

FOLLOW-UP REPORT

Boards and Commissions

Board of Adjustment for Zoning Appeals Audit

August 2017

**Office of the Auditor
Audit Services Division
City and County of Denver**



**Timothy M. O'Brien, CPA
Denver Auditor**



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Audit report year: **2016**



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August 3, 2017

Ms. Penny Elder, Chairperson
Board of Adjustment for Zoning Appeals
City and County of Denver

Re: Audit Follow-Up Report

Dear Ms. Elder:

In keeping with generally accepted government auditing standards and the Audit Services Division's policy, as authorized by D.R.M.C. § 20-276, our Division has a responsibility to monitor and follow-up on audit recommendations to ensure that audit findings are being addressed through appropriate corrective action and to aid us in planning future audits.

This report is to inform you that we have completed our follow-up effort for the Board of Adjustment for Zoning Appeals audit issued April 21, 2016. Our review determined that the Board has fully or partially implemented the four recommendations made in the audit report. Despite the Board's efforts, auditors determined that the risk associated with the audit team's initial findings has not been fully mitigated. As a result, the Division may revisit these risk areas in future audits to ensure that appropriate corrective action is taken.

For your reference, this report includes a highlights page that provides background and summary information on the original audit and the completed follow-up effort. Following the highlights page is a detailed implementation status update for each recommendation.

This concludes audit follow-up work related to this audit. I would like to express our sincere appreciation to the members of the Board of Adjustment for Zoning Appeals and the personnel who assisted us throughout the audit and follow-up process. If you have any questions, please feel free to contact me at 720-913-5000 or LaKeshia Allen Horner, Internal Audit Supervisor, at 720-913-5085.

Denver Auditor's Office

A handwritten signature in black ink, appearing to read "Timothy M. O'Brien".

Timothy M. O'Brien, CPA
Auditor



Board of Adjustment for Zoning Appeals August 2017

Status

The Board of Adjustment for Zoning Appeals (Board) has fully or partially implemented the four recommendations made in the April 2016 audit report.

Background

Established in 1925, the Board hears appeals of zoning administration decisions and grants relief from the requirements of the City's zoning code when certain conditions are met. The Board's mission is to provide Denver citizens with fair, timely, and efficient access to the zoning appeals process.

Purpose

The purpose of the audit was to examine the Board's processes and procedures for hearing zoning appeals cases to determine the extent to which they align with applicable laws, regulations, professional standards, and leading management practices. We also examined data trends for Board operations between 2005 and 2015.

REPORT HIGHLIGHTS

Highlights from Original Audit

The audit found that the Board was effectively providing a process for residents living and developers building in Denver to appeal City zoning decisions and was operating in a professional and unbiased manner. However, we found that the Board needed to strengthen its succession and contingency plans to ensure the continued efficiency and effectiveness of its operations. To this end, we identified four areas for the Board and its administrative staff to address.

Policies and Procedures—The Board's policies and procedures were outdated and did not reflect current administrative practices, placing the Board at risk for losing key institutional knowledge about its administrative operations and hampering critical knowledge transfer between current and future administrative staff.

Information Technology—Functionality loss for the Board's primary database had compromised administrative processes for managing zoning appeals cases and providing reliable access to public information on Board decisions. Further, lack of information technology planning had weakened the Board's ability to manage risks associated with its database, including access to reliable information about Board operations.

Ethics Training—The Board's members had not been required to take ethics-related training—as is the case for other City employees—which could prevent members from having the information necessary to evaluate ethical issues and implement appropriate solutions.

Performance Information—The Board's performance management approach did not reflect administrative practices or formally assess the customer experience.

Findings at Follow-up

The Board of Adjustment for Zoning Appeals has undertaken several efforts to ensure the continued efficiency and effectiveness of its operations. These efforts include creating an updated draft of its policies and procedures, developing a new case management database, arranging for ethics training for current Board members, and launching a customer satisfaction survey. However, the Board has not updated its policies and procedures to include procedural changes stemming from the implementation of its new case management database. Further, the Board has not updated its performance management approach to include strategic goals and performance measures that reflect its current administrative practices.

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Recommendations: Status of Implementation

Recommendation	Auditee Action	Status
FINDING: The Board of Adjustment for Zoning Appeals Needs to Strengthen Its Succession and Contingency Plans to Ensure the Continued Efficiency and Effectiveness of Operations		
<p>1.1 The Board should update its administrative policies and procedures to reflect current administrative practices and facilitate knowledge transfer by and between current and future administrative personnel.</p>	<p>In 2017, the Board drafted an updated Office Procedures Manual to reflect the Board’s current administrative practices, including new requirements for ethics training. However, the manual does not include procedural changes stemming from the implementation of the Board’s new case management database, and it has not yet been finalized.</p>	<p>Partially Implemented</p> <p>Original target date for completion: August 2016</p>
<p>1.2 The Board should collaborate with Technology Services (TS) to develop a formal information technology plan that will enable it to identify and mitigate risk associated with its information systems. The plan should include strategies to stabilize the current Access database, replace the existing database with one that is supported by TS, and migrate data from Access to a replacement database once identified.</p>	<p>In 2016, the Board implemented a new database to mitigate risk associated with its former Access database. The new database performs key functions required to manage zoning appeals cases, including generating reports and case search capabilities. As recommended, the Board collaborated with TS to develop the new database using Salesforce—a platform that is supported by TS.</p>	<p>Implemented</p>

Recommendations: Status of Implementation

Recommendation	Auditee Action	Status
1.3	<p>The Board should require ethics training to ensure that it is providing its members with the information necessary to identify or frame the facts of ethical issues, appropriately evaluate options for addressing the issue, and select the most ethical option in accordance with applicable standards.</p>	<p>In 2017, the Board provided all current Board members with copies of the Denver Code of Ethics and arranged individual training with the Executive Director of the Board of Ethics.</p> <p>Additionally, the Board updated its draft Office Procedures Manual to include an ethics training policy. Specifically, the policy requires all Board members to complete ethics training with the Board of Ethics within six months of their appointment. Furthermore, the policy requires all Board staff to receive ethics training through the City's New Employee Orientation program and recommends refresher training in the event of a promotion or change of duties that might require different ethical considerations.</p>

Recommendations: Status of Implementation

Recommendation	Auditee Action	Status
<p>1.4</p>	<p>The Board should update its performance management approach to include strategic goals and performance measures that reflect its current administrative practices. As part of updating its performance management approach, the Board should also establish a mechanism to collect relevant information to fully understand the customer experience and satisfy customer expectations about the level of service that it provides.</p>	<p>In 2017, the Board contacted the City’s Peak Performance program to obtain guidance on its performance management approach, including the development of strategic goals and performance measures. According to the Board’s current Technical Director, this collaboration remains in process as of the date of this publication.</p> <p>In addition to seeking guidance on strategic goals and performance measures, in 2016, the Board launched an online customer survey to collect information about the customer experience and solicit feedback on how the Board could improve the zoning appeals process.</p> <p>Partially Implemented</p> <p>Original target date for completion: August 2016</p>

Conclusion

While the Board has implemented some recommendations made in the Board of Adjustment for Zoning Appeals audit report, others have yet to be fully implemented. Despite the Board's robust efforts to draft updated policies and procedures, develop a new case management database, arrange ethics training for current Board members, and launch a customer satisfaction survey, the absence of policies and procedures that fully reflect current administrative practices continues to place the Board at risk for losing key institutional knowledge and hamper critical knowledge transfer between current and future administrative staff. Further, without performance goals or measures that reflect current administrative practices, the Board may be missing opportunities to increase the value of its performance information in assessing operational efficiency and effectiveness. As a result, the Audit Services Division may revisit these risk areas in future audits to ensure that appropriate corrective action is taken.

On behalf of the citizens of the City and County of Denver, we thank staff and leadership from the Board of Adjustment for Zoning Appeals for their cooperation during our follow-up effort and their dedicated public service.