

December 5, 2023

Auditor Timothy M. O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit of the Construction Contractor Prequalification Process Audit.

This memorandum provides a written response for each reportable condition noted in the Auditor's Report final draft that was sent to us on November 27, 2023. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING 1

The city's process to assign and communicate contractors' financial limits lacks transparency.

| RECOMMENDATION 1.1 The Department of Transportation & Infrastructure and Denver International Airport should update the city's prequalification rules to require that recommendations made by the Prequalification Board are documented with detailed reasons for the financial levels assigned for contractors' work categories. | | |
|---|--|--|
| Agree or Disagree with Recommendation | Target date to complete implementation activities (Generally expected within 60 to 90 days) | Name and phone number of specific point of contact for implementation |
| Agree | 03/31/2024 | Dani Abbott 720-913-1774 |

Narrative for Recommendation 1.1

DOTI/DEN will update existing contractor prequalification documents and develop new processes and procedures to provide additional transparency.

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| RECOMMENDATION 1.2 The Department of Transportation & Infrastructure and Denver International Airport should improve transparency when determining contractors' prequalification statuses to ensure accountability and that institutional knowledge is retained. To that end, the agencies should: <ul style="list-style-type: none">• Document justifications and rationale for assigned financial levels in both the managers' letters to contractors as well as any meeting minutes for the Prequalification Board. |
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| <ul style="list-style-type: none"> Communicate the justification for financial level determinations to contractors. | | |
|--|---|---|
| Agree or Disagree with Recommendation | Target date to complete implementation activities (Generally expected within 60 to 90 days) | Name and phone number of specific point of contact for implementation |
| Agree | 03/31/2024 | Dani Abbott 720-913-1774 |

Narrative for Recommendation 1.2

DOTI/DEN will update existing contractor prequalification documents and develop new processes and procedures to provide additional transparency.

| <p>RECOMMENDATION 1.3</p> <p>The Department of Transportation & Infrastructure and Denver International Airport should develop, document, and implement a process that allows prequalified contractors to dispute prequalification decisions. Specifically, the agencies should ensure all contractors are given transparent reasoning and justification for decisions on assigned financial levels.</p> <p>This process should be codified in the city’s prequalification rules as part of implementing Recommendation 1.1.</p> | | |
|---|---|---|
| Agree or Disagree with Recommendation | Target date to complete implementation activities (Generally expected within 60 to 90 days) | Name and phone number of specific point of contact for implementation |
| Agree | 06/01/2024 | Dani Abbott 720-913-1774 |

Narrative for Recommendation 1.3

DOTI/DEN will update existing contractor prequalification documents and develop new processes and procedures to provide additional explanation during prequalification process. The inclusion of a contractor dispute process will be considered for incorporation into the Prequalification Rule during the next revision.

AUDIT FINDING 2

The Prequalification Board is not receiving accurate and complete information about potential city contractors.

| RECOMMENDATION 2.1 To ensure the board has the information it needs to ensure its decisions comply with the prequalification rules, the Department of Transportation & Infrastructure and Denver International Airport should: <ul style="list-style-type: none">• Update the applications for prequalification to require that applicants disclose whether they are in arrears or in default on a city obligation whether by debt or contract.• Update the prequalification policies and procedures to include processes for staff to verify and document the review of an applicant’s potential debarment status with the city and whether they are in arrears or default. | | |
|---|--|--|
| Agree or Disagree with Recommendation | Target date to complete implementation activities (Generally expected within 60 to 90 days) | Name and phone number of specific point of contact for implementation |
| Agree | 3/31/2024 | Dani Abbott 720-913-3774 |

Narrative for Recommendation 2.1

Bullet point 1: DOTI/DEN staff will revise the prequalification application to require an applicant to disclose whether they are in arrears or default on a City obligation by debt or contract.

Bullet point 2: DOTI/DEN staff will revise our internal process to identify, via the System for Award Management website (SAM.gov), an applicant’s potential debarment status with the City and whether they are in arrears or default.

| RECOMMENDATION 2.2 The Department of Transportation & Infrastructure and Denver International Airport should formally document how supervisors review and approve application packages for contractors seeking prequalification. This should be done through formalized policies and procedures to ensure information prepared by the prequalification coordinator is consistent with city rules and that the Prequalification Board receives accurate information. At a minimum, the procedures should detail who is to perform the review, the steps involved in the review, and the steps involved when errors are identified. | | |
|--|--|--|
| Agree or Disagree with Recommendation | Target date to complete implementation activities (Generally expected within 60 to 90 days) | Name and phone number of specific point of contact for implementation |
| Agree | 03/31/2024 | Dani Abbott 720-913-3774 |

Narrative for Recommendation 2.2

DOTI/DEN staff will develop and implement a procedure to review the information collected from an application is accurately consolidated into the Board's weekly agenda package.

Please contact Dani Abbott at 720-913-1774 with any questions.

Sincerely,

Spanberger, Peter A. -
DOTI Director of
Accounting

Digitally signed by Spanberger,
Peter A. - DOTI Director of
Accounting
Date: 2023.12.05 16:30:46 -07'00'

Peter Spanberger
Director of Accounting
Department of Transportation and Infrastructure

cc: Valerie Walling, CPA, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director
Patrick Schafer, CPA, CFE, CIA, MBA, Senior Audit Manager
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