

**DENNIS J. GALLAGHER, AUDITOR**

**KIP MEMMOTT, DIRECTOR OF AUDIT SERVICES**

**AUDIT SERVICES DIVISION**

**2009**

**AUDIT PLAN**

*“A Template for Reform”*



**Office of the Auditor  
City and County of Denver**



# City and County of Denver

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**Dennis J. Gallagher**  
Auditor

October 17, 2008

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 2009 Annual Audit Plan. This provision, officially effective as of January 1, 2009, 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 2009 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: Kelly Brough, Chief of Staff  
Chris Henderson, Chief Operating 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

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, 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 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."
- 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; and

- 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, 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 2009 fiscal year. Key components of the plan, including concepts, criteria, key activities and timelines as well as a listing of planned audit projects for 2009 are described below.

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

The Audit Services Division 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 following basic principles are recognized and observed:

- 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 other planned audits.
- 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 is developed with the understanding that there are inherent risks and limitations associated with any method or system of prioritizing audits. As a result, the risk factors 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 revenue 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 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:

- Organizational units within a City agency such as a division or a department;
- Individual City programs and activities;
- Transaction cycles or processes that “horizontally” cross a significant section of the universe, 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);

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

- 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 conducting and 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; and
- Consideration of current local events and public policy issues.

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 are annually reviewed and refined as needed.

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, operation, organization, accounting system, 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.

The Division is currently implementing state of the art audit project management software that includes an audit plan development and management module. This system will be fully implemented and in use for the development of the 2010 annual audit plan. This powerful tool will enable the Division to enhance the manner in which potential audits are identified, prioritized, tracked and reported.

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).

## **VI. Description of 2009 Audit Plan**

In accordance with City Charter Section 5.2.1, Subsection B, the following is a brief description of the 2009 audit plan tenets along with the Auditor Office's 2009 audit listing (see Attachment A) which, per 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 2009, 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 2009 audit plan reflects a new emphasis on performance auditing, particularly in the areas of program effectiveness and assessing the economy and efficiency of various City departments and programs, as a key mandate resulting from the change to the City Charter. 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>2</sup>

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<sup>2</sup> Per the Education Committee of the *National Association of Government Auditors*.

Historically, the Auditor's Office has conducted numerous performance audits focused on internal control and compliance objectives. However, performance audits with program effectiveness and economy and efficiency objectives are a new type of audit being executed by our office. 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;
- 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.

These types of performance audits are intended to assist elected officials and operational management to identify opportunities for enhancements and areas for continuous improvement.

The 2009 audit plan includes program effectiveness and economy and efficiency performance audits for areas deemed to be 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.

***Enhancement of Information Technology Auditing and Fraud***

***Detection Capability*** – The plan includes audits that exhibit the Auditor Office's strategic focus on information technology auditing and fraud prevention and detection. The Office established an information technology audit team in 2008 and has purchased state of the art data mining software to enhance audit capabilities in these areas. In addition to these goals and to the development of new performance and information technology audit capabilities, the plan also includes hours for performing the suite of advisory services products developed by the Auditor's Office.

***Introduction of a Suite of Advisory Services*** – 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 2009 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. The Auditor's Office extends its gratitude and appreciation to the Mayor's Office, City Council Representatives, 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  
2009 Annual Audit Plan  
Listing of Planned Audits***

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>ARAMARK @ Red Rocks</b>	Parks & Recreation	Compliance	400	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 these issues and reports to the Audit Committee on a regular basis the percentage of implemented recommendations as well as a listing of outstanding recommendations.
<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 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 A: Listing of Planned Audits

**Auditor's Office  
2009 Annual Audit Plan  
Listing of Planned 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 various types of procurements, including competitive bid and sole source procurements, an evaluation of the source selection committee process and an assessment of contract Statements of Work (SOW) on a sample basis.
<b>Denver County Jail Operations</b>	Undersheriff	Internal Controls	1500	To assess the adequacy of the internal controls for the County Jail, focusing particularly on inmate processing and record handling.
<b>Denver International Airport - Business and Technologies 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 DIA compliance with related legal requirements.
<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 and goals of the City's operational departments.

## Attachment A: Listing of Planned Audits

***Auditor's Office  
2009 Annual Audit Plan  
Listing of Planned Audits***

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Grant Administration</b>	Citywide	Compliance	2000	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.
<b>IT Security</b>	Citywide	Internal Controls	2000	To assess the City's information technology internal control environment 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.
<b>Payroll Audit - Separating Employees</b>	Department of Finance	Internal Controls	600	To assess the adequacy of the City's payroll internal control structure for separating employees. The audit will determine progress made by the centralization of City payroll processes and the implementation of the KRONOS time collection system in 2007.

## Attachment A: Listing of Planned Audits

***Auditor's Office  
2009 Annual Audit Plan  
Listing of Planned Audits***

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Records Management</b>	Clerk and Recorder	Program Effectiveness	1500	To assess the City's process for records management, including electronic records. The audit will include an examination of policies and systems used for records management and assessment of compliance with related legal requirements.
<b>Seedco</b>	Office of Economic Development	Program Effectiveness	500	To assess the effectiveness of the Office of Economic Development's program oversight and management of Seedco. The audit will include an assessment of contract provisions and performance measures used to monitor the effectiveness of the program as well as an analysis of OED efforts to maximize federal and state funding sources.
<b>Service Level Agreements</b>	Waste Water	Internal Controls	800	To assess the internal control environment related to City Service Level Agreements (SLAs) between various City departments and functions. Specific review will be performed to ensure monies and services being exchanged are appropriate and germane to the respective departments utilizing such agreements.
<b>Special Audit Requests &amp; Unplanned Audits</b>	TBD	TBD	7000	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 B: 2010 and 2011 Audit Horizon Listing

**Auditor's Office  
2009 Annual Audit Plan  
2010 and 2011 Audit Horizon Listing**

<b>Audit Title</b>	<b>Department</b>	<b>Audit Type</b>	<b>Estimated Hours</b>	<b>Audit Objective</b>
<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>Aero Snow Removal</b>	DIA	Compliance	400	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	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>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 these issues and reports to the Audit Committee on a regular basis the percentage of implemented recommendations as well as a listing of outstanding recommendations.
<b>B.G. Maintenance Management of Colorado</b>	DIA	Compliance	400	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.
<b>City Fees</b>	Citywide	Economy & Efficiency	2000	To determine if City fees are properly structured to allow for full cost recovery for services provided. Audit methodology may include activity-based cost analysis on a sample basis.

## Attachment B: 2010 and 2011 Audit Horizon Listing

**Auditor's Office  
2009 Annual Audit Plan  
2010 and 2011 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Child Support Enforcement</b>	Human Services	Program Effectiveness	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>Classification, Compensation and Benefits Division</b>	Career Service Authority	Economy & Efficiency	1500	To assess the effectiveness and equity of the City's employee classification and compensation structures as well as to assess selected City employee benefit programs in terms of cost containment and cost-benefit analysis.
<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 with the intent of offering recommendations for enhancing such activities.
<b>DPD Operations - Patrol Division</b>	DPD	Economy & Efficiency	1500	To assess the economy and efficiency of DPD City patrol operations. The audit will include an assessment of City compliance with related legal requirements. The audit will include an assessment of current DPD performance measures used to monitor the effectiveness of patrol activities including a benchmarking comparative analysis of peer law enforcement agencies.

## Attachment B: 2010 and 2011 Audit Horizon Listing

**Auditor's Office  
2009 Annual Audit Plan  
2010 and 2011 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Elite Line Services, Inc.</b>	DIA	Compliance	400	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.
<b>Elections Division</b>	Clerk and Recorder	Internal Controls	1200	To assess the adequacy of City internal controls for elections. The audit will include an assessment of City compliance with related legal requirements. The audit scope will also address any voting issues identified from the November 2008 General Election.
<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. The audit scope will include an examination of City complaint investigation and enforcement activities related to violations of City Code by businesses.
<b>Family and Adult Services - Adult Protection</b>	Human Services	Program Effectiveness	1500	To assess the effectiveness of the City's adult protection program. The audit will include an examination of the case management system, outcomes and 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>	General Services	Economy & Efficiency	1200	To assess the economy and efficiency of Facilities Planning and Management activities performed by the Department of General Services. The audit will include a review of a sample of third party contracts.

## Attachment B: 2010 and 2011 Audit Horizon Listing

**Auditor's Office  
2009 Annual Audit Plan  
2010 and 2011 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Federal Express</b>	DIA	Compliance	400	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.
<b>Firstwatch Security Services</b>	DIA	Compliance	400	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.
<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 (including a follow-up on previous audits of various contracts).
<b>OED - Workforce Development</b>	Office of Economic Development	Program Effectiveness	800	To assess the effectiveness of the Office of Economic Development's Workforce Development Program. The audit will include an assessment of current OED performance measures used to monitor the effectiveness of the program as well as an analysis of OED efforts to maximize federal and state funding sources.
<b>Office of the Controller</b>	Department of Finance	Internal Controls	1200	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.

## Attachment B: 2010 and 2011 Audit Horizon Listing

**Auditor's Office  
2009 Annual Audit Plan  
2010 and 2011 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Maintenance &amp; Engineering</b>	DIA	Economy & Efficiency	1200	To assess the economy and efficiency of key activities performed by DIA's Maintenance & Engineering Division. The audit scope will focus on contract administration practices.
<b>P-Card Program</b>	Citywide	Internal Controls	1000	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</b>	Citywide	Internal Controls	1500	To assess the adequacy of the internal controls governing the City's payroll process. The audit will include a review of PeopleSoft controls and the KRONOS time accounting system.
<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	Program Effectiveness	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: 2010 and 2011 Audit Horizon Listing

**Auditor's Office  
2009 Annual Audit Plan  
2010 and 2011 Audit Horizon Listing**

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>Recreation Division</b>	Parks and Recreation	Internal Controls	800	To assess the adequacy of internal controls and accounting processes used by the Recreation Division of the City Parks and Recreation Department.
<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>Vehicle Fleet Maintenance</b>	Public Works	Economy & Efficiency	1200	To assess the effectiveness and efficiency of the City's fleet management program. Key audit areas may include fleet development and turnover, maintenance and controls over fuel distribution.
<b>Wastewater Management Enterprise Fund</b>	Public Works	Internal Controls	800	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.
<b>Worker's Compensation</b>	Citywide	Program Effectiveness	1200	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 including causes as well as an assessment of City compliance with related legal requirements.

## Attachment C: 2008 Active Audits

### Auditor's Office 2009 Annual Audit Plan 2008 Active Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>DIA Enforcement of Contract Financial Penalty Provisions</b>	DIA	Compliance	800	To assess DIA contract oversight and enforcement activities related to imposing allowable fees and penalties for contract non-compliance.
<b>DIA Revenue &amp; Business Development</b>	DIA	Economy & Efficiency	800	To assess the efficiency and effectiveness of DIA space management practices including an evaluation of internal controls.
<b>Emergency Medical Response System</b>	DFD, DPD, Denver Health	Program Effectiveness	2000	To assess the City's emergency medical response system and structure to identify possible inefficiencies or weaknesses, focusing primarily on response times and related processes and agreements with third parties as a key performance indicator.
<b>Inmate Trust Fund</b>	DSD	Internal Controls	600	To assess the adequacy of internal controls and accounting processes used by DSD for the Inmate Trust Fund.
<b>IT Risk Assessment</b>	Citywide	Advisory Service	1200	To assess the City's IT environment to identify high risk operations and issues. The risk assessment will be shared with City management and will be used to prioritize audits in the audit plan.
<b>Keefe Commissary</b>	DSD	Internal Controls	600	To assess the adequacy of internal controls and accounting processes for the DSD Keefe Commissary.

## Attachment C: 2008 Active Audits

### Auditor's Office 2009 Annual Audit Plan 2008 Active Audits

Audit Title	Department	Audit Type	Estimated Hours	Audit Objective
<b>OED - Loan Administration</b>	Office of Economic Development	Program Effectiveness	1500	To assess the effectiveness of the OED's business development loan activities. The scope is focused on internal controls over record keeping as well as loan granting and oversight processes.
<b>P-Card Program</b>	DIA	Internal Controls	800	To assess the adequacy of internal controls and accounting processes used for the DIA purchasing card program.
<b>Parks &amp; Recreation - Payroll Transactions</b>	Parks & Recreation	Internal Controls	400	To assess the adequacy of internal controls and accounting processes related to a sample of Parks and Recreation payroll transactions.
<b>United Airlines</b>	DIA	Compliance	800	To determine compliance with City contract terms and requirements and to assess related City contract administration practices.