



Independent Audit Committee

City & County of Denver

Meeting Minutes

Thursday, September 13, 2018, 9:00 a.m.

Opening

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

Members Present

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

Also Present

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

Approval of August 16, 2018 Meeting Minutes

The minutes were approved as written.

Audit Report Briefing: Denver International Airport – Airport Security

Audit Supervisor Sonia Montano, Senior Auditor Dave Hancock, Senior Auditor William Morales, and Senior Auditor Darrell Finke presented the audit findings and recommendations.

Dave LaPorte, Senior Vice President of Airport Operations; Adam Steffl, Director of Airport Security; Michael Biel, Senior Vice President of Financial Management; and George Hypolite, Attorney, Airport Legal Services were present to respond to the audit report on behalf of Denver International Airport (DEN).

For the full text of the report, including the agency responses, please visit denverauditor.org/auditservices/audit-reports. Scroll down to "Audit Report Archives." This report is published under the "2018 Audit" tab and is titled "DIA – Airport Security." View the video recording of the report discussion by navigating to denverauditor.org/auditservices/audit-committee and scrolling down to "How to Watch." The most recent video will be listed first.

Airport Security and Airport Finance agreed with all nine of the Audit Team's recommendations. The recommendations and DEN's responses from the audit report are summarized below.

Recommendation 1.1

Integration of Systems of Record – The Senior Vice President of Financial Management should coordinate with the Director of Airport Security to discuss streamlining the billing invoice process.

Auditee Response: Agree

Recommendation 1.2

Process for Follow-Up – The Director of Airport Security should work with the Senior Vice President of Financial Management to develop a process to collaboratively reconcile and follow-up on and collect overdue invoice revenues.

Auditee Response: Agree

Recommendation 1.3

Overdue Invoice Revenues – The Senior Vice President of Financial Management should ensure that past due payments for badging invoices will be investigated and payment sought.

Auditee Response: Agree

Recommendation 1.4

Late Payment Fees and Interest Penalties – The Senior Vice President of Financial Management should institute late payment fees and interest charges for payments received after the due date.

Auditee Response: Agree

Recommendation 1.5

Billing Reminders – The Senior Vice President of Financial Management should coordinate billing reminders to incentivize vendors to pay their invoices on time.

Auditee Response: Agree

Recommendation 1.6

Indirect Billing Operating Instruction – The Director of Airport Security should develop an operating instruction to identify the roles and responsibilities of Airport Security and Finance for the indirect billing invoice and reconciliation process.

Auditee Response: Agree

Recommendation 2.1

Contract Compliance Operating Instruction – The Director of Airport Security should develop an operating instruction for procedures to monitor HSS’s compliance with the contract terms.

Auditee Response: Agree

Recommendation 2.2

Contract Amendment with Payment Terms – When an allowable expense agreed to by both parties is found to be missing from future legal contracts, the Director of Airport Security should immediately issue an amendment to include the missing payment terms, and it should be back dated to the start of the contract period.

Auditee Response: Agree

Recommendation 2.3

Regular Review of Paid Time Off – The Director of Airport Security should establish a recurring audit of the contractor’s accrual and billing of paid time off to ensure compliance with the contract terms.

Auditee Response: Agree

At the conclusion of the audit report presentation, Auditor O’Brien reminded the audience that the next Audit Committee meeting will be held on Thursday, October 18, 2018 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.

Confidential Audit Topics (in Executive Session)

The Auditor then entertained a motion to go into Executive Session to discuss confidential audit topics, including an external auditor assessment and contract review. Rudy Payan moved to go into Executive Session. Leslie Mitchell seconded the motion, and the motion passed. The public portion of the meeting adjourned at 9:35 a.m.

The meeting continued in Executive Session. With no other business, the Committee adjourned at 10:55 a.m.

Prepared by Mollie Horne, Audit Committee staff