



Independent Audit Committee

City & County of Denver

Meeting Minutes

Thursday, November 19, 2015

Opening

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

Members Present

Jack Blumenthal, Jeff Hart, Leslie Mitchell, and Edward Scholz were present. Vice-chairman Rudy Payan and Robert Bishop were excused.

Also Present

Deputy Auditor Valerie Walling, Director of Audit Services Kip Memmott, and Committee staff Mollie Horne were also in attendance.

Approval of October 15, 2015 Minutes

The minutes were approved as written.

Special Introductions

Chairman O'Brien introduced Audit Committee member Jack Blumenthal, as well as the new Director of Community Outreach Julie Connor.

Report on GAO Collaboration

Mr. Memmott shared the results of a collaboration between the Government Accountability Office (GAO) as well as state and local government audit partners, including the Denver Auditor's Office. The collaboration investigated affordable housing, an important issue here in Denver. The Denver Auditor's Office was invited to be a part of this report on the basis of its prior work on the American Recovery and Reinvestment Act, another collaboration with GAO.

GAO's team of collaborators collected a nationwide body of information on affordable housing and was assisted in that effort by the Office of Economic Development and the Denver Housing

Authority. Once that information was compiled and sent to the GAO, the Auditor's Office leveraged its efforts for positive local impact by issuing a performance audit of affordable housing in Denver in the fall of 2014. Earlier this year, the Office also issued a special advisory report on Denver affordable housing.

The GAO's congressional report on affordable housing was released in September 2015 and highlights much of the work done by the Denver Auditor's Office.

Briefing: Denver International Airport Emergency Preparedness Program Performance Audit Report

Audit Supervisor Sonia Montano, Senior Auditor Marc Hoffman, and Senior Auditor Drew Jeffries, along with Kip Memmott, presented the audit findings and recommendations. Senior Vice President of Airport Operations Dave LaPorte and Director of Operations Support Steve Lee were present on behalf of Denver International Airport (DIA) to respond to the audit. Manager of Training and Exercise Design Team Jason Taussig and Chief Operating Officer Ken Greene were also present in the audience on behalf of DIA.

The Audit Report was discussed, and the DIA staff were in agreement with the Audit Team's findings and recommendations, summarized below.

Recommendation 1.1

Guidelines and Instructions – The Assistant Director of Airside Operations should update each Standard Operating Guideline to include a comprehensive list of corresponding Operating Instructions that relate to the primary emergency. In addition, the document should be optimized for digital use.

Result – DEN Airport Operations agrees with this recommendation. This will be accomplished by adding an index file in each document that hyperlinks to the subordinate documents. The target date for implementation is January 1, 2016.

Recommendation 1.2

Annual Training Plan – The Training and Exercise Design Manager should formally document the risk and budget analysis and other decision-making justifications utilized to determine the annual training plan.

Result – DEN Airport Operations agrees with this recommendation. This will be accomplished by adding an analysis section to the training and exercise planning workshop summary. The analysis will include risk mitigation and budgetary constraints associated with the plan. The target date for implementation is January 1, 2016.

Recommendation 1.3

Airside Operations Budget Estimate – The Assistant Director of Airside Operations should develop a methodology to estimate the allocation of the budget that is related to each essential function, including emergency management, to assist in determining effective and efficient use of resources and staffing needs.

Result – This will be accomplished in partnership with Airport Finance. DEN Airport Operations will document a high-level allocation of resources against emergency management to include training and response. The target date for implementation is December 1, 2015.

Recommendation 1.4

Action Items Issue Log – The Airport Operations Manager should enhance the Action Items Issue Log to monitor needed corrective actions identified during emergency events by including all issues in the log; ensuring that all fields are completed sufficiently; adding an actions-taken field to describe in detail how, by whom, and when each issue is resolved; and utilizing priority levels.

Result – This will be done in collaboration with the Training and Exercise Design group within Airport Operations. The two groups will work to update the referenced fields within the tracking spreadsheet. The target date for implementation is December 1, 2015.

Recommendation 1.5

Technology Solution – The Airside Operations section and the Training and Exercise Design group should continue to work together to identify an appropriate information technology solution to securely house all of DIA’s emergency management lessons learned information in one easy-to-access location.

Result – The Training and Exercise Design group will work with Airside Operations to define a folder hierarchy where both event and exercise after-action items and improvement plans are co-located and searchable. The target date for implementation is January 1, 2016.

Recommendation 1.6

Written Procedures – The Assistant Director of Airside Operations should develop written procedures for documenting emergency events as well as for tracking and monitoring corrective action items identified during emergency events.

Result – Airside Operations will be responsible to draft Operating Instructions detailing the process to document emergency events and corrective action. The target date for implementation is January 1, 2016.

Briefing: Follow-Up Audits and Implementation Progress

Fiscal Sustainability: Financial Condition and Transparency Follow-Up Audit Report

Audit Supervisor Robyn Lamb presented the follow-up audit findings and recommendations.

Original audit performed in December 2013; follow-up in June 2015.

Seven recommendations emerged from the original audit. All were implemented by the Department of Finance, one in conjunction with Tech Services.

Denver International Airport Concessions Management

Audit Supervisor Sonia Montano presented the follow-up audit findings and recommendations.

Original audit performed in February 2014; follow-up in September 2015.

16 recommendations emerged from the original audit. Seven were fully implemented at the time of the follow-up report. While DIA has made key revisions to Rule 45, the document has not been finalized. Five of the outstanding recommendations are dependent on this document being approved and implemented. With regard to the other four outstanding recommendations, two are still in progress. The audit team did not receive the data required to verify the implementation of the final two recommendations until November 18, one day prior to the presentation of the follow-up report. Additional time is needed for the audit team to verify this final set of data.

Citywide Identity Management

Audit Supervisor Shannon Kuhn presented the follow-up audit findings and recommendations.

Original audit performed in March 2014; follow-up in July 2015.

12 recommendations emerged from the original audit. Ten were fully implemented at the time of the follow-up report (four by Technology Services, three by General Services, two by the coordinated efforts of both Technology Services and General Services, and one by Human Resources). One recommendation to Human Resources is still in progress and not fully implemented. General Services disagreed with *Recommendation 1.2*, and leading up to the follow-up audit report, no action had been taken on that recommendation. During today's meeting, however, Ms. Kuhn noted that General Services has recently reevaluated its position on *Recommendation 1.2*. General Services has purchased a badge reader for the secured building in question, and the recommendation is now fully implemented.

Distribution of Draft Audit Committee Manual

When he assumed the Chairmanship of the Committee, Auditor O'Brien determined that a "manual" for the Committee would be a helpful tool to provide the legal background and context

for the committee, as well as a calendar to allow members to prepare for future work. The document contains information about the Audit Committee itself, internal audit (the Audit Services Division), the independent external audit, and Charter and DRMC language relevant to the Committee. Deputy Auditor Valerie Walling reviewed the manual with the Committee. Committee members expressed appreciation for the resource.

The next Audit Committee meeting will be held on Thursday, December 17, 2015 at 8:00 a.m. in the Parr-Widener Community Room (#389) on the 3rd floor of the City and County Building at 1437 Bannock Street.

With no other business the Committee adjourned at 8:57 a.m.

Prepared by Mollie Horne, Audit Committee staff