

FOLLOW-UP REPORT

Division of Small Business Opportunity **Minority/Women and/or Disadvantaged Business Program**

NOVEMBER 2021



TIMOTHY M. O'BRIEN, CPA
DENVER AUDITOR

OFFICE OF THE AUDITOR
AUDIT SERVICES DIVISION, CITY AND COUNTY OF DENVER

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Denver CO, 80202
(720) 913-5000 | Fax (720) 913-5253

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City and County of Denver



TIMOTHY M. O'BRIEN, CPA
AUDITOR

201 West Colfax Avenue, #705, Denver, Colorado 80202
(720) 913-5000 | Fax (720) 913-5253 | www.denverauditor.org

AUDITOR'S LETTER

November 4, 2021

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by city ordinance, the Audit Services Division has a responsibility to monitor and follow up on audit recommendations to ensure city agencies address audit findings through appropriate corrective action and to aid us in planning future audits.

In our follow-up effort for the "Minority/Women and/or Disadvantaged Business Program" audit report completed by BerryDunn and issued in June 2020, we determined the Division of Small Business Opportunity did not implement most of the recommendations it agreed to in the original audit report. Despite the division's efforts, auditors determined the risks associated with the audit team's initial findings have not been fully mitigated. As a result, the Audit Services Division may revisit these risk areas in future audits to ensure the city takes appropriate corrective action.

The Highlights page in this report provides background and summary information about the original audit and the completed follow-up effort. Following the Highlights page is a detailed implementation status update for each recommendation.

I would like to express our sincere appreciation to the personnel in the Division of Small Business Opportunity who assisted us throughout the audit and the follow-up process. For any questions, please feel free to contact me at 720-913-5000.

Denver Auditor's Office

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

Timothy M. O'Brien, CPA
Auditor



Minority/ Women and/or Disadvantaged Business Program

NOVEMBER 2021

Objective

To audit the Minority/Women and/or Disadvantaged Business, or M/WBE/DBE, Program, including its policies, procedures, and goals; how it sets goals and certifies businesses; and how many projects can and are achieving those goals.

Background

BerryDunn conducted this audit on behalf of the Denver Auditor’s Office.

The Division of Small Business Opportunity, or DSBO, develops and enforces programs to enhance the city’s use of small businesses and businesses owned by women and people of color when contracting for construction projects, professional design, and airport concessions.

ORIGINAL REPORT HIGHLIGHTS

DSBO Policies and Procedures Were Not in Alignment with the M/WBE/DBE Ordinance, Not Documented, and/or Not Implemented in a Way That Maximized Control Effectiveness

Many facets of the Minority/Women and/or Disadvantaged Business Program lacked policies and procedures, and staff did not follow some existing procedures.

DSBO Did Not Utilize the System, B2G, to Its Full Capacity or in a Way That Maximized Program Effectiveness

The Division of Small Business Opportunity needed better controls, reporting, and automated data functions in B2G.

DSBO Was Not in Compliance with Program and Project Monitoring Requirements

Some projects were not meeting goals, some goals were not monitored, and employees were managing too many projects to effectively monitor them.

DSBO Was Inconsistent in Its Response Times and Renewal Practices for Certifying and Recertifying Businesses

Some contractor certifications lapsed, and the division granted extensions to some contractors to prevent their certifications from expiring.

The DSBO Goal-Setting Process Was Inconsistent and Did Not Maximize Program Effectiveness

Staff set some goals inconsistently and did not adequately document their goal-setting methodology.

City Purchasing Controls for Notifying DSBO Were Insufficient

The city lacked controls to ensure qualified projects had goals established.

WHY THIS MATTERS

By having effective controls and efficient operations, the Division of Small Business Opportunity can ensure that small businesses and businesses owned by women and people of color have better chances to contract with the City and County of Denver.



6

FULLY IMPLEMENTED



4

PARTIALLY IMPLEMENTED



13

NOT IMPLEMENTED

subcontractor information in the B2G system, which is used to manage all of Small Business Opportunity's certification and compliance work, and ensuring that certified firms are being used and not changed by a project's prime contractor.

However, this procedure does not say when or how frequently the tasks for monitoring good faith efforts are to be performed. It, thus, leaves open the possibility that a certified business could be substituted or terminated without adherence to the good faith efforts. This could possibly not be detected until late in a project when it would be too late for the business to make the required good faith efforts.

The procedure also does not specify monitoring requirements and it simply picks up at the point that a contract compliance officer receives a good-faith-effort letter from the prime contractor. This does not prevent termination or substitution of a certified business until it may be too late to make the good faith efforts. If a contractor is not following the ordinance and does not submit a good faith effort, this procedure does not detect that.

The procedure says good faith efforts should be submitted when a prime contractor is not going to meet the committed participation goal and that the Division of Small Business Opportunity does not approve the good faith efforts until a project is substantially completed.

Small Business Opportunity employees said they must wait until a project is substantially completed to approve good faith efforts because city ordinance requires contractors to continue making good faith efforts throughout a contract's term. Small Business Opportunity employees told our team that if a contractor reaches out to them and says it will not be able to meet its commitments, staff can provide suggestions to the contractor to help it perform the required good faith efforts. They said they also have contractors complete a form for substitution or termination of a certified contractor and that division employees will approve these forms. However, these forms are not documented or explained in any policy or procedure provided to our team.

Small Business Opportunity employees said substitution or termination would be detected by another procedure for the contract close-out process, specifically when payments are reconciled for each subcontractor in B2G. Based on our team's review of the good-faith-effort procedure and information provided by the Division of Small Business Opportunity, any terminated or substituted contractor in B2G would not show up as having received the full amount it was contracted to receive, and the analyst would discover that when performing this procedure.

The contract close-out procedure also requires that the analyst ensure good faith efforts have been submitted and approved. If a certified subcontractor was substituted or terminated, there should be documentation of a good faith effort for this action.

While these are good controls for checking to ensure a certified

of the recommendation, we found many go over 90 days.

We noticed Small Business Opportunity was not following these procedures and was granting timeline extensions to some businesses seeking certification and recertification, which is prohibited by the rules and regulations – as we discussed in the agency action for Recommendation 1.1.

Small Business Opportunity established allowable time frames for the certification process. But, because the procedures do not ensure applications are purged as required, we find this recommendation was not implemented.

Recommendation 1.6

DEVELOP AND IMPLEMENT PROCEDURES TO TRACK EXPIRATION OF CERTIFICATIONS

– BerryDunn recommends DSBO develop and implement procedures to track the expiration of DBE certifications throughout the term of a contract. Additionally, BerryDunn recommends that DSBO work to ensure that certification and contract compliance staff are trained in the functionality of the B2G system that performs this task.



**NOT
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

During our follow-up work, employees in the Division of Small Business Opportunity did not provide any policies or procedures on how to track the expiration of certifications, as recommended in the original audit report.

As a result, we find this recommendation was not implemented.

Finding 2 | DSBO Does Not Utilize the System, B2G, to Its Full Capacity or in a Way That Maximizes Program Effectiveness

Recommendation 2.1

INCREASE CONTROLS AROUND PAYMENT INPUT – BerryDunn recommends DSBO utilize enforcement mechanisms, such as holding pay, requiring payment support, or imposing a sanction of prime contractor and subcontractors if payment information is not accurately and consistently reported.



**NOT
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

The Division of Small Business Opportunity told us they have not had to use enforcement mechanisms since the implementation date of Sept. 1, 2020. They said that reaching out to prime contractors and reminding them of their reporting responsibilities has achieved the desired results.

The Division of Small Business Opportunity developed two standard operating procedures related to this recommendation. The first one relates to the noncompliance process and lacks many important and necessary details. For example:

- The procedure does not specify what corrective action to take for nonpayment or when a business does not respond to audits.
- One section of the procedure says: “The Compliance Officer will use in-system tools such as the messaging tools on the Subs Tab to contact primes and subs and advise of noncompliance.” However, the procedure never elaborates on what the “in-system” tools are. The messaging feature is also not described, and the procedure does not say what the analyst should do with that tool.
- For other items – such as modifying, terminating, or reducing the scope of work for a certified firm – the procedure instructs the analyst to go to the sanction process. But there are no instructions like this for other items, such as inaccurate payments.

The division also developed a standard operating procedure for the sanction process. We found this procedure to be vague and confusing in many aspects. For example, there are no set criteria for making a sanction determination for noncompliance. The policy is unclear and inconsistent. Some violations list potential sanctions, while others provide only examples of the violations instead.

Additionally, the document’s lack of clarity means it does not specify what the sanctions are for violations. For example, a violation for being “nonresponsive” includes wording that says: “Participation would not be counted–Corrective Action Plan.” But it is unclear whether these sanctions are applicable to this item. Arguably they are not, because participation not being counted is not an enforcement mechanism and is not listed in the sanction types. Meanwhile, a corrective action plan is listed in the section on types of sanctions – but that is also not an enforcement mechanism.

Also of note, a corrective action plan – according to the procedure – is what the division employs before it sanctions a business. If a business is not compliant with the corrective action plan, then the business is sanctioned. If a corrective action plan is what happens before a business can be sanctioned, it cannot be a type of sanction in and of itself.

The procedure also does not clearly say payments must be accurate and consistent, and it does not clearly lay out any kind of enforcement mechanism for payments not being reported accurately and consistently.

After reviewing the procedures the division provided to us, we determined there is no policy or procedure that adequately documents increased controls helping Small Business Opportunity staff to use enforcement mechanisms when payment information is not accurately and consistently reported. As a result, we find this recommendation was not implemented.

Recommendation 2.2

WORK TO ENSURE THAT TIER 2 AND 3 SUBCONTRACTORS ARE CAPTURED IN B2G

– BerryDunn recommends that DSBO require subcontractors to have the same responsibility as prime contractors to report payments to subcontractors, to help ensure that M/WBE/DBE goal percentages are properly calculated. Any additional controls implemented should be required of both prime contractors and subcontractors.



**FULLY
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

We found subcontractors are now required to have the same responsibility as prime contractors in reporting payments to their own subcontractors. The Division of Small Business Opportunity did not add new controls for reporting requirements. We determined this recommendation was fully implemented.

Recommendation 2.3



**FULLY
IMPLEMENTED**

AUTOMATE THE WORKDAY TO B2G DATA-TRANSFER ACTIVITIES – BerryDunn recommends that DSBO continue to research alternate and automated solutions to improve tracking Workday payment data in B2G.

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

Employees in the Division of Small Business Opportunity researched an automated solution to import payment data from the city’s system of record, Workday, into B2G. The city’s Technology Services agency implemented this integration in June 2021. As a result, we consider this recommendation fully implemented.

Recommendation 2.4



**FULLY
IMPLEMENTED**

INCREASE THE CONTROLS REGARDING PAYMENT VERIFICATION OF WORKDAY DATA – BerryDunn recommends a regular, such as quarterly, comparison of data in Workday to data in B2G as a monitoring activity.

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

At the time of the original audit, the information for contracts in Workday had to be manually moved to B2G with a spreadsheet. BerryDunn said in the original audit report: “An additional control to help prevent inconsistencies between Workday and B2G, given the manual nature of the data transfer practices, would be to have DSBO conduct a comparison of B2G to Workday on a regular basis.”

Separately, in Recommendation 2.3, BerryDunn recommended that the Division of Small Business Opportunity research and implement automated solutions to improve tracking Workday payment data in B2G. Since the division implemented that recommendation, the manual process is no longer present.

We followed up with the city’s Technology Services agency, which performed the data integration for Small Business Opportunity. Technology Services, Small Business Opportunity, and the Department of General Services’ Purchasing Division all validated the data from Workday to B2G during the integration project.

The risk of information not matching between the two systems still remains for other reasons, but it has been greatly reduced by implementing the automatic data transfer.

We also learned that Small Business Opportunity’s analysts compare payments in B2G to the total contracted amounts when a contract is closed out. This serves as an additional check to verify the data is correct.

Although the division did not implement the recommendation as prescribed in the report, the manual process is no longer present and, therefore, the risk has effectively been mitigated. As a result, we find this recommendation was fully implemented.

Recommendation 2.5

INCREASE THE CONTROLS IN B2G FOR APPROVED PAYMENTS – BerryDunn recommends working with B2G to add another layer of controls over changes to previously confirmed payment information.



**NOT
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

Employees in the Division of Small Business Opportunity told us they spoke with B2G about adding another layer of controls to approved payments but that this was not feasible.

They said controls were present in a procedure they developed, but we found the procedure is not an effective control to prevent changes to previously confirmed payment information. This is because the control can easily be evaded and does not stop accidental changes to data. As a result, we determined this recommendation was not implemented.

Recommendation 2.6

WORK TO ENSURE THAT GOOD FAITH EFFORTS ARE ENFORCED AND THAT DSBO’S PROJECT GOAL CALCULATION IS UNDERSTOOD AS THE OFFICIAL TABULATION – BerryDunn recommends that DSBO develop policies and procedures to uniformly enforce good faith effort documentation. Additionally, BerryDunn recommends DSBO work with elected officials to change the ordinance to require approval prior to prime contractors removing or adding certified businesses after the contract has initiated. Lastly, BerryDunn recommends that DSBO work with city departments to help all parties understand that DSBO’s calculation of the project goal is the official record.



**PARTIALLY
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

Employees in the Division of Small Business Opportunity developed a standard operating procedure regarding the good-faith-effort process that they said would address this recommendation. However, the procedure has a few problems.

It says several documents are required for good faith efforts. But it provides no guidelines for these documents nor is there a link to any guidelines. The required content of these documents, the recommended timelines for completion, and other relevant information — such as where the documents should be stored — are not included in the procedure. The procedure simply says the documents must be produced, without any other guidance.

Meanwhile, we requested but were unable to obtain evidence of Small Business Opportunity working with other city agencies to help all parties understand that the division’s calculation of a project goal is the official record.

But we did find that the Division of Small Business Opportunity worked with officials to change city ordinance, as BerryDunn recommended in the original audit. It was updated to require approval before a prime contractor removes or adds certified businesses after a contract has begun.

While the division implemented this one part of the recommendation, other parts were not implemented. As a result, we find this recommendation was only partially implemented.

Recommendation 2.7

WORK TO ENSURE THAT DSBO STAFF WHO USE B2G ARE PROVIDED TRAINING RESOURCES

– BerryDunn recommends that DSBO staff who use B2G be provided system training, especially the reporting functionalities within B2G. DSBO should consider sending members overseeing the use of B2G to the in-person training, if feasible.



**FULLY
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

The Division of Small Business Opportunity provided a receipt for virtual B2G training — evidencing that it provided its staff with recommended training. As a result, we find this recommendation was fully implemented.

Finding 3 | DSBO Is Not in Compliance with Program and Project Monitoring Requirements

Recommendation 3.1



**NOT
IMPLEMENTED**

IMPROVE MONITORING OF GOAL PERFORMANCE AND INCREASE

OUTREACH – BerryDunn recommends DSBO evaluate the goal-monitoring process and improve its controls related to tracking goal performance and outreach to contractors that are active and appear to not be meeting their goals.

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

The Division of Small Business Opportunity developed a standard operating procedure related to the noncompliance process. However, it lacks many important and necessary details.

- One of the controls in the procedure is that B2G automatically calculates a contractor’s goal completion percentage. However, the system does not automatically alert Small Business Opportunity staff when contractors are not meeting goals, and it requires the staff to notice that the goal will not be met.

As of this follow-up report, each staff member in Small Business Opportunity’s downtown office was assigned an average of 1,064 contracts, while staff members at the division’s airport office averaged 412 contracts each. Noticing a single goal status is, therefore, difficult and the control is not reliable. The original audit report noted that Small Business Opportunity’s compliance staff are managing too many contracts to be effective.

- Other sections of the procedure show employees how to communicate with contractors that are not meeting their goals, but these details do not contain important information about how to perform the procedure – including time frames of when communication should occur and what happens when a contractor does not respond.

We did obtain evidence showing that when contractors are sent a letter through B2G for not meeting their goal, this documentation is automatically saved in B2G. While this is an improvement to tracking outreach to contractors that are not meeting their goals, the procedures developed by the Division of Small Business Opportunity for tracking goal performance are not well designed.

As a result, we determined this recommendation was not implemented.

Recommendation 3.2



**NOT
IMPLEMENTED**

DOCUMENTATION OF MONITORING ACTIVITY CONTROLS – BerryDunn recommends that, after DSBO identifies the most effective use of letters of intent and good faith efforts, DSBO document the procedures and train staff.

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

Employees in the Division of Small Business Opportunity told us during follow-up that the procedures for this recommendation were in two sections of city ordinance. However, as we noted in the agency action for Recommendation 1.2, ordinances, other laws, rules, and regulations are not the same as policies and procedures. Policies and procedures are the internal controls used to ensure an agency complies with ordinances, other laws, rules, and regulations.

Additionally, policies and procedures can be changed much more easily to address potential problems and changes, and they are meant to ensure employees have guidance to follow ordinances, rules, and regulations.

Small Business Opportunity did develop a standard operating procedure for the good-faith-effort process. The procedure includes directions for routing documentation within the division for approval, and it refers staff to the standard operating procedure for the sanction process when a good faith effort is not approved. But the procedure does not have most of the information staff would need to effectively perform the functions related to good faith efforts and it lacks guidance on using letters of intent.

As a result, we determined this recommendation was not implemented.

Recommendation 3.3



**PARTIALLY
IMPLEMENTED**

EVALUATE STAFFING NEEDS AND WORKLOAD OF MONITORING ACTIVITIES – BerryDunn recommends DSBO evaluate and reduce the number of contracts assigned to each compliance staff member to allow effective monitoring.

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

Employees in the Division of Small Business Opportunity provided us with copies of emails and requests for additional employees to show they had evaluated the number of contracts assigned to each staff member and were actively trying to reduce that number to allow effective monitoring of contracts.

During follow-up, we learned the division’s downtown office had less employees than it did during the original audit. The division also had more available positions, and once those are filled, the division will be better staffed. However, staff will still be managing a significant number of contracts — far more than the 400 each mentioned in the original audit report.

If all requests for additional employees in the downtown office are fulfilled, Small Business Opportunity will be in a better position with nine employees managing an average of 355 contracts each, based on the number of current contracts at the time of our follow-up.

Meanwhile, at Denver International Airport, the Division of Small Business Opportunity had the same number of employees as it did during the original audit. If it gets two more positions approved, the airport office will be better staffed with seven employees managing an average of 295 contracts each.

While the division has made efforts to reduce the number of contracts assigned to each compliance staff member, it has so far been unable to do so because of logistical reasons — including employee turnover and a hiring freeze due to the pandemic. As a result, we find this recommendation was only partially implemented.

Recommendation 3.4

IMPROVE MONITORING ACTIVITY CONTROLS – BerryDunn recommends DSBO work to ensure letters of intent are executed as written and submitted. DSBO should monitor contracts to assess whether the proposed certified firms are utilized. When DSBO identifies a subcontractor that is receiving payments and was not previously included in the contract, BerryDunn recommends DSBO work with the contractor to obtain a documented good faith effort, so the certified firm’s work can be counted toward the goal percentage.



**NOT
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: May 2, 2020

Employees in the Division of Small Business Opportunity told us during follow-up that the procedures for this recommendation were in two sections of city ordinance. However, as we noted in the agency action for Recommendation 1.2, city ordinances, other laws, rules, and regulations are not policy and procedure. Policy explains why actions are to be performed and procedures show how the action is supposed to be performed in a detailed manner. Together, policies and procedures are the controls that ensure an agency follows city ordinances, other laws, rules, and regulations.

Additionally, policies and procedures can be changed much more easily to address potential problems and changes, and they are meant to ensure employees have guidance to follow ordinances, rules, and regulations.

Because the division did not provide any other documentation showing recommended controls are in place, we concluded controls are not present. Without controls, it is not possible for Small Business Opportunity to ensure letters of intent are executed as written and submitted. Therefore, we conclude this recommendation was not implemented.

Recommendation 3.5

IMPROVE DOCUMENTATION OF MONITORING ACTIVITIES – BerryDunn recommends DSBO document monitoring activities performed and develop a consistent document management mechanism that allows verification and confirmation of completed tasks.



**PARTIALLY
IMPLEMENTED**

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

Employees in the Division of Small Business Opportunity developed a standard operating procedure that provides guidance on contract communication. The procedure instructs staff on how to enter information into B2G, create and send emails within B2G, respond to emails, upload communications from outside B2G to a contract, and enter comments about a contract to ensure phone calls and other forms of communication are recorded. The procedure shows examples of how to categorize outside correspondence, such as letters of intent, good faith efforts, approval or rejection letters, and deadline extensions.

However, in our review of documentation on a selection of contracts, we did not see any evidence of these monitoring activities being done. Because we cannot verify the new procedure was implemented, we determined this recommendation was only partially implemented.

Finding 4 | DSBO Is Inconsistent in Its Response Times and Renewal Practices for Certifying and Recertifying Businesses

Recommendation 4.1



**FULLY
IMPLEMENTED**

ESTABLISH AND ENFORCE A DEADLINE FOR PROCESSING CERTIFICATION APPLICATIONS – BerryDunn recommends that DSBO continue to use an automated and proactive approach when reaching out to businesses that need to recertify. BerryDunn also recommends training of staff to enforce a faster and more-uniform decision timeline for responding to applications.

AGENCY ACTION

Original target date for completion: Aug. 1, 2020

Employees in the Division of Small Business Opportunity provided us with evidence showing that automated notifications for certification, recertification, and expired certifications are still used – as well as documentation showing that they trained staff on certification and recertification.

As a result, we find this recommendation was fully implemented.

Recommendation 4.2



**NOT
IMPLEMENTED**

REMOVE THE OPTION TO PROVIDE CERTIFICATION EXTENSIONS – BerryDunn recommends that DSBO follow the established renewal process for all subcontractors and not grant extensions upon request.

AGENCY ACTION

Original target date for completion: Aug. 1, 2020

As evidence of implementing this recommendation, employees in the Division of Small Business Opportunity pointed us to their rules and regulations – which say extensions will no longer be granted, that the division must verify that all certified firms meet eligibility requirements, and that it is a business’s responsibility to maintain its certification.

However, the division did not provide any documentation demonstrating controls that ensure extensions are not granted, and our follow-up work found the division is still granting extensions for certifications. As a result, we find this recommendation was not implemented.

Finding 5 | The DSBO Goal-Setting Process Is Inconsistent and Does Not Maximize Program Effectiveness

Recommendation 5.1



**FULLY
IMPLEMENTED**

IMPROVE GOAL ASSIGNMENT CONTROLS – BerryDunn recommends DSBO utilize a consistent goal-setting process and document goal-determination procedures to promote consistency among staff.

AGENCY ACTION

Original target date for completion: May 2, 2020

The Division of Small Business Opportunity developed a standard operating procedure related to the goal-setting process. In our review of this document, we found it will help ensure consistency because it instructs analysts to compare projects to three other historical projects.

Additionally, by having procedures documented, the division has met the second part of the recommendation. Therefore, we find this recommendation was fully implemented.

Recommendation 5.2



**NOT
IMPLEMENTED**

IMPROVE CONSISTENCY OF GOAL ASSIGNMENT METHODOLOGIES – BerryDunn recommends DSBO utilize the goal established by the goal analyst or stay within a range established by DSBO in order to prevent inconsistent goal setting.

AGENCY ACTION

Original target date for completion: Aug. 1, 2020

The Division of Small Business Opportunity developed a standard operating procedure related to the goal-setting process, which would likely cause the division to use the goal established by the staff analyst.

However, there is no wording that requires the analyst's figure to be used or that establishes an acceptable range. We asked Small Business Opportunity employees whether there were other controls that would accomplish this, but they did not provide evidence of any other controls. Additionally, Small Business Opportunity employees specifically said they do not establish ranges for goals.

Because the division did not bring consistency to its goal-assignment methodologies, we find this recommendation was not implemented.

Finding 6 | City Purchasing Controls for Notifying DSBO Are Insufficient

Recommendation 6.1



**NOT
IMPLEMENTED**

COOPERATE WITH OTHER CITY AGENCIES TO IMPROVE CITY PURCHASING CONTROLS – BerryDunn recommends DSBO work with city officials and procurement to implement a method or control that would help prevent qualified projects from being procured without a goal established.

AGENCY ACTION

Original target date for completion: Sept. 1, 2020

In response to this recommendation, the Division of Small Business Opportunity now requires that when a contract goes through the city’s contract system, the employee entering the contract has to specify whether the project has a small business goal.

However, a Small Business Opportunity employee does not perform this control; whoever procures the contract does. This contract procurement employee will not have the same knowledge about small business requirements as a Small Business Opportunity employee.

We asked what controls existed to prevent a contract procurement employee from accidentally or purposely selecting “no” in instances when a project should have a goal. Small Business Opportunity employees said if that happened, it would require an exclusion checklist to be attached.

We reviewed the checklist and found it was missing some exclusions from city ordinance and is not required to be completed. Small Business Opportunity employees told us the checklist was made specifically for contract administrators as a guide for projects that are excluded from Small Business Opportunity programs, and they confirmed it is not required.

While the division did implement a control, the control is weak. As a result, we find this recommendation was not implemented.

Office of the Auditor

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201 West Colfax Avenue #705

Denver CO, 80202

(720) 913-5000 | Fax (720) 913-5253

www.denverauditor.org

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