

INDEPENDENT OFFICE

- **MISSION:** We deliver independent, transparent and professional oversight in order to safeguard and improve the public's investment in the City of Denver.
- Our work is performed on behalf of everyone who cares about the city, including its residents, workers and decision-makers.

AUDITOR

MAYOR

**CLERK &
RECORDER**

**CITY
COUNCIL**

TIMOTHY M. O'BRIEN, CPA, AUDITOR



WHAT THE AUDITOR DOES FOR YOU

Where city dollars go,
the Auditor goes:

- Internal auditing.
- Prevailing wage and minimum wage enforcement.
- Chair of Independent Audit Committee.

Auditor O'Brien elected as
the 24th Auditor in 2015
and was re-elected in 2019.



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Dealing With COVID-Related Revenue Shortages:

- Freeze hiring.
- Furloughs.
- Use of reserves.
- Hold on discretionary spending (fleet replacement money).



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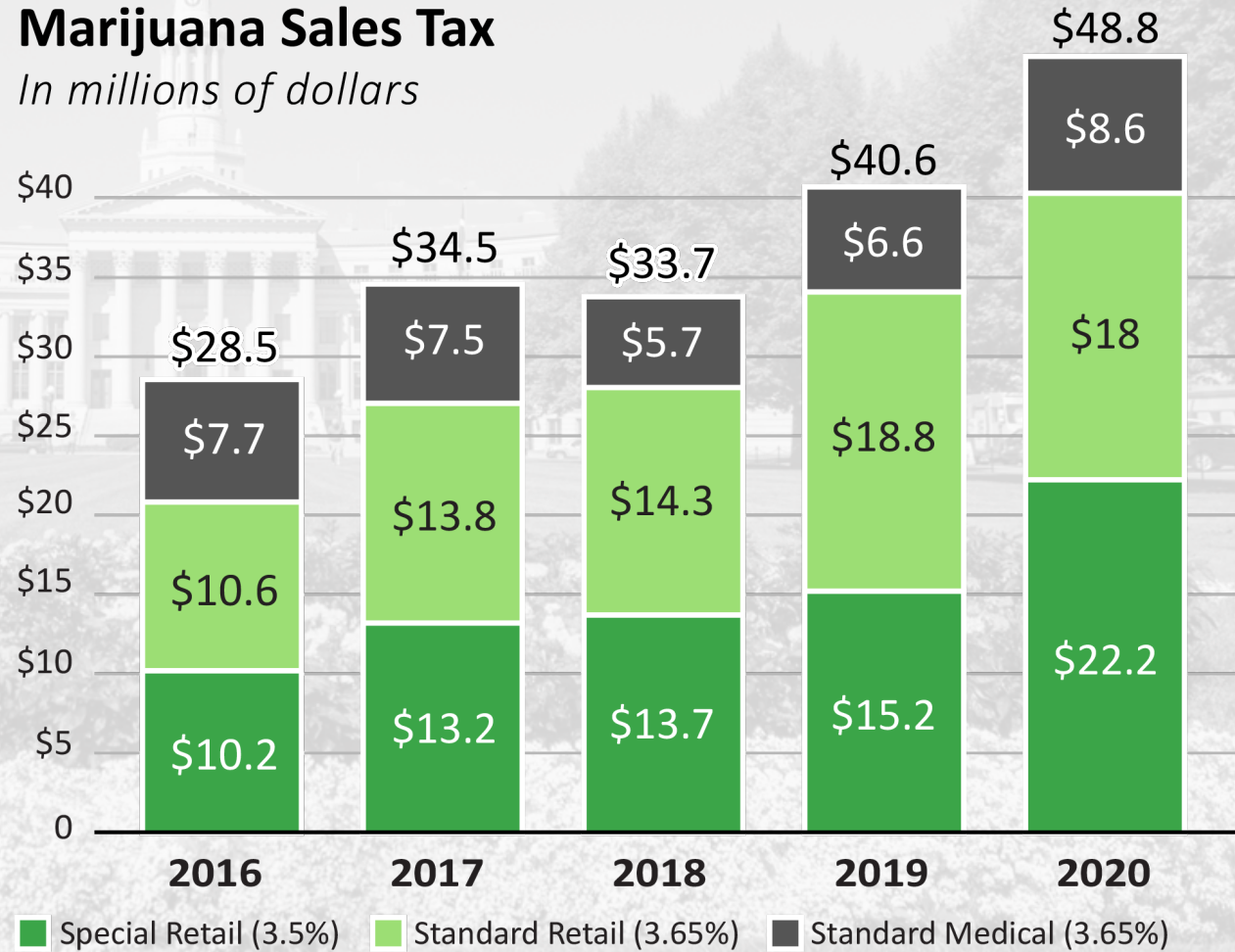
MARIJUANA SALES TAX

- In 2020, Denver's Marijuana sales tax plus licensing revenue totaled \$62.9m.
- This represents a year-over-year increase of \$9.6m or 18%.

Note: These figures are unaudited
 Source: City of Denver
 Marijuana Information
 (denvergov.org/marijuanainfo)

Marijuana Sales Tax

In millions of dollars



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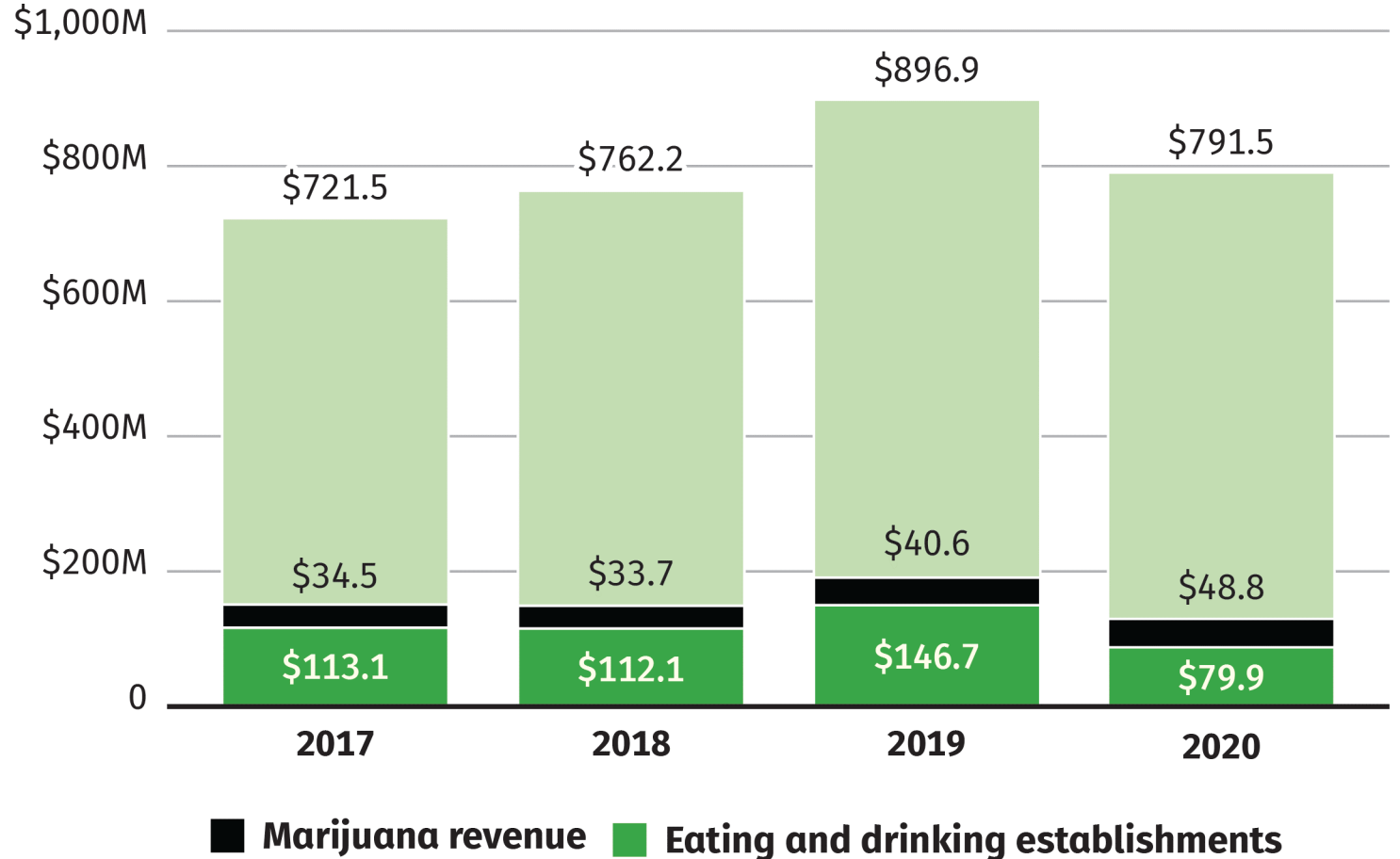


SALES AND USE TAXES

Sales and use tax was down by more than 11% in 2020 due to the COVID-19 pandemic, however sales tax revenue from marijuana increased significantly.

Source: The 2020 Annual Comprehensive Financial Report

Sales and Use Taxes *In millions of dollars*



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Tax categories and 2020 year-to-year change:

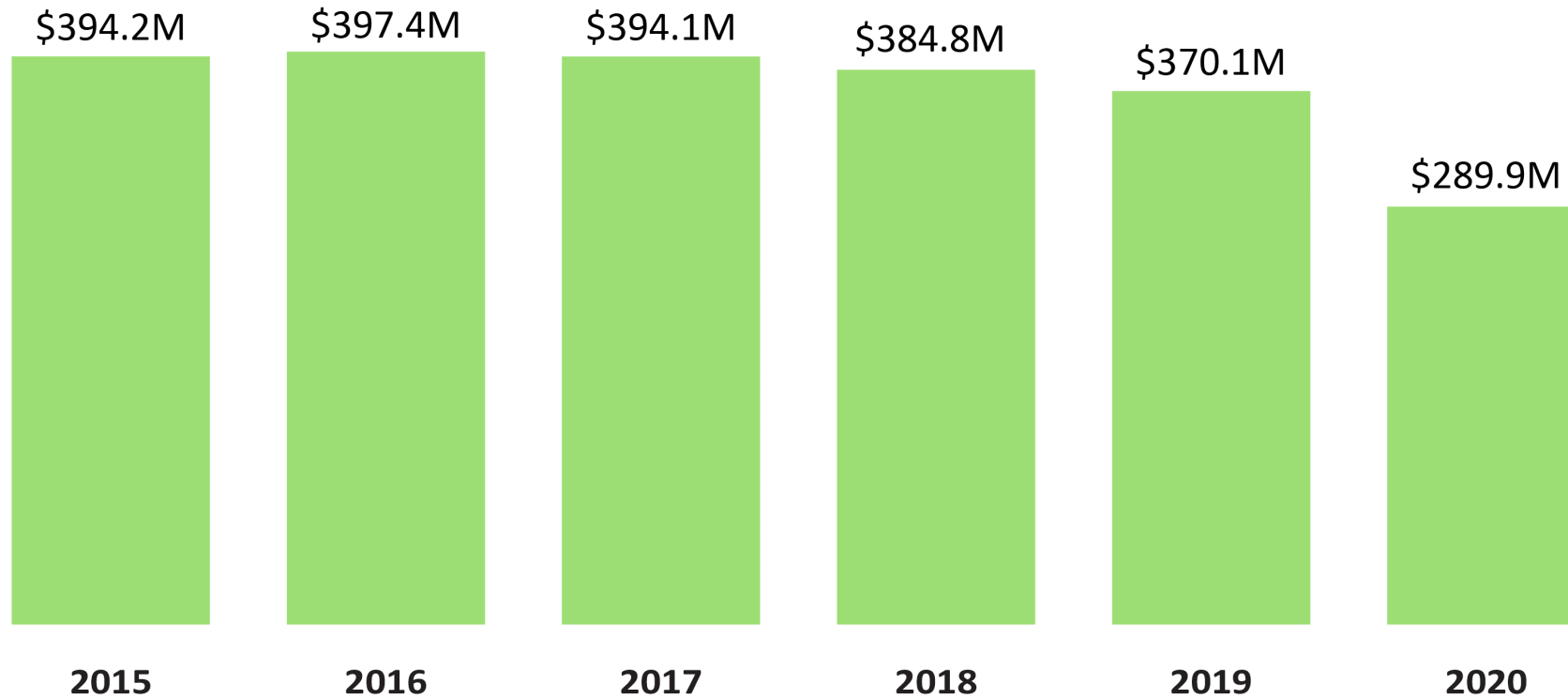
- Food and drinking services **-39%**.
- Real estate/rental/leasing (short-term auto) **-28%**.
- Hotel/Other Accommodation **-73%**.
- Clothing/accessory stores **-26%**.
- Food/Beverage Stores **+7.7%**.
- Non-store retailer revenue **+8.9%**.
- Retail MJ sales tax **+18%**.

Source: Department of Finance presentation, April 2021



GENERAL FUND

General Fund Balance



2015

2016

2017

2018

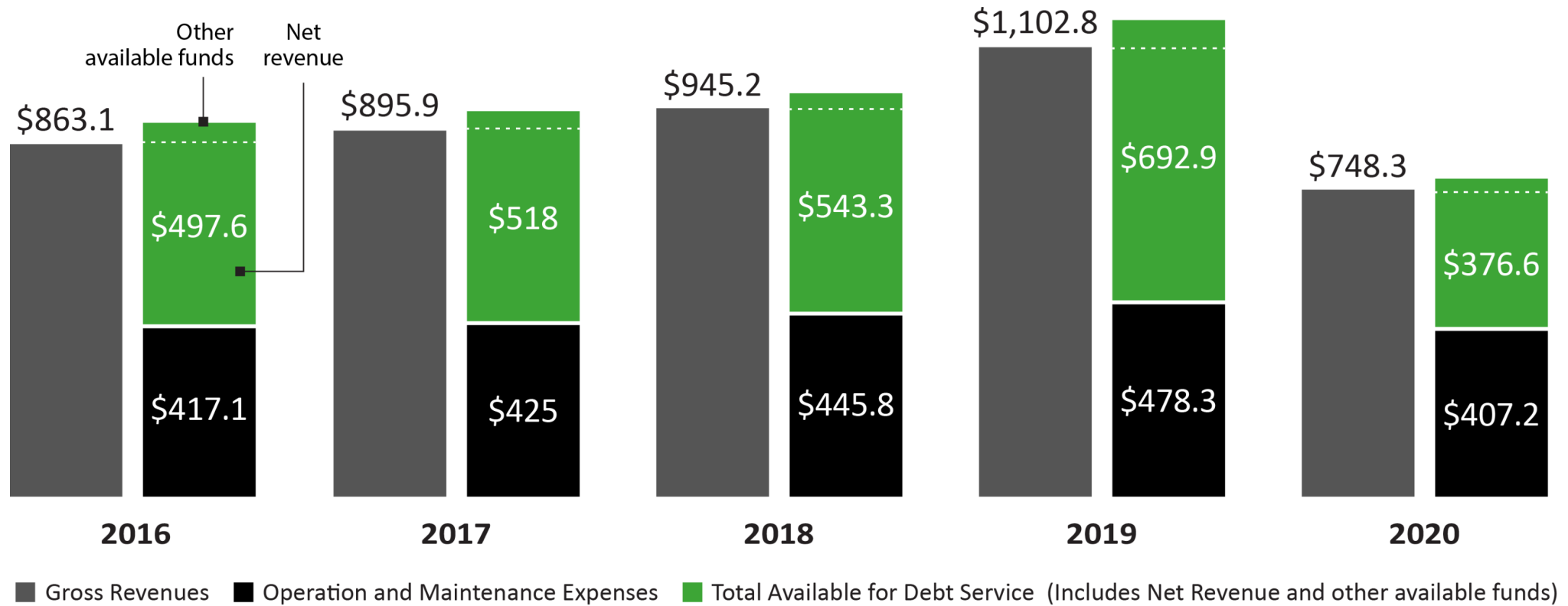
2019

2020



DIA FUND PLEDGED-REVENUE COVERAGE

DIA Fund Pledge-Revenue Coverage *In millions of dollars*

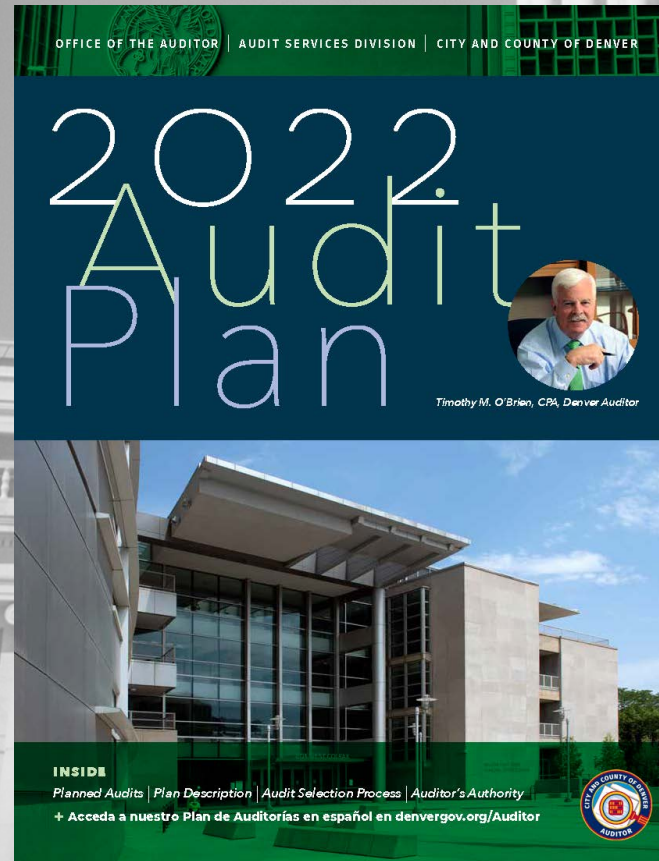


2022 AUDIT PLAN

The Auditor is required by Denver Charter to publish an Audit Plan for the year ahead by the third Monday in October every year.

The plan ensures broad audit coverage throughout the city while also addressing specific risks:

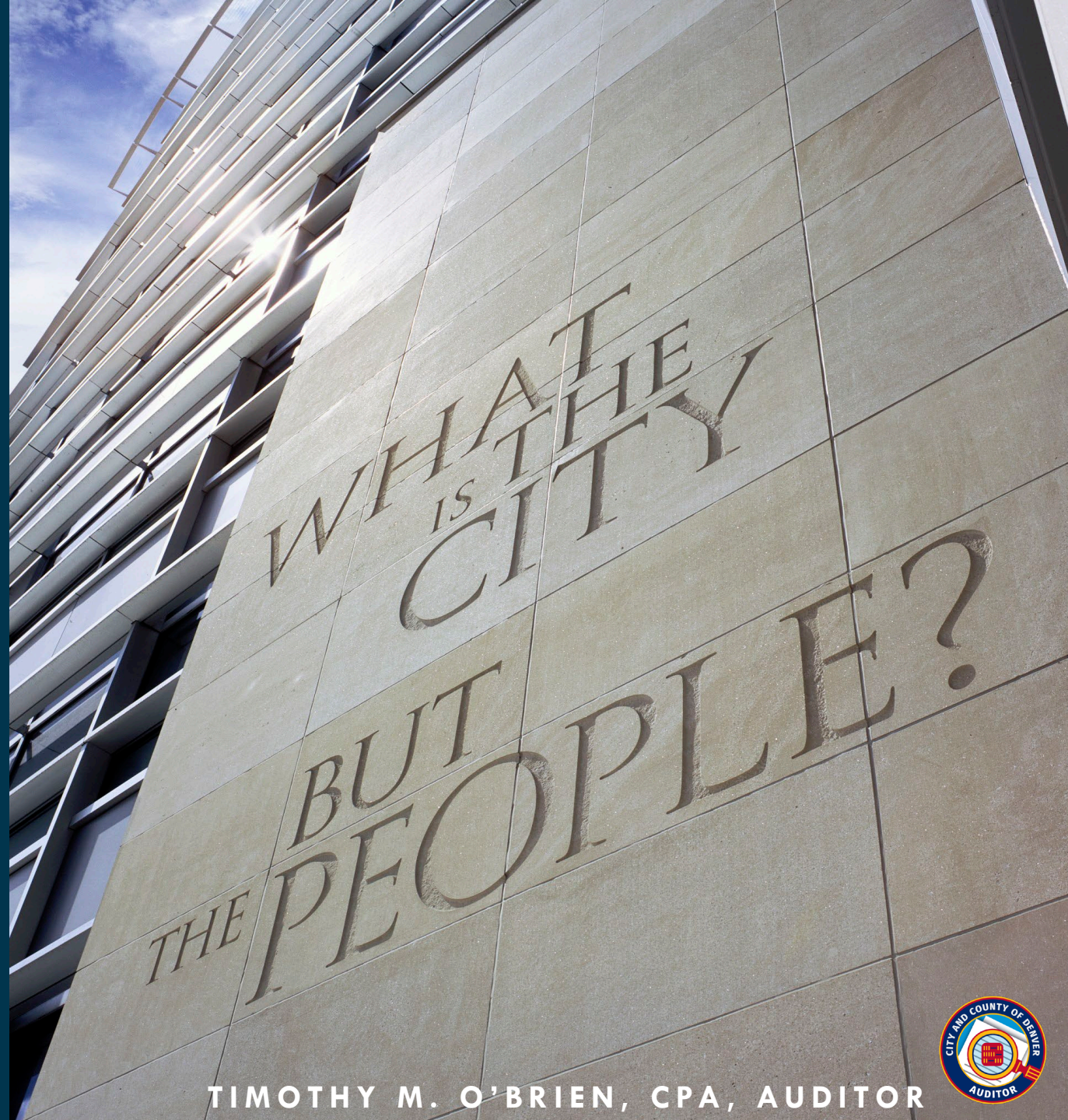
- Performance
- Financial
- Contractual
- Information Technology
- Regulatory



HOW WE DECIDE WHAT TO AUDIT

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

- Assessments in previous internal and external audit reports
- Input from community members and groups
- Risk identified in other government audits
- Current local events, financial conditions, major capital projects, and public policy issues



2022 PLANNED AUDITS

The work for the year ahead is based on an overall risk assessment and responds to community input.

- **Homeless Encampments (Citywide):** This audit will evaluate Denver's oversight of encampments of people experiencing homelessness. This may include program costs, encampment cleanup processes and costs, and community impact.
- **City Shelters (Department of Housing Stability):** This audit will assess the efficiency and effectiveness of the city's system for sheltering people experiencing homelessness.
- **Affordable Housing (Department of Housing Stability):** This audit will review how the department uses its funding and the efficiency and effectiveness of how the department manages affordable housing projects.



2022 PLANNED AUDITS

- **Mental Health Services (Citywide):** This engagement will review the effectiveness and efficiency of the city's mental health support services in Denver's jail system and a possible assessment of continued support following release from the jail system.
- **Residential Permitting (Department of Community Planning and Development):** This audit may assess the efficiency and effectiveness of the permitting process for residential dwellings.
- **Airport Construction (Denver International Airport):** This audit will review Denver International Airport's construction management practices over the ongoing Peña Boulevard improvement project.



2022 PLANNED AUDITS

Continued Assessments:

- **Cybersecurity (Citywide):** This continued assessment program examines the city's vulnerability to cybersecurity attacks and security breaches, using information from previous results and addressing newly identified potential risk areas.
- **Construction Audits (Citywide):** This continued series of audits may include a review of the rules and regulations around construction, internal controls, and project management practices.
- **Financial Audits (Citywide):** These audits will review city agencies' accounting processes including assessing compliance with standards and internal control requirements.



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AUDITOR'S OFFICE

EMPHASIS ON STAFF DEVELOPMENT

Audit Services Division

- 41 employees, most with advanced degrees or certifications, including:
- 8 Certified Public Accountants.
- 6 Certified Internal Auditors.
- 6 Certified Fraud Examiners.
- 3 Certified Information Systems Auditors.
- 5 Certified Government Auditing Professionals.
- 18 employees with MBA/MPA/PhD

Audits conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). No less frequently than every three years, a review by peer government auditors ensures internal quality control.



AUDIT IMPACTS

- **Sidewalks:** Denver is decades behind schedule on neighborhood sidewalk repair and chose not to require the program to comply with ADA accessibility standards.
- **Transparency:** Denver needs a centralized, accessible, and transparent process for public notice.
- **Parks Legacy Plan:** This audit examined how Denver is using the voter-approved 0.25% sales and use tax increase designated to support park maintenance and the purchase of new park land. We found preexisting parks are not up to established standards for maintenance, safety, and cleanliness.
- **Airport Parking Shuttle System:** We found shuttles were late, neither the airport nor the vendor were sufficiently monitoring customer complaints, and the process to award the shuttle contract wasn't competitive enough.



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INTERNAL AUDIT SERVICES

Integrated audits:

- Financial.
- Performance.
- IT and CyberSecurity.
- Contract Compliance.
- Data Analytics.
- Continuous Auditing.

AUDIT REPORT
Agency for Human Rights and Community Partnerships
Disability Parking Enforcement Program
August 2016

AUDIT REPORT
Citywide Land and Infrastructure
Capital Assets
March 2016

AUDIT REPORT
Open Media Foundation Contract
February 2016

Office of the Auditor
Audit Services Division
City and County of Denver



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AUDIT REPORT
Denver Police Department
Police Operations — District Patrol
January 2016

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Audit Services Division
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Denver Labor

*Denver Auditor
Timothy M. O'Brien, CPA*



DENVER LABOR

- We are a division of Denver's Auditor Office.
- Our goal is to protect Denver's employers and employees.
- Enforces the following laws:
 - Prevailing Wage.
 - Davis-Bacon Act.
 - Minimum Wage.
 - Contractor Minimum Wage.
 - Living Wage.



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DENVER LABOR

- We serve the entire community:
 - Employers.
 - Employees.
 - City and County of Denver.
- Flexible and adaptive approach.



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Denver Labor

- As of January 1, 2020, Denver has a new local minimum wage.
- In 2021, every employee performing work in Denver must be paid at least \$14.77.
- Exceptions may apply for tip credits for food and beverage workers.

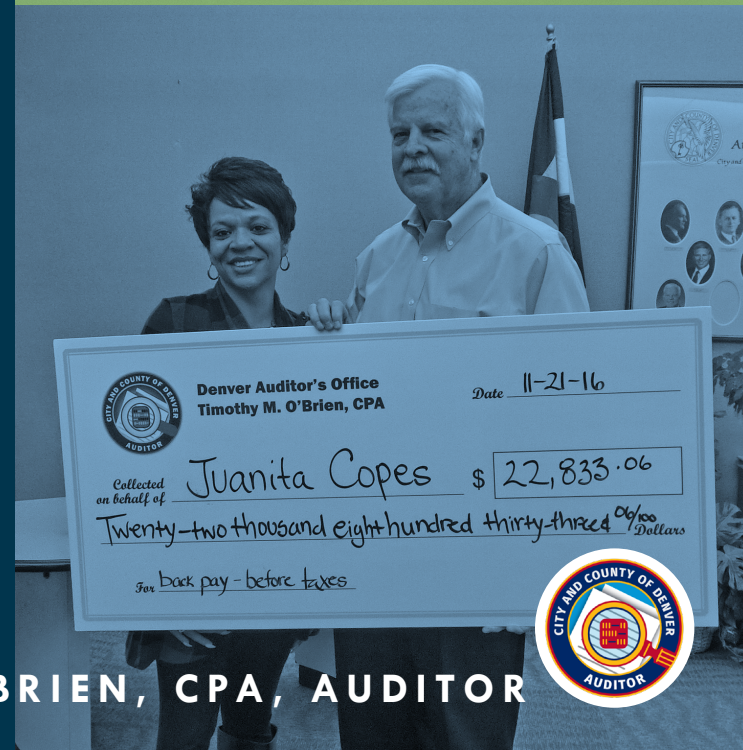
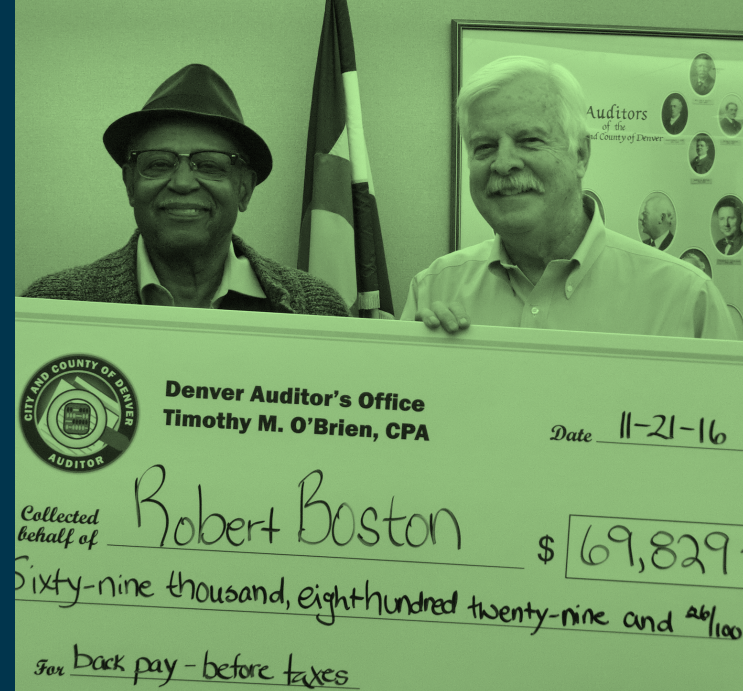


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PREVAILING WAGE

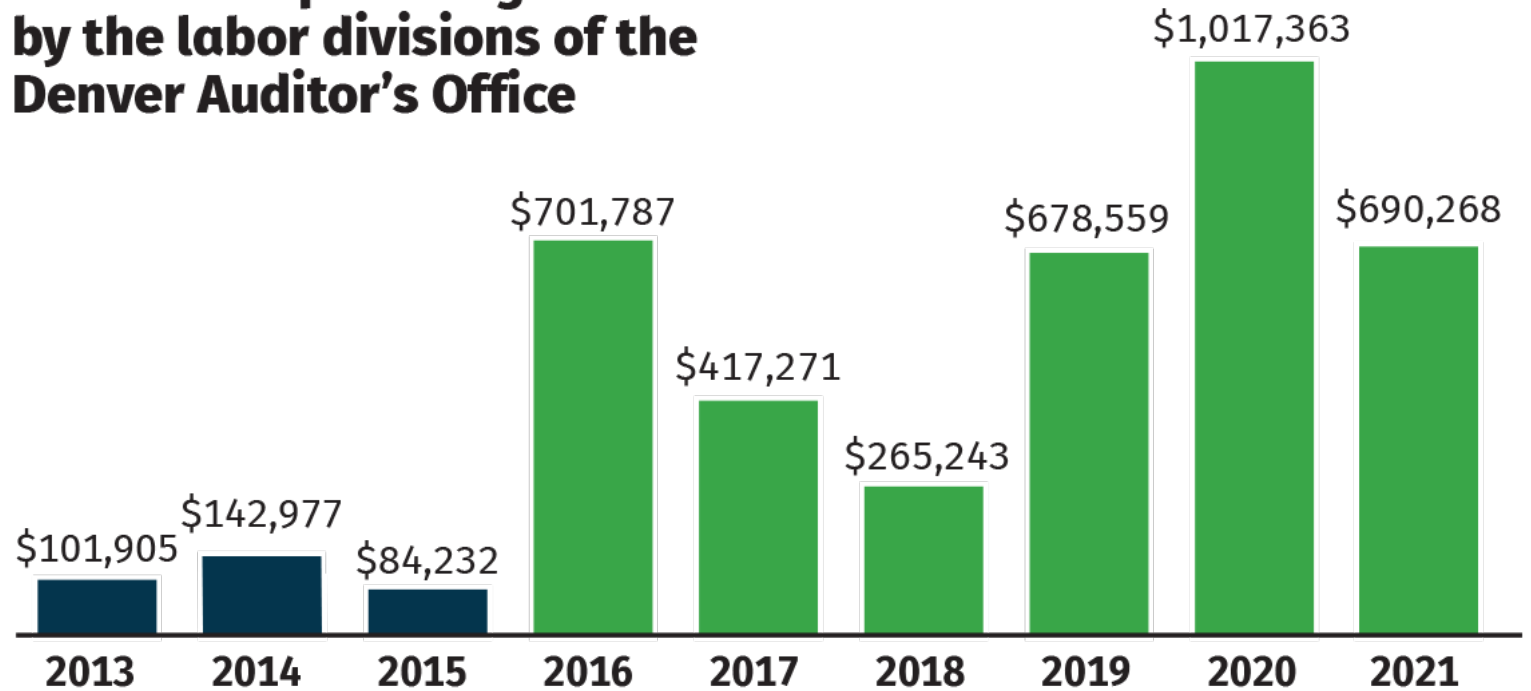
- Hourly wages based on federal Davis-Bacon Act wage rates.
- Workers for any contractor/subcontractor on city projects or on city property.
- Auditor's Office assigns the proper wage determinations for the project.
- Denver Labor audits 100% of the certified payrolls and invoices submitted by city contractors.
- Check to see if you're owed money: denverauditor.org



PREVAILING WAGE HIGHLIGHTS

- 76,000+ payrolls audited.
- Recovered more than \$1 million in underpayments.
- User-friendly tools to encourage business with the city.

Denver's unpaid wages recovered by the labor divisions of the Denver Auditor's Office

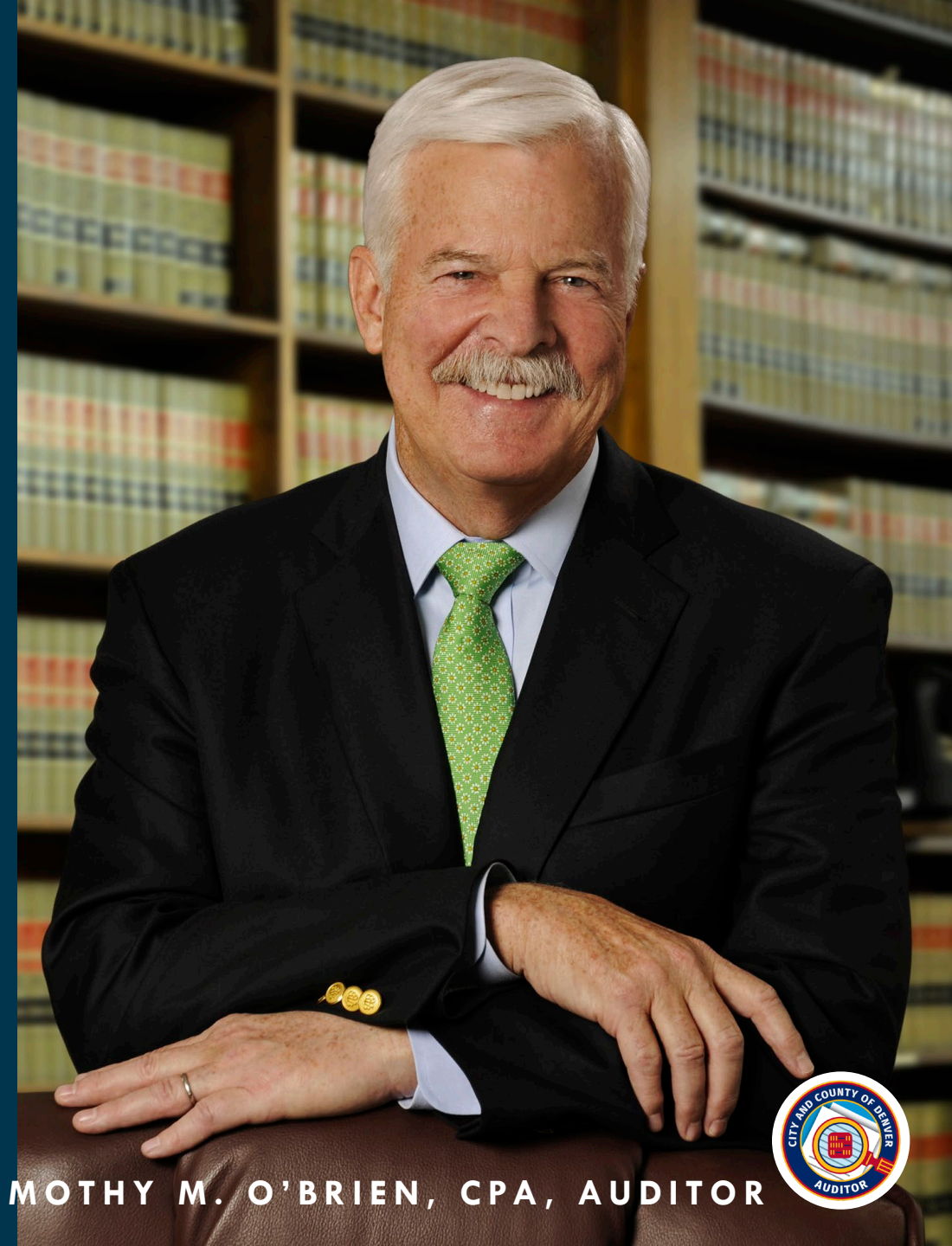


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CHANGES UNDER AUDITOR O'BRIEN

- Revised prevailing wage ordinance.
- Tapping expertise in local CPA and auditing firms.
- Outreach to residents and business community.
- Creation of internships and entry-level positions.
 - 8 of 13 interns were hired into staff.
 - 5 interns are still on staff, and a former intern will join the office full time this summer.



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KEEPING PROMISES TO THE COMMUNITY

Growing our outreach.

- eNewsletter.
- Social Media: find us on Nextdoor, Facebook, Twitter, Instagram, and LinkedIn.
- Community meetings, Zoom meetings.
- Published annual Audit Plans.
- Issued Annual Reports.

Substantive and impactful audits.

Under 24-hour review time for contracts.



THANK YOU! QUESTIONS?

Denver Auditor's Office

DenverAuditor.org

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720-913-5000

[Facebook.com/DenverAuditorOBrien](https://www.facebook.com/DenverAuditorOBrien)

Reach out on Nextdoor - City of Denver
Public Agency page

