These are indicators of how well the city uses information from our audit reports to address identified risks and enhance efficiency, effectiveness, and economy of city operations.

**FOCUS ON FLEXIBILITY, TRANSPARENCY, AND RESPONSIVENESS**

Although the Auditor’s Office operates independently from other city entities, Auditor O’Brien and Auditor’s Office leadership meet regularly throughout the year with City Council members, the mayor, other elected officials, city agency leaders, neighborhood and community groups, and civic leaders to solicit input regarding risks. Our objective is to improve services and stewardship of city resources.
DETERMINING WHAT TO AUDIT

Developing the annual Audit Plan is an ongoing process — conducted by assembling ideas from a variety of internal and external sources, examining a broad range of city activities and data, and then assessing risk factors in tandem with additional considerations. This approach results in a diverse list of agencies, programs, activities, services, systems, grants, and contracts that auditors examine to determine whether these are operating efficiently, effectively, and in accordance with both the law and any defined requirements. Some agencies could be audited more frequently than others depending on the level of assessed risks and outcomes of previous audits.

In developing a list of potential audits and other types of analyses, ideas come from a variety of sources:

• **ASSESSMENTS** of operations and controls in previous internal and external audit reports, including independent audits of the city’s Annual Comprehensive Financial Report, single audits, and audit management letters.

• **INPUT** from community members, elected officials, Audit Committee members, external auditors, and agency managers and staff.

• **CONSIDERATION** of current local events, financial conditions, major capital projects, and public policy issues.

• **CONSIDERATION** of risks identified in other local governments’ audits that could also emerge in Denver.

A robust audit plan assesses a broad range of city activities and entities including:

• **ORGANIZATIONAL UNITS** within a city agency, such as a division or a department.

• **INDIVIDUAL** city programs and offices.

• **TRANSACTION CYCLES OR PROCESSES** that affect more than one city function or agency, such as contract procurement, purchasing, cash handling, fines, taxes, and assessments or key technology processes.

• **INDIVIDUAL FINANCIAL STATEMENT ACCOUNTS OR TRANSACTIONAL ACTIVITIES**, such as grant programs, construction projects in progress, tax-funded programs, and special revenue funds.

• **CITY FUNCTIONS** that operate like for-profit entities, such as Denver International Airport and other entities associated with enterprise funds.
• **CONTRACTS AND AGREEMENTS** between the city and third parties, including cultural facilities and non-profit organizations.

Our office identifies and prioritizes potential audits and other assessments using a risk-based approach by examining a variety of factors that may expose the city to fraud, misappropriation of funds, liability, or reputational harm. Accordingly, we assess risk factors by reviewing:

• Significant changes that have occurred in the city.
• Time since the last audit of an area.
• Size of the agency, program, activity, or contract.
• Size of the budget.
• Compliance and regulations.
• Pending or recent legislation.
• Complexity of transactions.
• Fiscal sustainability.
• Critical information technology systems, including hardware and software.
• Management accountability.
• Quality of internal control systems.
• Age of programs, operations, or contracts.
• Public health and safety.
• Critical infrastructure.
• Short- and long-term strategic risks.
• Equity.
• Related litigation.
• Relevant case law.
• Emerging risk areas.

We periodically evaluate and modify risk factors as necessary.

After we finalize the Audit Plan, new information may come to light during the year. Unanticipated events may occur, and initiatives, priorities, and risks within the city may change. The flexible nature of the Audit Plan as a living document provides the discretion to change course when it is in the best interest of the city.

The Auditor’s Office extends its gratitude and appreciation to the Mayor’s Office, Denver City Council, Audit Committee, leaders of city agencies, and members of the public for providing input on the 2024 Audit Plan and for supporting the general mission of our office throughout the year.
The Audit Services Division of the Denver Auditor’s Office provides independent oversight of how tax dollars and other funding resources are spent on the city’s many services, initiatives, and programs. Article V of the Denver Charter establishes this independence and provides for the Auditor’s general authority and duties. The charter also establishes the Audit Committee, through which we report our audit findings.

OUR HISTORY

Originally, the Auditor served as the general accountant for the city, maintaining the city’s financial records and paying city expenses, including payroll. In November 2006, Denver voters approved an amendment to the city charter, completely changing the duties of the Auditor that had been in place since 1904. Based on this charter revision, accounting and payroll functions moved in June 2007 to the Controller’s Office under the chief financial officer. This revision, plus other ordinances, authorized the Auditor to conduct audits of any entity that uses city or county dollars. Today, Denver’s elected Auditor oversees one of the most structurally independent government audit functions in the country.

Several key components serve as the cornerstone for Denver’s auditing framework. These elements provide the Auditor with the independence that results in the office’s ability to conduct meaningful audits.

• ELECTED AUDITOR | The City and County of Denver has an elected Auditor who is independent from all other elected officials and operational management.
• AUDIT COMMITTEE | The Denver Charter establishes an independent Audit Committee, chaired by the Auditor, with six other members appointed by the mayor, members of the City Council, and the Auditor.
• COMPREHENSIVE ACCESS | The Denver Charter and city ordinance authorize the Auditor to have access to all officers, employees, records, and property maintained by the City and County of Denver and to all external entities, records, and personnel related to their business interactions with the city.
• AUDIT RESPONSE REQUIREMENTS | City ordinance requires that audited agencies formally respond to all audit findings and recommendations, establishing the Auditor’s ability to work in conjunction with these agencies while maintaining independence.
• ADHERENCE TO PROFESSIONAL AUDIT STANDARDS | The Auditor’s Office conducts all audits in accordance with Generally Accepted Government Auditing Standards published by the U. S. Comptroller General. These standards contain requirements and guidance on important topics such as ethics, objectivity, and independence.