



Independent Audit Committee

City & County of Denver

Meeting Minutes

Thursday, January 19, 2017

Opening

Chairman Timothy M. O'Brien, CPA, Auditor, called the meeting to order.

Members Present

Vice-chairman Rudy Payan, Florine Nath, Edward Scholz, Charles Scheibe, and Jack Blumenthal were present. Leslie Mitchell was excused.

Also Present

Deputy Auditor Valerie G. Walling and Committee staff Mollie Horne were also in attendance.

Approval of December 15, 2016 Minutes

The minutes were approved as written.

Audit Report Briefing: Denver Zoo Cooperative Agreement

Audit Supervisor Katja Freeman, Lead Auditor Jared Miller, and Lead Auditor Brad Harwell presented the audit findings and recommendations. Denver Zoo President and Chief Executive Officer Shannon Block, Denver Zoo Chief Financial Officer Charlie Wright, Deputy Mayor & Parks and Recreation Executive Director Happy Haynes, and Budget & Management Director Stephanie Karayannis Adams were present to respond to the audit report.

Denver Zoo agreed with all eight of the Audit Team's findings and recommendations. The recommendations and Denver Zoo's responses from the audit report are summarized below. For the full text of Denver Zoo's written response to the recommendations, please see the report itself by visiting www.denvergov.org/auditor. Click on the Audit Services tab, then Audit Reports. This report is published under the 2017 Audit Reports header and is titled "[Denver Zoo Cooperative Agreement](#)." The video recording of the audit report discussion can be found at www.denvergov.org/auditor. Click on the [Audit Committee](#) tab, then the "[Watch Audit Committee meetings](#)" button at the top of the page. The most recent video will be listed first.

Recommendation 1.1

Amend Cooperative Agreement – The Foundation, in conjunction with the Department of Parks and Recreation, should work with the City’s Budget and Management Office and the City Attorney’s Office to develop a plan of action with designated milestones to enable an official review and update of contractual language within the City’s Cooperative Agreement with the Foundation to (1) ensure that current practices are formally documented and followed and (2) add a provision requiring that the Denver Zoo maintain its USDA license and accreditation with a leading national zoological association, such as the Association of Zoos and Aquariums, to ensure the health and safety of the zoo animals.

Auditee Response: Agree, Implementation Date – July 1, 2017

Recommendation 1.2

Analyze City’s Use of Zoological Gardens Special Revenue Fund – The City should analyze whether the Zoological Gardens SRF should be treated as an SRF in the future and make any necessary changes to this funding mechanism.

Auditee Response: Agree, Implementation Date – Completed

Recommendation 1.3

Define Monitoring Roles – The Foundation and the Department of Parks and Recreation should work together, with the City Attorney’s Office as necessary, to clearly define the roles and responsibilities in a policy document that includes measures to strengthen monitoring practices.

Auditee Response: Agree, Implementation Date – May 1, 2017

Recommendation 1.4

Assess and Revise Board Member Attendance Requirement – The Foundation’s Board of Trustees should assess the current Board member attendance requirement in its bylaws, and revise as needed, with the goal of improving Board member attendance rates.

Auditee Response: Agree, Implementation Date – September 1, 2017

Recommendation 1.5

City Representation on the Executive Committee – At least one City representative should serve as a member of the Foundation’s Board of Trustees’ Executive Committee as allowed by the Cooperative Agreement. At a minimum, the Executive Director of the Department of Parks and Recreation should serve on the Executive Committee or designate a mayoral appointee Board member to serve on the Executive Committee.

Auditee Response: Agree, Implementation Date – February 1, 2017

Recommendation 1.6

Formal Board Member Training – The Foundation’s Board of Trustees should continue to develop its new member orientation and training program to include important elements such as the history of the Zoo, all governing documents and policies, an overview of member

responsibilities and legal obligations, and financial information. This training program should be consistently used to ensure that new Board members are familiar with bylaws, other guiding documents, and the Cooperative Agreement with the City.

Auditee Response: Agree, Implementation Date – April 1, 2017

Recommendation 1.7

Document the Authority of the Board and Its Committees – The Foundation’s Board of Trustees should develop charters, or other guiding documents, for the Board, Executive Committee, and other standing committees, that clearly document the authority of each body and the responsibilities of committee members.

Auditee Response: Agree, Implementation Date – September 1, 2017

Audit Report Briefing: Office of Sustainability

Audit Supervisor Yvonne Harris-Lott, Lead Auditor Rudy Lopez, Senior Auditor Roberta Holbrook, and Senior Auditor Rob Farol presented the audit findings and recommendations. Chief Sustainability Officer Jerry Tinianow and Sustainability Strategist Sonrisa Lucero were present on behalf of the Office of Sustainability to respond to the audit report.

The Office of Sustainability agreed with all three of the Audit Team’s findings and recommendations. The recommendations and Office of Sustainability responses from the audit report are summarized below. For the full text of the Office of Sustainability’s written response to the recommendations, please see the report itself by visiting www.denvergov.org/auditor. Click on the Audit Services tab, then Audit Reports. This report is published under the 2017 Audit Reports header and is titled “Office of Sustainability.” The video recording of the audit report discussion can be found at www.denvergov.org/auditor. Click on the [Audit Committee](#) tab, then the “[Watch Audit Committee meetings](#)” button at the top of the page. The most recent video will be listed first.

Recommendation 1.1

The Office of Sustainability should develop a strategic plan that encompasses the City’s strategy and activities for achieving the 2020 Sustainability Goals. Furthermore, the Office should work with other City agencies with specific projects or initiatives linked to the 2020 Goals as well as the Sustainability Implementation Committee to help ensure that each agency’s sustainability plan supports the Office’s overarching strategic plan. Finally, the Office of Sustainability’s strategic plan should include, at minimum, each of the 2020 Goals, specific strategies to achieve each goal, an action plan describing how the strategies will be implemented, and performance measures for each goal.

Auditee Response: Agree, Implementation Date – Second Quarter of 2017

Recommendation 1.2

The Office of Sustainability should review and, at a minimum, recommend changes to Executive Order 123 that will include specific language increasing the Office’s oversight and enforcement

authority and designate specific agency responsibility for ensuring that progress toward the 2020 Goals is being achieved. This language should include an accountability mechanism to hold agencies responsible for submitting required data and information to the Office of Sustainability in a timely manner. Additionally, specific responsibilities should be defined for reporting and penalties should be established for not meeting submittal deadlines or submitting required data and information.

Auditee Response: Agree, Implementation Date – Second Quarter of 2017

Recommendation 1.3

The Office of Sustainability should work with agencies through the Sustainability Implementation Committee to develop and ensure that consistent reporting of sustainability performance and outcomes are included in the agency monthly reports to the Mayor and Chief of Staff, in order to assist in the monitoring, tracking, and achievement of the 2020 Goals. The Chief Sustainability Officer should also receive from each agency a sustainability update and progress information on a monthly basis.

Auditee Response: Agree, Implementation Date – First Quarter of 2017

Audit Report Briefing: Civil Service Commission

Audit Supervisor Dawn Wiseman, Lead Auditor Anna Hansen, Lead Auditor Brad Harwell, and Senior Auditor Marc Hoffman presented the audit findings and recommendations. Executive Director Earl Peterson and Human Resources Supervisor Antoinette Torres-Janke were present on behalf of the Civil Service Commission to respond to the audit report.

The Civil Service Commission agreed with all three of the Audit Team’s findings and recommendations. The recommendations and the Civil Service Commission responses from the audit report are summarized below. For the full text of the Civil Service Commission’s written response to the recommendations, please see the report itself by visiting www.denvergov.org/auditor. Click on the Audit Services tab, then Audit Reports. This report is published under the 2017 Audit Reports header and is titled “Civil Service Commission.” The video recording of the audit report discussion can be found at www.denvergov.org/auditor. Click on the **Audit Committee** tab, then the “**Watch Audit Committee meetings**” button at the top of the page. The most recent video will be listed first.

*Note: There were no recommendations for **Finding 1**.*

Recommendation 2.1

Formal Succession Plan - The Civil Service Commission leadership should formalize a succession plan to ensure continuity of operations. At a minimum, the succession plan should include the following elements:

- a. Link strategic and workforce plans by identifying long-term vision and direction.

- b. Analyze gaps to identify core and technical competencies, to determine current supply and anticipated demand, talents needed for the long term, to identify real continuity issues, and to develop a business plan based on long-term talent needs.
- c. Identify talent pools by referring to internal and external sources, assessing competency and skill levels of current workforce, using feedback for development purposes.
- d. Develop succession strategies by identifying recruitment, retention, development, and learning strategies.
- e. Implement the succession strategies identified in 2.1.d, including communication planning, determining and applying measures of success. Additionally, link succession planning to HR processes and implement strategies for maintaining senior level commitment.
- f. Monitor and evaluate by tracking candidate selections; listening to leader feedback on success of internal talent and hires; analyzing satisfaction surveys from customers, employees, and stakeholders; and assessing response to changing requirements and needs.

Auditee Response: Agree, Implementation Date – June 30, 2017

Recommendation 2.2

Desk Procedures - The Civil Service Commission should develop desk procedures specific to key positions to help the agency prepare for impending departures.

Auditee Response: Agree, Implementation Date – June 30, 2017

Recommendation 2.3

Staff Analysis - The Civil Service Commission should conduct a staff analysis to ensure that its succession plan is structured to account for staff competencies, training, and promotions.

Auditee Response: Agree, Implementation Date – June 30, 2017

Distribution of the 2016 Annual Report

Auditor O'Brien announced the release of the 2016 Annual Report and explained that it was dedicated to the late Prevailing Wage Supervisor Rob Merritt.

The Auditor highlighted some changes to the Prevailing Wage Ordinance recently approved by City Council. These changes include a clarification of the scope of the Prevailing Wage law, a dispute resolution process, improved debarment procedures, and a simplification of a number of provisions. 2016 saw the largest Prevailing Wage settlement in the history of the Prevailing Wage law where 53 DIA shuttle bus drivers received over \$500,000 in back-pay. The Prevailing Wage Division also saw a significant increase in the number of payrolls and projects in 2016.

Auditor O'Brien also highlighted the Audit Services Division's recent Exemplary Knighton Award from the Association of Local Government Auditors (ALGA) in recognition of the Rocky Mountain Human Services audit. This report resulted in changes in state legislation and will have a far-reaching impact on the communities serving those with intellectual and developmental disabilities. He also highlighted the impact of the Disabled Parking Enforcement Program audit and the Police Operations – District Patrol audit.

Audit Committee Self-Assessment results

Auditor O'Brien noted that the self-assessment the Committee conducted in Executive Session last month was positive overall. The Committee believes it is doing well in following the directions set out for it in the Audit Committee Charter. Members expressed interest in learning more about the structure of the City's government, and some educational opportunities will be explored. The Committee also expressed some concerns about cybersecurity risks. Those risks will continue to be addressed in the coming year's audits. Finally, it was noted that while Committee members are not permitted to directly engage outside experts, they are welcome to recommend the use of outside expertise to the Auditor's Office.

Draft January 2017 Audit Committee Charter

A re-draft of the Audit Committee Charter, last updated in September 2015, was presented to Committee members as a follow up to the December 2016 Audit Committee meeting. The new draft contained the changes that had been identified during the Annual Review of the Audit Committee Charter, and recommended for inclusion by the Committee. The Auditor walked the Committee through the proposed changes. Jack Blumenthal moved that the Audit Committee Charter be approved as amended. Ed Scholz seconded the motion. With no discussion, the motion passed unanimously.

The next Audit Committee meeting will be held on Thursday, February 16, 2017 at 9:00 a.m. in the Parr-Widener Community Room (#389) on the 3rd floor of the City & County Building at 1437 Bannock Street.

With no other business, the Committee adjourned at 10:56 a.m.

Prepared by Mollie Horne, Audit Committee staff