



Independent Audit Committee

City & County of Denver

Meeting Minutes

Thursday, January 18, 2018, 9:00 a.m.

Opening

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

Members Present

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

Also Present

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

Approval of December 14, 2017 Minutes

The minutes were approved as written.

Assessment Briefing: Denver Sheriff Department Classification, Intake, and Safety Assessment: Implementation of Reform Recommendations

The following individuals presented the audit findings and recommendations: Audit Manager Katja Freeman and Audit Supervisor LaKeshia Allen Horner; Michael S. Brink, Senior Director, Faegre Baker Daniels LLP (formerly with BKD LLP); and Annette Miller, Managing Consultant, BKD LLP (via conference call).

Sheriff Patrick Firman, Denver Sheriff Department; Chief Elias Diggins, Chief of Operations, Denver Sheriff Department; and Major Stephanie McManus, Inmate Management: Intake and Classification, Denver Sheriff Department were present to respond to the audit report on behalf of the Denver Sheriff Department (DSD).

For the full text of the assessment, including DSD responses, please visit www.denvergov.org/auditor. Click on the Audit Services tab, then Audit Reports, then By Year. This assessment is published under the 2018 Audit Reports header and is titled "[Denver Sheriff Department](#)." View the video recording of the assessment discussion under the [Audit Committee](#)

tab at www.denvergov.org/auditor. Click on the “[Watch Audit Committee meetings](#)” button at the top of the page. The most recent video will be listed first.

The Denver Sheriff Department completely agreed with seven of the 27 assessment findings. All 27 findings and the auditee responses from the assessment are summarized below.

Finding 3.16

Interview Redundancies – Revise Denver County Jail (DCJ) policies to eliminate the redundancy of the primary classification interview and the subsequent proxy interview required at the DCJ.

BKD Finding – Based on the information collected, we assess the recommendation as completely implemented. The pre-classification interview, the primary classification interview and the subsequent proxy interview with the primary security assessment are all occurring at the DDC.

Auditee Response: Partially Agree

Finding 3.17

Structured Classification Interview – Include in the classification process at the DDC a formal, structured, and meaningful interview process that provides valuable information to the facility and aids in the inmates’ housing and programmatic decisions. It should identify the inmates’ need, skills and interests and require the classification deputies to make recommendations regarding housing, work assignments and programs.

BKD Finding – Based on interviews and the information we collected, we assess this recommendation as mostly implemented.

Auditee Response: Disagree

Finding 3.18

Interview Training – Train classification deputies at the DDC to conduct more detailed and in-depth interviews to obtain information on family members, residency, next of kin, criminal history, gang affiliation and conflict, mental health issues, drug history, medications, education, suicide attempts, mental health treatment, employment history and any prior incarcerations. Provide additional training for classification deputies on interviewing skills, body language and asking follow-up questions for answers that are vague or need further exploration.

BKD Finding – Based on the information collected, we assess the recommendation as partially implemented. Additional, relevant training in mental health recognition (administered to all DSD personnel) has been provided, but BKD was provided with no evidence of specialized training based on the specific interview techniques that can be utilized by classification officers. This is not to say that BKD found the classification officers lacking in interview skills, just that the specifics of this recommend were not fully implemented.

Auditee Response: Disagree

Finding 3.19

Housing Assignments upon Classification – Revise facility policies to require classification deputies to assign inmates to specific pods within housing units based upon the information gathered during the intake interviews.

BKD Finding – Based on a review of the Inmate Classification Post Order, and the Intake Classification Officer Post Order, we assess this recommendation as completely implemented.

Auditee Response: Disagree

Finding 3.20

Immediate Housing Transfers – Allow classification deputies who are aware of pertinent information regarding these decisions to re-classify inmates who request housing transfers due to conflicts with inmates or other factors, rather than a deputy or supervisor who may not be aware of important classification information.

BKD Finding – Based on the information collected, we assess this recommendation as completely implemented.

Auditee Response: Agree

Finding 3.21

Reinforcement of Authority – Clarify and emphasize the authority of the classification staff to make housing assignments.

BKD Finding – Based on the information collected, we assess this recommendation as mostly implemented.

Auditee Response: Disagree

Finding 3.22

Staff Efficiency – Conduct a comprehensive time and task analysis of classification deputies to leverage valuable personnel resources more effectively.

BKD Finding – Based on the information collected, we assess this recommendation as partially implemented.

Auditee Response: Disagree

Finding 3.23

Classification Staffing – Ensure that classification deputies are working when and where they need to. If it is not necessary to have a 24/7 presence at the DDC or DCJ, the staff working overnight should be reassigned to use personnel more efficiently and reduce overtime costs.

BKD Finding – Based on the information collected, we assess this recommendation as mostly implemented.

Auditee Response: Disagree

Finding 3.24

Rank and Pay – Consider creating an additional rank or providing specialty pay for all classification deputies, while increasing their accountability for accuracy and thoroughness of classification, because proper classification is one of the most important functions in the facility as it directly impacts the safety and security of all staff and inmates.

BKD Finding – Based on the information collected, we assess this recommendation as not implemented.

Auditee Response: Agree

Finding 3.25

Validation – Contact the National Institute of Corrections (NIC) to request technical assistance to ensure that the classification system is validated, or examine other objective classification instruments that have already been validated as national best practice.

BKD Finding – Based on the information collected, we assess this recommendation as completely implemented.

Auditee Response: Agree

Finding 3.26

Formal Training – Provide the pre-classification deputy in the intake process with formal training on the objective classification system, and have them report to the Classification Unit. The pre-classification deputy in the intake process could assign emergency housing on the overnight shifts.

BKD Finding – Based on the information collected, we assess this recommendation as partially implemented.

Auditee Response: Agree

Finding 3.27

Reclassification – Require the security sergeant to remove any inmate posing a threat by moving the inmate back to the classification area in the event of a fight, disturbance, or disorderly offender to protect the offenders and staff, prevent potential manipulation, or determine if the offender is acting out due to a threat.

BKD Finding – Based on the information collected, we assess this recommendation as partially implemented.

Auditee Response: Disagree

Finding 3.28 and 3.29

Institutional Classification Committee (ICC) (3.28) – Combine the Administrative Review Board with the Classification Review Board into one body called the Institutional Classification Committee.

ICC Staffing and Scope of Review (3.29) – Staff the ICC with classification, medical, security, Gang Unit, and mental health employees, and ensure they meet daily to determine all new housing assignments and any internal moves or changes. Have the ICC review the status of inmates confined in segregation and special housing. Eliminate any administrative overrides as these decisions should fall to the ICC.

BKD Finding – Based on the information collected, we assess the above two recommendations as partially implemented.

Auditee Response: 3.28 – Disagree, 3.29 – Agree

Finding 3.30

Transgender Classification Process – Update DCJ’s transgender classification and management process to include the January 2014 department order mandates that address classification.

BKD Finding – Based on the information collected, we assess this recommendation as completely implemented.

Auditee Response: Agree

Finding 3.31, 3.32, and 3.33

Authorization (3.31) – Clarify and emphasize the authority of the classification staff to make all housing assignments, and require them to consider gang affiliation when determining where to house inmates.

Information Sharing (3.32) – Require classification deputies to incorporate questions on gang ranks and known associations in their intake interviews and share the information with the gang specialist at each facility. Establish a formal liaison process to ensure classification deputies are sharing information regarding inmates’ gang affiliations with members of the gang unit.

Use of Gang Intelligence (3.33) – Keep updated gang intelligence on inmates who should be kept separate from other inmates. Access to the gang intelligence file should be granted to the classification deputies.

BKD Finding – Based on the information collected, we assess the above three HHA recommendations related to the integration of gang-related information into the classification process (3.31, 3.32, and 3.33) as mostly implemented.

Auditee Response: Disagree

Finding 3.34

In-Person Interviews – Require classification deputies at the DDC and DCJ to conduct face-to-face interviews with inmates. Ensure the interviews include questions that allow deputies to document inmates’ needs and refer them to Department programs, either directly or by ensuring program staff actively recruits inmates to participate in programs. If the inmates’ needs have already been identified at the DDC, the DCJ could refer inmates to DCJ programs.

BKD Finding – Based on the information collected, we assess this recommendation as mostly implemented.

Auditee Response: Disagree

Finding 3.35

Program Referral – Distribute handouts to inmates that identify the many services and programs available to them. For example, if the inmate does not have a GED or high school diploma, classification deputies could refer the inmate to DSD’s in-house GED program. Or if an inmate is a parent and has substance abuse issues that led to the removal of children from the home, the inmate could be referred to substance abuse programs and parenting classes.

BKD Finding – Based on the information collected, we assess this recommendation as mostly implemented.

Auditee Response: Agree

Finding 3.36

Executive Review – Require Executive Staff to review the housing plans at both the DDC and DCJ.

BKD Finding – Based on the information collected, we assess this recommendation as completely implemented.

Auditee Response: Agree

Finding 3.37

Custody – Consider having the CDOC assume custody of its inmates immediately or shortly after they are arrested to open space in its housing unit. Parole violation hearings could also be held at the CDOC, which could alleviate some of the housing issues DSD faces.

BKD Finding – Based on the information collected, we assess this recommendation as partially implemented.

Auditee Response: Disagree

Finding 3.38

Space Planning – Consider launching preliminary discussions with an engineering firm or architect to determine if existing space could be renovated to create single or double cells at the

DCJ. Increasing the number residents who could remain at the DCJ would allow the DDC to have more space available to maintain the integrity of inmates' housing classifications. Consider having the engineering firm or architect also evaluate the potential for converting the vacant buildings at the DCJ, as well as the potential of constructing an additional building of the DCJ property.

BKD Finding – Based on the information collected, we assess this recommendation as partially implemented.

Auditee Response: Disagree

Finding 3.39

Cost Recovery – Re-evaluate allowing outside agencies like the CDOC to house inmates in DSD facilities or allow these agencies to house inmates temporarily, but with an understanding that the costs to do so would be increased and billed to these agencies to fund any potential DSD housing expansion.

BKD Finding – Based on the information collected, we assess this recommendation as partially implemented.

Auditee Response: Disagree

Finding 3.40

Winter Wear – Consider purchasing coats and gloves for inmates at the DCJ to use during cold weather so they can use the designated space for recreation.

BKD Finding – Based on the information collected, we assess this recommendation as not implemented.

Auditee Response: Agree

Finding 3.41

Exercise Videos – Purchase exercise videos and mats to increase the ability for inmates to perform large muscle exercise.

BKD Finding – Based on the information collected, we assess this recommendation as not implemented.

Auditee Response: Agree

Finding 3.42

Legal Review – Ensure DSD has an understanding of the legal landscape regarding inmate confinement, and ensure the DSD policies are in compliance with legal standards.

BKD Finding – Based on the information collected, we assess this recommendation as completely implemented.

Auditee Response: Agree

Audit Report Briefing: Citywide Governmental Activities Receivables

Audit Supervisor Jeremy Creamean, Lead Auditor Rob Farol, and Senior Auditor Roberta Holbrook presented the audit findings and recommendations.

City Controller Beth Machann and Manager of Financial Reporting Shanna Tohill were present to respond to the audit report on behalf of the Controller's Office. Ami Webb, a Fiscal Administrator II with the Fiscal Management division of the Office of Economic Development, was also present to comment from the gallery.

For the full text of the report, including auditee responses, please visit www.denvergov.org/auditor. Click on the Audit Services tab, then Audit Reports, then By Year. This report is published under the 2018 Audit Reports header and is titled "[Government Activities Receivables](#)." View the video recording of the audit report discussion under the [Audit Committee](#) tab at www.denvergov.org/auditor. Click on the "[Watch Audit Committee meetings](#)" button at the top of the page. The most recent video will be listed first.

The Controller's Office agreed with all five of the Audit Team's recommendations. The recommendations and the auditee responses from the audit report are summarized below.

Recommendation 1.1

Update Comprehensive Agency Receivables Policy and Procedures—The Controller's Office should require a more detailed confirmation of agencies' compliance with Fiscal Accountability Rule 4.1 by updating the Controller's Office's Year-End Questionnaire to include requirements to certify that:

- The agency has a written policy for accounts receivable and estimating uncollectible accounts;
- The agency has updated its accounts receivable policy in the past 12 months or that the written policy reflects current procedures; and
- The collectability analysis has been completed, and uncollectible accounts, if any, have been written off.

Auditee Response: Agree

Recommendation 1.2

Reconcile Agency Subsidiary Ledgers to Receivables Annually Reported to the Controller's Office—The Controller's Office should require a more detailed confirmation of agencies' compliance with Fiscal Accountability Rule 4.1 for those agencies with accounts receivable by updating the Controller's Office's Year-End Reporting Package to include requirements to certify or describe:

- That the agency's accounts receivable reconciliation provides support to show that it agrees back to the agency's subsidiary system of record for tracking outstanding accounts receivable;

- That the agency has not omitted any outstanding accounts receivable or, if any amounts are omitted, explain how much was omitted and why the amount was omitted;
- All assumptions and estimates used by the agency in calculating the gross accounts receivable balance;
- The methodology used by the agency in the calculation of allowance for doubtful accounts; and
- That the agency has reviewed the methodology historically used to calculate the allowance for doubtful accounts to ensure that it appropriately estimates the actual collections in subsequent years.

Auditee Response: Agree

Recommendation 2.1

Improve Segregation of Duties in Receivables Payment Processing—Denver Public Library should strengthen segregation of duties in receivables payment processing by expressly prohibiting employees from entering information into Polaris using another employee’s user ID.

Auditee Response: Agree

Recommendation 2.2

Implement Compensating Controls Over Fines and Fees Forgiveness—Denver Public Library should strengthen controls surrounding fines and fees forgiveness by circulation desk employees by requiring periodic review and analysis of fines and fees write-off trends at branch and employee levels. This review could identify potential outliers that might indicate fraud or abuse.

Auditee Response: Agree

Recommendation 3.1

Obtain Assurance Reports or Implement Compensating Controls—We recommend that the Controller’s Office work with the Treasury Division, Denver Public Library, and the Parking Enforcement Division to ensure that the Divisions annually request, obtain, and review SSAE 16 SOC-I Type II and SOC II Type II reports for financial processing services provided by third parties. If these SSAE reports are unavailable, agencies should work with the providers to secure such reporting or develop a framework of compensating controls to ensure that financial data and collections reporting are reliable.

Auditee Response: Agree

Audit Report Briefing: Contract Controls in Alfresco

Audit Supervisor Yvonne Harris-Lott, Audit Supervisor Jared Miller, Lead Auditor Brad Harwell, and Senior Auditor Robert Persichitte presented the findings and recommendations from this report which was issued in December 2017.

Dave Edinger, Chief Performance Officer; Shaun Sullivan, City Attorney; and Bill Riedell, Director of Financial Services were present to respond to the audit report on behalf of the Controller's Office.

For the full text of the report, including auditee responses, please visit www.denvergov.org/auditor. Click on the Audit Services tab, then Audit Reports, then By Year. This report is published under the 2017 Audit Reports header and is titled “[Contract Controls in Alfresco](#).” View the video recording of the audit report discussion under the [Audit Committee](#) tab at www.denvergov.org/auditor. Click on the “[Watch Audit Committee meetings](#)” button at the top of the page. The most recent video will be listed first.

The Mayor's Office agreed with all three of the Audit Team's recommendations. The recommendations and the auditee responses from the audit report are summarized below.

Recommendation 1.1

Alfresco Training—The Mayor's Office should administer or designate a subject matter expert to administer mandatory training and disseminate user materials on how contract data are to be entered into Alfresco to ensure accurate, consistent and complete data.

Auditee Response: Agree

Recommendation 1.2

Application Controls—The Mayor's Office should work with Technology Services to implement application controls over key contract summary data fields including but not limited to amount, vendor and description fields. This will help ensure accurate, consistent, and complete data.

Auditee Response: Agree

Recommendation 2.1

Define Contract Splits—The Mayor's Office should better define the types of contract splitting that are prohibited and ensure controls are implemented to prevent improper contract splitting.

Auditee Response: Agree

Submittal of Confidential Report on Audit Committee Self-Assessment

Deputy Auditor Valerie Walling presented with Audit Committee with a report on its 2017 year-end self-assessment that the Audit Committee members had conducted at the December 14, 2017 meeting. The assessment concluded that the Audit Committee is fulfilling its duties and responsibilities appropriately and effectively.

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

Prepared by Mollie Horne, Audit Committee staff