



**City and County of Denver  
Office of the Auditor  
2010 Audit Plan**

**Dennis J. Gallagher, Auditor**  
**Kip R. Memmott, Director of Audit Services**



# City and County of Denver

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*Dennis J. Gallagher*  
Auditor

October 15, 2009

Honorable John W. Hickenlooper, Mayor  
Mayor's Office  
City and County of Denver

Dear Mayor Hickenlooper:

In accordance with City Charter section 5.2.1, sub-section (B), attached is the Auditor's Office 2010 Annual Audit Plan. This provision, officially effective as of January 1, 2008, requires that our Office submit to the Mayor and City Council, for information only, an audit work plan for the ensuing fiscal year. The purpose of the work plan is to identify particular departments, agencies, programs, contracts, franchises or other matters the Auditor has scheduled for auditing in the ensuing fiscal year. Our annual work plan facilitates an efficient allocation of limited audit resources on a risk-basis; provides a flexible mechanism for managing competing audit needs; eliminates the potential overlapping of audits with other audit organizations, and provides a sound foundation for obtaining sufficient budgetary funds required to execute our mission.

Our Office is committed to maintaining a collaborative partnership with the Mayor's Office and City Council. As such, we welcome any requests your Office may have regarding possible audits or audit services not listed in the 2010 plan with the caveat that, per the City Charter, the ultimate decision to perform any audit is at the sole discretion of the Auditor. Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States fully support this Charter provision.

If you have any questions, please call Kip Memmott, Director of Audit Services, at 720-913-5029.

Sincerely,

Dennis J. Gallagher  
Auditor

DJG/ect

cc: Roxane White, Chief of Staff  
David T. Roberts, Chief Services Officer

*To promote open, accountable, efficient and effective government by performing impartial reviews and other audit services that provide objective and useful information to improve decision making by management and the people. We will monitor and report on recommendations and progress towards their implementation.*

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## I. Introduction

Denver City Charter, Article V, Part 2, Section 1, *General Powers and Duties of Auditor*, establishes the duties and responsibilities of the Auditor. Through the 2006 November election, Denver citizens voted to amend the City Charter to improve and streamline the City's financial structure while enhancing the important role of the independent Auditor.

The amendment to the City Charter significantly changed the role of the Auditor as defined in Article V, Part 2, Section 1, *General Powers and Duties of Auditor* effective January 1, 2008. Historically, since the establishment of the Office in 1904, the Auditor served as the general accountant for the City and, as such, maintained the City's financial records, and paid City expenses including payroll. However, in June 2007, based on the Charter revision, the accounting and payroll functions transitioned to the Controller's Office under the Chief Financial Officer, who officially assumed Charter responsibility and authority for those functions on January 1, 2008.

In addition to making these changes to the City's financial governance structure, the Charter revisions significantly enhanced the independent standing and authority of the Auditor. Specifically, the Charter authorizes the Auditor to conduct audits of all City entities in accordance with generally accepted governmental auditing standards promulgated by the United States Comptroller General. These standards establish clear definitions and requirements related to the independence of the audit function. The fact that the Denver City Charter now requires the Auditor to comply with these standards has resulted in the establishment of one of the most structurally independent government audit functions in the country.

In addition to the inclusion of the requirement to adhere to these standards, the Charter and resulting City ordinance citations include other provisions intended to strengthen the role and impact of the City internal audit function. These provisions include:

- The City Charter authorizes the Auditor to have, "... access at all times to all of the books, accounts, reports, vouchers or other records or information maintained by the Manager of Finance or by any other department or agency of the City and County."
- City Ordinance (Sec. 20-276) requires that audited City agencies and departments formally respond to audit findings and recommendations. Responses must specify either agreement with findings and recommendations or reasons for disagreement with findings and recommendations, plans for implementing solutions to issues identified and a timetable to complete such activities.

- The Charter establishes a formal, independent Audit Committee chaired by the Auditor and consisting of six other members. The Mayor, City Council and Auditor each appoint two members. The Audit Committee performs several critical functions including, among other responsibilities, annually commissioning and monitoring an independent external audit of the finances of the City (known as the Comprehensive Annual Financial Report – CAFR) and receiving findings and recommendations of internal audit reports.

Finally, City Charter Section 5.2.1, Sub-Section B requires that, “On or before the third Monday of October of each year, the Auditor shall submit to the Mayor and City Council, for information only, an audit work plan for the ensuing fiscal year. The work plan shall identify the particular departments, agencies, programs, contracts, franchises or other matters that the Auditor has scheduled for auditing in the ensuing fiscal year. Special audits or emergency audits may be requested by the Mayor or City Council or proposed by the Auditor at any time; provided, however that the ultimate decision to perform any audit shall be at the sole discretion of the Auditor.”

In the fulfillment of this Charter responsibility, the Auditor’s Office has developed the enclosed annual audit plan for the 2010 fiscal year. Key components of the plan, including concepts, criteria, key activities and timelines as well as a listing of planned audit projects for 2010 are described herein.

## **II. Overview of Annual Audit Plan**

The Audit Services Division (the Division) of the Auditor’s Office adheres to an overall audit strategy that a high quality and clear annual audit plan is critical for meeting the goals, objectives, and mission of the Office of the Auditor. The Division utilizes professional standards and guidelines developed by the Institute of Internal Auditors (IIA) in the development of the annual audit plan. These guidelines recognize that an annual audit plan and work schedule benefits the organization by:

- Establishing what agencies, programs, contracts, or other areas will be prioritized for audits on an annual basis.
- Permitting an efficient allocation of limited audit resources.
- Providing a flexible basis for managing audit personnel.
- Projecting an estimated timetable for initiating and completing audits for the year.
- Eliminating the potential for overlapping audits within the Division and with other audit organizations.

- Providing an identifiable basis for the role of the Audit Services Division and justification for obtaining budgetary funds.

### **III. Principles for Audit Plan Development**

In order to provide practical guidance and an authoritative framework for the development of the annual audit plan, the Division recognizes and observes the following basic principles:

- Consideration is given to the unique interests and responsibilities of the Auditor as an elected official of the City and the need to incorporate a risk factor that, when applied to a particular audit, would supersede proposed audits with higher risk scores.
- Audit resources are limited, thus prohibiting one hundred percent audit coverage each year. This significant limiting factor is inherent in the concept of utilizing risk assessment to help prioritize audits.
- The plan is viewed as a flexible and dynamic tool that can be amended throughout the year to reflect changing City risks and priorities.
- The audit plan gives consideration to work performed by other auditors.
- The audit plan recognizes that there are inherent risks and limitations associated with any method or system of prioritizing audits. As a result, the risk factors and scoring process are periodically evaluated and modified, if necessary, in order to improve the audit plan.
- Risk assessment factors used in selecting annual audits are designed in conjunction with the objectives of auditing City agencies, business processes, and contracts. In general, audits of City agencies entail: the evaluation of internal controls, assessments of performance related to operational efficiency and effectiveness, as well as a determination of compliance with contractual requirements.

### **IV. Audit Horizon**

The audit plan is based on developing a realistic audit horizon of planned high-risk audits covering a three year period. The Division bases its annual audit plan on the development of such an audit horizon rather than developing a subjective, overly complex and incomplete “audit universe.” Historically, many audit organizations have attempted to develop a comprehensive “audit universe” from which to identify and prioritize audits. However, the Division adheres to a position that generating a comprehensive audit universe is prohibitive and unnecessary owing to the plethora of City departments, programs, activities and contracts,

combined with the multiple types of audits that can be performed on each of these organizations, programs, activities and contracts.

The outcome of such a cumbersome and time consuming analysis would reveal that there are literally thousands of possible audits that would require tens of thousands of audit hours and other resources. Based on our limited resources, the development of such a universe would simply reveal that it is not possible to provide full audit coverage of each City department, program, activity and contract. Additionally, the inclusion of such a “universe” could potentially mislead City officials and citizens to believe that all of the audits included on the listing will be performed and, perhaps more significantly, that any departments, programs, activities or contracts not included in the universe are not subject to audit.

As a result, instead of developing an “audit universe,” the Division utilizes a realistic audit horizon strategy and approach to identify, prioritize and manage audits deemed to be critical to City operations. Specifically, using the risk based methodology described throughout the audit plan the Division identifies and prioritizes a select number of audits for inclusion into the annual audit plan as well as listing potential audits for the ensuing two years.

The audits included in the horizon are based on audit hours available each year to ensure that realistic expectations are established and stated goals are met. The approach also builds ample hours into the plan for specially requested audits not originally captured on the plan, and for urgent audit issues that arise throughout the year. This approach provides the Auditor with a great deal of flexibility to address emerging issues in a timely manner and for providing high quality and responsive customer service to elected officials and operational management.

Great care is given in the selection of these audits to ensure that there is widespread audit coverage in terms of both types of audits performed, as defined in generally accepted government auditing standards promulgated by the Comptroller General of the United States,<sup>1</sup> and in terms of the City’s vast array of service areas, activities and contracts. These audits include performance audits that examine such areas as: program effectiveness, economy and efficiency, internal control, compliance and prospective analysis as well as financial audits.

The following are examples of the audit types included in the audit plan. Audits examining:

- Organizational units within a City agency such as a division or a department;
- Individual City programs and activities;

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<sup>1</sup> United States Government Accountability Office. *Government Auditing Standards*. July 2007.

- Transaction cycles or processes that “horizontally” cross multiple City functions or departments, such as contracts, grants, human resources, information technology, etc.;
- Individual financial statement accounts and transactional areas such as capital assets, leave liability, accounts payable and payroll;
- Enterprise fund entities such as the Denver International Airport (DIA);
- Contracts and agreements the City has entered into with a third party; and
- Specialized audit advisory services (see Section VI for a description of advisory services).

## **V. Preparing the Annual Audit Plan**

Audits included in the annual audit plan and audit horizon are selected and prioritized using a risk-based approach. Risk assessment is a process used to identify and prioritize audits based upon specific risk factors related to the quality of internal controls and the estimated liability and level of exposure to the City and County of Denver related to various City departments, programs, activities and contracts. The Division utilizes several techniques to identify and prioritize audits in the annual plan. These techniques include:

- Utilization of risk assessment criteria (described below);
- Analysis of operations and internal controls derived from previous internal audits, including trend analyses to identify recurring audit findings and control deficiencies as well as formal audit follow-up and outstanding recommendation tracking activities;
- Assessment of operations and controls derived from previous external audits including information in the City’s Annual Financial Reports (CAFR), Single Audit Reports and External Auditor Management Letters;
- Input from elected officials, audit committee members and operational management;
- Benchmarking audit priorities of other governmental entities;<sup>2</sup> and
- Consideration of current local events, financial conditions, and public policy issues.

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<sup>2</sup> Recent audit activity and/or audit plans reviewed for the 2010 plan included internal audit functions in the following local government entities: Austin, Las Vegas, Los Angeles, Milwaukee, Philadelphia, Phoenix, Portland, San Antonio, San Diego, San Francisco, San Jose, Seattle, Tallahassee, and the District of Columbia.

The development of an annual risk-based audit plan is a dynamic and continuous process. Throughout the year, the Auditor's Office obtains and maintains current information about agencies and contractors for use in the risk assessment process. Additionally, the Office obtains input from elected officials, City management, audit committee members and peer audit groups throughout the year to identify key risks related to various operational and public policy areas. The risk factors and scoring process are annually reviewed and refined as needed.

The final step to complete the annual audit plan is to estimate the number of available staff hours in the year and apply these to the estimated hours needed to complete selected audits and projects. These hours include hours allocated for carry over audit projects (i.e. on-going projects initiated during the previous year). During 2009, the Division implemented state of the art audit project management software. This powerful tool will enable the Division to enhance the manner in which potential audits are identified, prioritized, tracked and reported.

As noted, the objective of utilizing a risk-based audit plan is to identify and prioritize various operational and other issues posing the greatest potential risk and liability to the City. The following risk factors were selected on the basis of relevance to the nature and objectives of our audits and the political and reporting environment in which we operate:

- **Size of Audit Unit** – This measure assesses risk based on the magnitude of an entity in terms of revenue and expenditures, the amount and volume of financial transactions and the number of locations, employees, clients and customers.
- **Liquidity and Negotiability** – This measure assesses risk based on the nature and volume of cash transactions and the ease of converting assets within the scope of audit into cash.
- **Compliance with Regulations** – This measure assesses risk in terms of exposure to loss, negative public relations impact, or regulatory sanction due to complexity and volume of regulations or penalties for noncompliance.
- **Public Exposure** – This measure assesses risk in terms of potential negative public relations impact caused by the level of visibility and/or public interest in conjunction with financial or operational performance exposure.

- **Complexity of Transactions** – This measure assesses risk due to the nature and process of recording transactions and maintaining account balances.
- **Management Accountability** – This measure assesses the exposure to loss or embarrassment that has been mitigated by audited entities responses and actions related to the implementation of previous audit recommendations.
- **Quality of Internal Control System** – This measure assesses the exposure to loss or embarrassment that has been mitigated by effective internal controls.
- **Age of Program or Operation** – This measure assesses exposure of risk of inefficiency, ineffectiveness, and exposure to loss or embarrassment due to changes in management, operations, organizational structure, accounting and information technology systems, personnel, or source of authority.
- **Audit History** – This measure presumes the risk of inefficiency, ineffectiveness, and exposure to loss or embarrassment that has been lessened based on audit frequency, including both internal and external audits.
- **Public Health and Safety** – This measure assesses exposure to risks to public health and safety. The measure is based upon the tenet that protecting the safety and health of Denver citizens is the highest priority and most significant responsibility of the City government.

**Information Technology Audit Planning Process** – In addition to the performance and financial audits identified using the criteria and process described above, the annual audit plan also includes specialized informational technology audits. These audits are derived from the Division's city-wide IT risk assessment. This risk assessment establishes an inventory of all critical IT systems. This inventory is comprised of four primary IT audit categories: IT business processes, business applications (either existing or under development), IT infrastructure (i.e., data networks), and IT facilities (i.e., data centers).

IT audit categories are risk-rated using an analysis based both on an objective technical process maturity score and a judgment-based qualitative score. The technical score is based on the maturity model contained in *Control Objectives for Information and related Technology* (COBIT - see below). The qualitative score considers factors such as: risk of fraud, management concerns, and

auditor judgment. The combined numerical risk score allows each IT audit category to be ranked from an overall City perspective or from within a given agency. The highest risk categories are the basis for the IT Audit Plan, providing a compass for IT audit work to be conducted over a several year period.

The IT risk assessment methodology is aligned with professional guidance, such as the Institute of Internal Auditors *Global Technology Audit Guide on Developing the IT Audit Plan*. Further, the methodology utilizes both the control domains and process maturity model contained within the COBIT, a generally accepted IT governance and controls framework.

## **VI. Description of 2010 Audit Plan**

In accordance with City Charter Section 5.2.1, Subsection B, the following is a brief description of the 2010 audit plan tenets along with the Auditor Office's 2010 audit listing (see Attachment A) which, per City Charter requirements, identifies the "... particular departments, agencies, programs, contracts, franchise and other matters that the Auditor has scheduled for auditing during the fiscal year." While the listing represents the planned audit schedule for 2010, as noted previously, the plan is a flexible document that is subject to change and, per City Charter, "... the ultimate decision to perform any audit shall be at the sole discretion of the Auditor."

***Emphasis on Performance Auditing*** – The 2010 audit plan reflects a strong emphasis on performance auditing as a key mandate resulting from the change to the City Charter, particularly in the areas of program effectiveness and assessing the economy and efficiency of various City departments and programs. Per *Government Auditing Standards (GAS)*, promulgated by the Comptroller General of the United States, "performance audit objectives may vary widely and include assessments of program effectiveness, economy and efficiency, internal control, compliance and prospective analysis." In more specific terms, "the performance audit function provides an independent, third party view of management's performance and the degree to which the performance of the audited entity meets pre-stated expectations."<sup>3</sup>

Historically, the Auditor's Office has conducted numerous performance audits focused on internal control and compliance objectives. However, in 2008, the Office began conducting performance audits with program effectiveness and economy and efficiency objectives. Per GAS standards, audit objectives for performance audits focusing on program effectiveness and economy and efficiency components can include, but are not limited to, the following types of objectives:

- Assessing the extent to which legislative, regulatory, or organizational goals and objectives are being achieved;

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<sup>3</sup> Education Committee of the *Association of Local Government Auditors*.

- Assessing the relative ability of alternative approaches to yield better program performance or eliminate factors that inhibit program effectiveness;
- Analyzing the relative cost-effectiveness of a program or activity;
- Determining whether a program produced intended results or produced results that were not consistent with the program's objectives;
- Determining whether a program provides equitable access to or distribution of public resources within the context of statutory parameters;
- Assessing the extent to which programs duplicate, overlap, or conflict with other related programs;
- Evaluating whether the audited entity is following sound procurement practices;
- Assessing the reliability, validity, or relevance of performance measures concerning program effectiveness and results, or economy and efficiency;
- Assessing the reliability, validity, or relevance of financial information related to the performance of a program;
- Determining whether government resources (inputs) are obtained at reasonable costs while meeting timeliness and quality considerations;
- Determining whether appropriate value was obtained based on the cost or amount paid or based on the amount of revenue received;
- Determining whether government services and benefits are accessible to those individuals who have a right to access those services and benefits;
- Determining whether fees assessed cover costs;
- Determining whether and how the program's unit costs can be decreased or its productivity increased; and
- Assessing the reliability, validity, or relevance of budget proposals or budget requests to assist legislatures in the budget process.

Performance audits assist elected officials and operational management to identify opportunities for enhancements and areas for continuous improvement.

The 2010 audit plan includes program effectiveness and economy and efficiency performance audits for areas deemed high-risk and many of them emphasize "horizontal" programs and activities that extend beyond individual departments and programs. Many of these audits will focus on the City's general governance

structure for managing these horizontal activities to ensure comprehensive control structures are in place and efficient and effective communication processes exist between operating departments.

In addition to identifying systemic types of issues involving key City responsibilities and activities, the primary intent of these types of audits is to assess the City's enterprise risk management approach. This audit emphasis is well aligned with the heightened focus nationally in both the public and private sectors towards strengthening and improving organizational governance, internal control environments, transparency, quality of services, financial management and reporting and fraud prevention and detection activities and capabilities.

***Audit Services Focused On Improving Financial Condition of the City –***

While the financial condition of the City has always been a key tenet and criterion for annual audit plan development and execution, the 2010 audit plan includes specific audits and advisory services focused on helping to improve the financial condition of the City during a period of significant budgetary distress. The 2010 plan includes audits that will examine internal controls and assess compliance related to critical City fiscal activities such as tax collection, fine enforcement, enterprise fund management, fixed asset management and cash handling functions.

Other audits in the 2010 plan will focus on opportunities for revenue maximization, such as analysis of current City fees, possible enhancements to City revenue contracts, and maximization of American Recovery and Reinvestment Act (ARRA) federal grants. Additionally, the 2010 plan includes performance audits examining areas such as: the economy and efficiency of operations, unfunded federal and state mandates, consolidation and outsourcing opportunities, and overall governance processes focused on identifying both service gaps and redundant activities.

The inherent flexibility of the audit plan demonstrated itself during 2009 when the Division initiated several audits not originally listed on the 2009 plan in response to the substantive changing financial condition of the City. Specifically, the Division has initiated work in several high dollar areas including a citywide grant administration audit, two audits focused on the City's use of ARRA funds and a comprehensive audit of the Better Denver Bond program. The 2010 plan includes hours for undetermined audits to ensure such flexibility going forward.

***Enhancement of Information Technology Auditing Capability -*** The 2010 plan includes audits that exhibit the Auditor Office's strategic focus on information technology auditing. During 2009, the Division fully staffed our Information Technology (IT) with experienced auditors most of whom are Certified Information Systems Auditors (CISA). Initially, the IT Audit team worked on enhancing the Division's internal use of technology. For example, the Division

fully implemented an audit project management software system including electronic work papers. We have also implemented the use of Computer Assisted Audit Techniques (CAAT) to improve our data analysis capability. Additionally, the IT audit team supplemented our performance audit work with the use of comprehensive data analytics.

While the IT audit team will continue to perform some work activities in this capacity, the 2010 audit plan includes specific IT audits based on the IT risk assessment process (described on page. 7). Local government technology organizations often face the same risks as large corporations. In fact, the risks faced by governments may be higher, as government agencies are sometimes specifically targeted by those with malicious intent. However, governments operate with a significantly smaller budget and the proper functioning of our technology controls is critical to protecting our information resources. To ensure those risks are adequately controlled, the 2010 plan includes IT performance audits to ensure the confidentiality, integrity, and availability (CIA) as well as the cost-effectiveness of the City's technology infrastructure.

***Initiation of Formal Anti-Fraud Audit Program*** – In today's world of corporate scandals and highly publicized government control failures, stockholders and members of the public are increasingly demanding improved governance, better controls and enhanced accountability and transparency and the identification and elimination of fraudulent activities. Recent massive government bailouts including the Troubled Asset Relief Program (TARP) and the American Reinvestment and Recovery Act (ARRA) have exacerbated the public's demand for greater accountability and oversight.

As a result, the 2010 audit plan includes hours for the initiation of a formal anti-fraud audit program. While fraud detection and prevention has always been a key component of audit activity, the Division is utilizing high powered data analytics to intensify and formalize our anti-fraud efforts. In addition to the standard fraud awareness contained within our performance audits, the Division is initiating a program of examining and correlating data between systems to detect the potential for fraud without necessarily conducting a formal audit of an agency or system.

Through the use of Computer Assisted Audit Techniques (CAATs) the Division will analyze and correlate data sources that have been identified as indicators of possible fraud schemes. As we execute these programs the Division will review, and refer for investigation to law enforcement entities as necessary, suspicious looking anomalies. Each completed program will be documented and summarized, providing a library of CAATs that can be utilized again in the future. CAATs that are shown to be particularly helpful for strengthening internal controls will be recommended to management to adopt as part of their normal processing.

**Advisory Services Suite** – In addition to these goals and to the development of new performance, information technology audit and anti-fraud capabilities, the 2010 plan also includes hours for performing the suite of advisory services products developed by the Auditor’s Office. The intent of advisory services is to provide operational management with timely and critical information and analysis without the formality and duration of an audit. Generally, with the exception of Audit Alerts, the Division will provide these services at the request of operational management and elected officials. The following are specific descriptions of advisory services:

- **Audit Alerts** – Audit Alerts provide timely identification of potential risk areas that may prevent the achievement of City objectives. Alerts function as a rapid threading tool for disseminating key information identified by audit work. Those “at risk” entities can then complete a self-assessment and, if applicable, quickly self-correct any related control deficiencies.
- **Special Advisory Services** – Special Advisory Service reports provide information on limited reviews or time-critical assessments, investigations or evaluations. The Division generally provides these services at the request of operational management and elected officials. Special Advisory Services reports further City objectives and goals by providing a reporting vehicle that is flexible, quickly issued, and focused on singular issues.
- **Management Advisory Services** – Management Advisory Services are activities and reports designed to provide information and analysis related to organizational or programmatic assessments, investigations or evaluations including the identification of possible solutions or process enhancements at the request of operational management and elected officials. Management Advisory Services are activities and products similar to those performed and provided by external consultants.
- **Training Services** – The Division will offer control self assessment training to City departments and entities intended to assist managers, supervisors and fiscal staff to better understand management controls, the relationship between those controls, the risks related to a lack of effective controls and how controls are central to the Strategic Vision of the City.

**Focus on Flexibility & Responsiveness** – The 2010 plan includes significant hours for performing specially requested audits and for urgent audit issues that arise throughout the year not originally captured on the plan. This provides the Auditor with a great deal of flexibility to address emerging issues in a timely manner and for providing high quality and responsive customer service to elected officials and operational management.

***Proactive Stakeholder Outreach*** – As noted, obtaining input from various stakeholders regarding potential audit topics and areas deemed to be high risk is a key component of the annual audit plan development process. As part of outreach efforts related to the development of the 2010 audit plan, the Auditor’s Office formal outreach activities included but were not limited to:

- Meetings with City elected officials including the Mayor, President of the City Council, members of the City Council Finance Committee and the Clerk and Recorder;
- Approximately twenty-five (25) meetings with City Executive Management including the City Attorney, Chief Financial Officer and Chief Information Officer;
- A series of Auditor meetings and interactions with citizens and City employees in public arena.

The Auditor’s Office extends its gratitude and appreciation to the Mayor’s Office, Members of the City Council, members of the Audit Committee, the City’s Operational Management Team and members of the general public for providing input on the annual audit plan, requesting audit services and for supporting the general mission of our Office throughout the year. We are committed to working with City management, elected officials and members of the public to improve the transparency of City operations and to enhance the quality of City processes, programs and services.

## Attachment A: Listing of Planned Audits

*Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits*

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>911 Data Center Operations</b>	Consolidated Technology Services - Facilities	Internal Controls	200	To assess the efficiency and effectiveness of the 911 Communications Data Center to ensure compliance with National Fire Protection Association (NFPA) standards, disaster recovery capability, and vendor support.
<b>Advisory Services</b>	Citywide	Non-Audit Services	3000	Dedication of hours to perform advisory services requested by external parties including the Audit Committee, elected officials and operational management. Such services include: management advisory services, special advisory services, audit alerts, and training activities. The Division will be formally implementing a control self-assessment training program during 2010.
<b>Airport Improvement Program</b>	Department of Aviation	Program Effectiveness	1000	To review and assess DIA strategic plans and related internal controls for improving airport operations and physical improvements such as the construction of on-site hotel and conference facilities and efforts to enhance concession and other revenues.

## Attachment A: Listing of Planned Audits

**Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<p style="text-align: center;"><b>American Recovery and Reinvestment Act Administration</b></p>	<p style="text-align: center;">Mayor's Office</p>	<p style="text-align: center;">Program Effectiveness &amp; Compliance</p>	<p style="text-align: center;">1500</p>	<p>To review and report on the City's oversight and internal control structure for American Recovery and Reinvestment Act (ARRA) monies. The audit scope will include objectives assessing the usage and impact (outcomes) of these monies as well as ARRA grant compliance on a sample basis. ARRA audit work will be performed for the duration of the Act.</p>
<p style="text-align: center;"><b>Anti-Fraud Program</b></p>	<p style="text-align: center;">Citywide</p>	<p style="text-align: center;">Internal Controls</p>	<p style="text-align: center;">2000</p>	<p>In addition to standardized fraud assessment activities included as a component of every performance audit, the Audit Services Division initiated a formal anti-fraud program in the 3Q of 2009. Through the use of Computer Assisted Audit Techniques (CAATs), the Division will analyze and correlate data sources that have been identified as possible indicators of fraud schemes. As the Division executes these programs, suspicious appearing anomalies will be investigated and if warranted referred to the District Attorney's Office for further investigation. CAATS identified that are particularly useful for strengthening internal controls will be recommended to City management for implementation.</p>

## Attachment A: Listing of Planned Audits

***Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits***

<b>Audit Title</b>	<b>Department</b>	<b>Audit Type</b>	<b>Estimated Hours</b>	<b>Audit Objective</b>
<b>Audit Follow Up</b>	Citywide	N/A	1000	Dedication of hours to follow up on outstanding audit findings and recommendations. The Auditor's Office tracks and reports outstanding recommendations to the Audit Committee on a periodic basis.
<b>Career Service Board</b>	Career Service Authority	Program Effectiveness	800	To assess the effectiveness of the Career Service Board in executing its mission and related legal responsibilities. Audit objectives will include an evaluation of the Board's structure, decision making processes, and performance measurement approach as well as a benchmarking and best practices review of peer entities for comparative purposes.
<b>Career Service Hearings Office</b>	Career Service Hearings Office	Compliance	1000	To assess compliance with legal requirements and to evaluate program effectiveness. Audit objectives will include examining and validating Hearing Office performance measures and a review of selected cases to assess the quality and equity of decision making criteria and outcomes.
<b>City Attorney Information Security Management</b>	Citywide - Applications	Internal Controls	200	To assess the efficiency and effectiveness of overall Information Security Management for the City Attorney's Office including security planning, risk assessment, compliance, privacy, business continuity, and disaster recovery.

## Attachment A: Listing of Planned Audits

**Auditor's Office  
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Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>City Fees*</b>	Citywide	Economy & Efficiency	1000	To determine if selected City fees are properly structured to allow for full cost recovery for services provided and to assess legal compliance related to such fees. Audit methodology may include activity-based costing analysis on a sample basis.
<b>Classification, Compensation and Benefits Division*</b>	Career Service Authority	Economy & Efficiency	1000	To assess the effectiveness and equity of the City's employee classification and compensation structures as well as to evaluate selected City employee benefit programs in terms of cost containment and to identify possible unfunded employee liability costs.
<b>Contract Administration Practices</b>	Citywide	Program Effectiveness	1500	To assess City contract administration practices to ensure the City is receiving quality services and goods at equitable prices in a timely manner. Audit objectives will include an assessment of citywide contract administration including compliance with legal and procedural requirements as well as a review of contract record keeping practices, Statements of Work (SOW), deliverables, amendments and contract close out processes on a sample basis.

## Attachment A: Listing of Planned Audits

*Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits*

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Denver Employee Retirement Plan</b>	Citywide	Internal Controls	600	To assess the internal control structure and accounting practices for the Denver Employees Retirement Plan (DERP) including a review of plan performance (rate of return). Audit objectives will also assess plan compliance with legal requirements and will quantify any possible unfunded liability.
<b>Division of Small Business Opportunity</b>	Office of Economic Development	Compliance	600	To assess City compliance with legal requirements related to the federal Disadvantaged Business Enterprise (DBE) Program and the federal Airport Concession Disadvantaged Business Enterprise Program (ACDBE). Audit objectives will include a review of OED outreach and certification processes.
<b>Excise and Tax - Business Inspections*</b>	Excise and License	Economy & Efficiency	800	To assess the economy and efficiency of the City's business inspection process. Audit objectives will include an examination of City complaint investigation and enforcement activities related to violations of City Code by businesses, an assessment of license fee collection processes and a determination of compliance with legal requirements.

## Attachment A: Listing of Planned Audits

*Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits*

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Expenditure Contract Compliance</b>	Citywide	Compliance	1000	To review selected, high-risk City expenditure contracts for compliance. Audit scope will include a sample of diverse service and good contract types representing a cross-section of City departments.
<b>Family and Adult Services - Adult Protection*</b>	Human Services	Program Effectiveness	1000	To assess the effectiveness of the City's adult protection program. Audit objectives will include an examination of the case management system, an evaluation of compliance with related legal requirements as well as an assessment of Department revenue maximization efforts from federal and state funding sources.
<b>Facilities Planning &amp; Management*</b>	Citywide	Economy and Efficiency	1000	To assess the economy and efficiency of the City's organizational structure and approach for facilities and real estate management. Audit objectives will examine the mission and activities of the Real Estate Group within the Department of Finance and the Facilities Operations and Maintenance Division within the Department of General Services to identify possible opportunities for improving efficiency and for cost-savings and revenue enhancement.

## Attachment A: Listing of Planned Audits

**Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Financial Management - Treasury Division</b>	Department of Finance	Program Effectiveness	800	To review the City's investment approach and portfolio management practices. Audit objectives will include an assessment of internal controls, an evaluation of the City's organizational and oversight approach and benchmarking to identify best practices for comparative purposes.
<b>Fixed Asset Management</b>	Citywide	Internal Controls	800	To assess the City's internal control environment over fixed assets including an evaluation of governance and guidance documents (e.g. policies and fiscal rules) and a review of accounting records (accuracy of inventories) and disposition practices on a sample basis.
<b>Golf Enterprise Fund*</b>	Parks and Recreation	Internal Controls	600	To assess the internal controls related to the management of the City's Golf Enterprise Fund. The audit will include an examination of accounting processes and a sample of revenue contracts from a compliance and revenue maximization perspective (including a follow-up on previous audits of various contracts).
<b>Information Security Management</b>	DIA - Process	Internal Controls	500	To assess the efficiency and effectiveness of overall Information Security Management at DIA including security planning, risk assessment, compliance, privacy, business continuity, and disaster recovery.

## Attachment A: Listing of Planned Audits

**Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Network Security</b>	Consolidated Technology Services - Infrastructure	Internal Controls	1200	<p>To assess the efficiency and effectiveness of overall Network Infrastructure Security Management including:</p> <ul style="list-style-type: none"> <li>• Firewall and Router Configuration and Patch Management</li> <li>• Intrusion Prevention and Detection</li> <li>• Logging and Event Correlation and Monitoring</li> <li>• Wireless Access Configuration Management</li> </ul>
<b>Office of the Controller*</b>	Department of Finance	Internal Controls	1000	<p>To assess the adequacy of the internal controls governing key City fiscal processes and to review the status of mitigation strategies implemented by the Controller's Office to eliminate historical material weaknesses identified by the City's annual external audit.</p>
<b>Passenger Facility Charge</b>	Department of Aviation	Compliance	1000	<p>To assess the DIA internal control environment related to passenger facility charges including compliance reviews of related agreements and requirements.</p>

## Attachment A: Listing of Planned Audits

*Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits*

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Passenger Safety</b>	Department of Aviation	Program Effectiveness	1000	To assess DIA programs and activities related to ensuring passenger and employee safety. Audit objectives will include a review of intergovernmental coordination with the Federal Aviation Administration, emergency preparedness plans and overall security management practices.
<b>Revenue Contract Compliance</b>	Department of Aviation	Compliance	1000	To review selected DIA revenue contracts from a compliance and revenue maximization perspective. Audit scope will include a diverse cross-section of contract service and good types.
<b>Revenue Contract Compliance</b>	Citywide	Compliance	1000	To review selected City revenue contracts from a compliance and revenue maximization perspective. Audit scope will include diverse contract service and good types representing a cross-section of City departments.
<b>Special Audit Requests &amp; Unplanned Audits</b>	TBD	TBD	4,500	Dedication of hours to perform audits requested by external parties including the Audit Committee, elected officials and operational management as well as high-risk audit areas emerging throughout the year.

## Attachment A: Listing of Planned Audits

**Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Tax Compliance - Treasury Division</b>	Department of Finance	Economy & Efficiency	1000	To assess the economy and efficiency of the Division's various tax collection processes. Audit objectives will include a review of Division practices and processes used to identify and collect tax revenue owed to the City, an assessment of compliance with legal requirements and an evaluation of community outreach activities in terms of public education, information and customer service.
<b>Theaters and Arenas Special Revenue Fund</b>	General Services	Program Effectiveness	1000	To assess the effectiveness of the Theaters and Arenas Division in meeting its mission and legal responsibilities, specifically in the areas of revenue maximization, job creation, economy and efficiency of operations and customer satisfaction.
<b>Traffic Division</b>	Denver County Court	Program Effectiveness	800	To evaluate the effectiveness of the County Court's moving violations adjudication process. Audit objectives will include assessing information technology and other systems used for case management and for enforcing and collecting fines owed to the City.
<b>Travel and Expense Review</b>	Department of Aviation	Internal Controls	600	To assess DIA internal controls for employee travel and related expenses. Audit methodology will include the utilization of Computer Assisted Auditing Techniques (CAATs) to test travel claims paid during the audit scope period.

## Attachment A: Listing of Planned Audits

*Auditor's Office  
2010 Annual Audit Plan  
Listing of Planned Audits*

<b>Audit Title</b>	<b>Department</b>	<b>Audit Type</b>	<b>Estimated Hours</b>	<b>Audit Objective</b>
<b>Vehicle Fleet Maintenance*</b>	Citywide	Economy & Efficiency	1000	To assess the effectiveness and efficiency of the City's fleet management program. Audit objectives will include a review of fleet development and turnover, consolidation feasibility, maintenance practices and internal controls over fuel distribution.

\* Identified in 2009 Audit Plan's 2010-2011 Audit Horizon

## Attachment B: 2011 and 2012 Audit Horizon

### Auditor's Office 2010 Annual Audit Plan 2011 and 2012 Audit Horizon Listing

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Advisory Services</b>	Citywide	Non-Audit Services	7000	Dedication of hours to perform advisory services requested by external parties including the Audit Committee, elected officials and operational management. Such services include: management advisory services, special advisory services, audit alerts, and training activities
<b>American Recovery and Reinvestment Act Administration</b>	Mayor's Office	Program Effectiveness & Compliance	1500	To review and report on the City's oversight and internal control structure for American Recovery and Reinvestment Act (ARRA) monies. The audit scope will include objectives assessing the usage and impact (outcomes) of these monies as well as ARRA grant compliance on a sample basis. ARRA audit work will be performed for the duration of the Act.
<b>Animal Care and Control Division</b>	Environmental Health	Internal Controls	800	To assess compliance with legal requirements and the adequacy of the Office's internal control environment.

## Attachment B: 2011 and 2012 Audit Horizon

### Auditor's Office 2010 Annual Audit Plan 2011 and 2012 Audit Horizon Listing

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Anti-Fraud Program</b>	Citywide	Internal Controls	4000	In addition to standardized fraud assessment activities as a component of every performance audit, the Audit Services Division initiated a formal anti-fraud program in the 3Q of 2009. Through the use of Computer Assisted Audit Techniques (CAATs), the Division will analyze and correlate data sources that have been identified as possible indicators of fraud schemes. As the Division executes these programs, suspicious appearing anomalies will be investigated and if warranted referred to the District Attorney's Office for further investigation. CAATS identified that are particularly useful for strengthening internal controls will be recommended to City management for implementation.
<b>Audit Follow Up</b>	Citywide	N/A	2000	Dedication of hours to follow up on outstanding audit findings and recommendations. The Auditor's Office tracks and reports outstanding recommendations to the Audit Committee on a periodic basis.
<b>Board of Ethics</b>	Board of Ethics	Program Effectiveness	800	To assess the effectiveness of the City's ethics program. Audit objectives will include an examination of: the City's organizational approach, legal requirements, employee outreach and training efforts, policies and procedures, program performance measures, and a review of formal opinions issued by the Board on a sample basis.

## Attachment B: 2011 and 2012 Audit Horizon

**Auditor's Office  
2010 Annual Audit Plan  
2011 and 2012 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Budget and Management Office</b>	Finance	Economy & Efficiency	1500	To assess the effectiveness of City budgeting practices and performance measurement. Audit objectives will include a review of the City's budget development process from an efficiency and effectiveness perspective, an assessment of customer relations, the effectiveness of budget monitoring processes (including a review of related automated systems) and an assessment of data and performance information used by the City to make critical public policy decisions during a time of decreasing resources and increasing public demands.
<b>Central Services Internal Service Fund</b>	General Services	Economy and Efficiency	1000	To assess the economy and efficiency of the support services provided to City agencies through this fund including copying, printing and mail services. Audit objectives will assess fund internal controls, evaluate customer satisfaction and include a benchmarking and literature review to identify best practices and possible consolidation or co-sourcing opportunities.
<b>Denver International Airport</b>	Denver International Airport	Various	12,000	The Auditor's Office will conduct a series of audits examining DIA operations and contracts. Areas to be audited include but are not limited to: selected revenue and expenditure contracts, leases, and agreements, strategic planning processes including major capital projects, procurement practices, safety, security, and emergency planning activities, fixed asset management, and community and intergovernmental relations functions.

## Attachment B: 2011 and 2012 Audit Horizon

**Auditor's Office  
2010 Annual Audit Plan  
2011 and 2012 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Denver Public Library - Community Relations*</b>	Denver Public Library	Program Effectiveness	800	To assess the effectiveness of City outreach activities and customer service related to City Library operations. The audit will evaluate the impact on outreach services in terms of increased resource utilization as well as an analysis of fund raising activities.
<b>Division of Workforce Development*</b>	Office of Economic Development	Program Effectiveness	800	To assess the effectiveness of OED's Workforce Development Program. The audit will include an assessment of current performance measures used to monitor the effectiveness of the program as well as an analysis of efforts and opportunities to maximize federal and state funding sources.
<b>DPD Operations - Patrol Division*</b>	Safety	Economy & Efficiency	1500	To assess the economy and efficiency of DPD City patrol operations. Audit objectives will include an assessment of compliance to related legal requirements, an evaluation of current DPD performance measures used to monitor the effectiveness of patrol activities and public relations and a benchmarking comparative analysis of peer law enforcement agencies.
<b>Elections Division*</b>	Clerk and Recorder	Internal Controls	1000	To assess the adequacy of City internal controls for elections. The audit will include an assessment of City compliance with related legal requirements and an evaluation of public education and outreach activities. This audit will not be initiated until after the 2011 election.

## Attachment B: 2011 and 2012 Audit Horizon

**Auditor's Office  
2010 Annual Audit Plan  
2011 and 2012 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Employee Overtime and Compensatory Leave Accrual Practices</b>	Citywide	Internal Controls	800	To assess the City's policies, procedures and practices related to employee overtime and compensatory leave time accrual. Audit objectives will include quantifying overtime and compensatory costs for the audit scope period, evaluating the effectiveness of City policies and practices and reviewing selected departments to determine compliance with City requirements.
<b>Employee Training</b>	Citywide	Program Effectiveness	1500	To assess the quality and adequacy of City employee training and professional development activities. Audit objectives will include an assessment of required and optional training provided by the Career Service Authority's Employee Relations, Training and Organizational Development Division and a review of selected City department internal training and staff development programs.
<b>Expenditure Contract Compliance</b>	Citywide	Compliance	2000	To review selected, high-risk City expenditure contracts for compliance. Audit scope will include a sample of diverse service and good contract types representing a cross-section of City departments.
<b>Fire Department Administration</b>	Safety	Economy & Efficiency	1500	To assess the effectiveness of Department administration in terms of strategic planning and performance measurement, budgeting and accounting controls and practices and community relations.

## Attachment B: 2011 and 2012 Audit Horizon

### Auditor's Office 2010 Annual Audit Plan 2011 and 2012 Audit Horizon Listing

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Information Technology Audits</b>	Citywide	Various	6000	During 2010, the Auditor's Office will complete a citywide IT risk assessment initiated in 2009 to identify and prioritize IT audits for 2011 and 2012. The specific audits will be identified in the 2011 audit plan.
<b>Motor Vehicle Division</b>	Department of Finance	Economy and Efficiency	1000	To assess the economy and efficiency of the City's Motor Vehicle Division's operations. Audit objectives will include an assessment of the security and adequacy of automated systems, customer satisfaction and compliance with legal requirements.
<b>Municipal Operations</b>	City Attorney's Office	Program Effectiveness	1000	To assess the Department's effectiveness in providing legal services to various City departments. Audit objectives will include an evaluation of the timeliness and quality of legal services provided to City departments including a review of caseload management and professional development practices, customer satisfaction and the execution of a benchmarking comparative analysis of peer entities.
<b>Office of Emergency Management</b>	Office of Emergency Management	Program Effectiveness	800	To assess the effectiveness of the City's emergency management program including emergency preparedness and disaster recovery planning. Audit objectives will include a review of the City's Emergency Operations Plan (EOP), an evaluation of the effectiveness of inter and intra governmental communications and a benchmarking survey and literature review to identify best practices.

## Attachment B: 2011 and 2012 Audit Horizon

### Auditor's Office 2010 Annual Audit Plan 2011 and 2012 Audit Horizon Listing

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Office of the Independent Monitor</b>	Office of the Independent Monitor	Program Effectiveness	800	To assess the effectiveness of the Office in meeting its mission of monitoring, reviewing, and making recommendations of City law enforcement entities to improve critical incident investigations and internal affairs assignment decision making processes. Audit objectives will include a review of selected Office findings and recommendations, performance measures related to community relations and will include benchmarking and literature reviews to assess the effectiveness of the City's organizational structure for this function.
<b>Office of the Medical Examiner</b>	Environmental Health	Compliance	800	To assess compliance with legal requirements, to review the adequacy of the Office's internal control environment, and to evaluate community relations.
<b>Permit and Inspection Services*</b>	Community Planning and Development	Economy & Efficiency	800	To assess the efficiency and effectiveness of the City's permitting process related to community development activities. The audit scope will specifically focus on enforcement activities related to the Denver Building Code.
<b>Public Works - Capital Projects*</b>	Public Works	Internal Controls	2000	To assess the adequacy of internal controls and accounting processes used by Public Works for major capital projects. The audit scope will focus on project management activities, particularly regarding cost containment, and change order processing on a sample basis.

## Attachment B: 2011 and 2012 Audit Horizon

**Auditor's Office  
2010 Annual Audit Plan  
2011 and 2012 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Purchasing Division</b>	General Services	Economy and Efficiency	1000	To assess the economy and efficiency of the City's purchasing function. Audit objectives will include an examination of purchasing internal controls and compliance including a review of selected purchases to ascertain processing time and customer satisfaction and will include a benchmarking and literature review to identify best practices.
<b>Recreation Division*</b>	Parks and Recreation	Internal Controls	1000	To assess the adequacy of internal controls and accounting processes used by the Recreation Division of the City Parks and Recreation Department. Audit objectives will include an evaluation of customer satisfaction and will seek to identify possible revenue enhancement opportunities.
<b>Revenue Contract Compliance</b>	Citywide	Compliance	2000	To review selected City revenue contracts from a compliance and revenue maximization perspective. Audit scope will include diverse contract service and good types representing a cross-section of City departments.
<b>Solid Waste Management</b>	Public Works	Economy and Efficiency	1000	To assess the efficiency and effectiveness of the City's weekly trash collection services. Audit objectives will include an assessment of internal controls, an evaluation of customer satisfaction and benchmarking and literature reviews to evaluate and contrast the City's approach to best practices and alternative models.

## Attachment B: 2011 and 2012 Audit Horizon

### Auditor's Office 2010 Annual Audit Plan 2011 and 2012 Audit Horizon Listing

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Special Audit Requests &amp; Unplanned Audits</b>	TBD	TBD	15,000	Dedication of hours to perform audits requested by external parties including the Audit Committee, elected officials and operational management as well as high-risk audit areas emerging throughout the year.
<b>Travel Expenses</b>	Citywide	Internal Controls	800	To assess the City's internal control environment for employee travel and related expenses. Audit methodology will include the utilization of Computer Assisted Auditing Techniques (CAATs) to test travel claims paid during the audit scope period.
<b>Undersheriff Operations - Vehicle Impound Facility</b>	Safety	Internal Controls	600	To assess the facility's internal control environment including record keeping practices, acquisition and disposal processes and revenue collection activities.
<b>Worker's Compensation*</b>	Citywide	Program Effectiveness	1000	To assess the effectiveness of City activities to diminish worker compensation claims and employee safety risks. The audit will include an examination of a sample of worker compensation claims as well as an assessment of compliance with related legal requirements.

\* Identified in 2009 Audit Plan's 2010-2011 Audit Horizon

## Attachment C: 2009 Audits

### Auditor's Office 2010 Annual Audit Plan 2009 Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Air Cargo Fees*</b>	DIA	Compliance	1200	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.
<b>American Recovery and Reinvestment Act Administration**</b>	Mayor's Office	Program Effectiveness & Compliance	1200	To review and report on the City's oversight and internal control structure for ARRA monies. The audit scope will include objectives assessing the usage and impact (outcomes) of these monies as well as ARRA grant compliance on a sample basis. ARRA audit work will be performed for the duration of the Act.
<b>Anti-Fraud Program**</b>	Citywide	Internal Controls	300	In addition to standardized fraud assessment activities as a component of every performance audit, the Audit Services Division initiated a formal anti-fraud program in the 3Q of 2009. Through the use of Computer Assisted Audit Techniques (CAATs), the Division will analyze and correlate data sources that have been identified as possible indicators of fraud schemes. As the Division executes these programs, suspicious appearing anomalies will be investigated and if warranted referred to the District Attorney's Office for further investigation. CAATs identified that are particularly useful for strengthening internal controls will be recommended to City management for implementation.

## Attachment C: 2009 Audits

### Auditor's Office 2010 Annual Audit Plan 2009 Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>ARAMARK @ Red Rocks</b>	Parks & Recreation	Compliance	800	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.
<b>Advisory Services</b>	Citywide	Non-Audit Services	3500	Dedication of hours to perform advisory services requested by external parties including the Audit Committee, elected officials and operational management. Such services include: management advisory services, special advisory services, audit alerts, and training activities.
<b>Audit Follow Up</b>	Citywide	N/A	1000	Dedication of hours to follow up on outstanding audit findings and recommendations. The Auditor's Office tracks and reports outstanding recommendations to the Audit Committee on a periodic basis.
<b>Better Denver Bond Initiative**</b>	Mayor's Office	Program Effectiveness	2000	To assess the effectiveness of the City's administration of the Better Denver Bond Program. Audit objectives will include an evaluation of project planning; budgeting and priority setting process compared to actual project management, accounting and cost information. Audit objectives will also include a review of documentation related to the City's contracted project management firm to determine if contract terms, timeframes and deliverables are being met.

## Attachment C: 2009 Audits

### Auditor's Office 2010 Annual Audit Plan 2009 Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Cash Handling Practices**</b>	Citywide	Internal Controls	1000	To assess the City's internal control environment for various functions with cash handling responsibilities. Audit objectives will include an evaluation of City governance documents (e.g. ordinance and fiscal rules), an assessment of safety and security conditions, and a detailed review of cash handling practices of selected City entities on a sample basis.
<b>Central Parking @DCPA</b>	General Services	Compliance	400	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.
<b>Child Support Enforcement*</b>	Human Services	Compliance	1200	To assess the City's compliance with state and federal child support enforcement requirements and to assess Department collection activities to identify possible program enhancements related to increasing collection rates and decreasing TANF, Medicaid and Foster Care costs.
<b>Child Welfare Services - Child Protection Program</b>	Human Services	Program Effectiveness	1500	To assess the effectiveness of the City's child protection program. The audit will include an examination of the case management system, outcomes and compliance with related legal requirements.

## Attachment C: 2009 Audits

### Auditor's Office 2010 Annual Audit Plan 2009 Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Civil Fines</b>	Denver County Court	Compliance	800	To assess the Court's process for recording and issuing civil fines. The audit will include an examination of IT systems used to process fines and an assessment of compliance with related legal requirements.
<b>Contract Procurement Processes</b>	Citywide	Economy & Efficiency	2000	To assess the City's practices for procuring services and goods from third party entities. Audit objectives will include: an examination of the City's procurement processes including legal requirements, a review of various types of procurements, including competitive bid and sole source procurements, an evaluation of the source selection committee process and record keeping practices and an assessment of contract Statements of Work (SOW) on a sample basis.
<b>Denver County Jail Operations</b>	Undersheriff	Internal Controls	1200	To assess the adequacy of the internal controls for the County Jail. Audit objectives will include a review of inmate processing activities and record keeping practices.
<b>Denver International Airport - Finance and Administration Division</b>	DIA	Internal Controls	1200	To assess the adequacy of internal controls and accounting processes used for fiscal management at DIA. The audit will include an examination of DIA financial management systems as well as an assessment of compliance with related legal requirements.

## Attachment C: 2009 Audits

### Auditor's Office 2010 Annual Audit Plan 2009 Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Employee Recruitment Practices</b>	Career Service Authority	Program Effectiveness	1500	To assess the effectiveness of the City's process for recruiting high caliber employees and towards supporting the mission of operational departments.
<b>Grant Administration</b>	Citywide	Compliance	1500	To assess the City's processes for administering federal and state grants on a risk based sample. The audit will determine if monies for selected grants are properly accounted for to ensure they are not subject to future disallowance by the granting entity. The audit will include an examination of systemic issues identified by the City's recent Single Audits as well as American Reinvestment and Recovery Act (ARRA) grants.
<b>IT PeopleSoft Security</b>	Citywide	Internal Controls	1200	To assess the City's information technology internal control environment for the PeopleSoft system and to develop recommendations for improvement. This audit will include an examination of issues cited in recent external audit management letters.
<b>Landed Aircraft Weight Compliance</b>	DIA	Compliance	1000	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.

## Attachment C: 2009 Audits

### Auditor's Office 2010 Annual Audit Plan 2009 Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Maintenance &amp; Engineering*</b>	DIA	Compliance	1200	To assess the economy and efficiency of key activities performed by DIA's Maintenance & Engineering Division. The scope will focus on contract administration practices.
<b>P-Card Program*</b>	Citywide	Internal Controls	850	To assess the adequacy of the internal controls governing the City's procurement card program. The audit will include a follow up on the DIA procurement card program audit initiated in 2008.
<b>Payroll Audit*</b>	Department of Finance	Internal Controls	600	To assess the adequacy of the City's payroll internal control structure. The audit will determine progress made by the centralization of City payroll processes and the implementation of the KRONOS time collection system in 2007.
<b>Records Management</b>	Clerk and Recorder	Program Effectiveness	1500	To assess the City's process for records management. The audit will include an examination of policies and systems used for records management and an assessment of compliance with related legal requirements.
<b>Seedco</b>	Office of Economic Development	Compliance	250	To assess the effectiveness of the Office of Economic Development's program oversight and management of the Seedco contract. The audit will include an examination of contract provisions and performance measures used to monitor the effectiveness of the program.

## Attachment C: 2009 Audits

### Auditor's Office 2010 Annual Audit Plan 2009 Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Wastewater Management Enterprise Fund*</b>	Public Works	Internal Controls	1200	To assess internal controls related to the Wastewater Management Enterprise Fund. The audit will include an examination of accounting processes and an assessment of fees to determine compliance with legal and other requirements. This audit includes an examination of service level agreements related to this fund. These were identified as separate audits in the 2009 audit plan but were subsequently combined into a single audit.

\* Audit Moved Up From 2009 Audit Plan's 2010-2011 Audit Horizon

\*\* Unplanned Audit