

# DENVER CITY COUNCIL

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Denver, Colorado 80202

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Bonita Roznos  
Executive Director

December 6, 2023

Auditor Timothy M. O'Brien, CPA  
Office of the Auditor  
City and County of Denver  
201 West Colfax Avenue, Dept. 705  
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit of City Council Operations.

This memorandum provides a written response for each reportable condition noted in the Auditor's Report final draft that was sent to us on November 15, 2023. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

## AUDIT FINDING 1

Gaps in several City Council operations expose the city to risks and inconsistent practices.

### RECOMMENDATION 1.1

To protect the city's assets and network, the City Council and the city's Technology Services agency should work together to formally document critical Technology Services' policies that council members and their staff will follow, including, at minimum, those that ensure accurate tracking of the City Council's information technology equipment and consistent completion of mandatory cybersecurity training by City Council personnel.

As part of this, the City Council and Technology Services should list the Technology Services' policies that the City Council will follow and also describe the steps Technology Services will take to communicate any concerns about noncompliance and ways in which it will remedy unresolved risks that are associated with the City Council's activities.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and phone number of specific point of contact for implementation

Agree	03/01/2024	Dr. Bonita Roznos or designee 720-337-2001
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**Narrative for Recommendation 1.1**

Currently, all City council members and staff, in the onboarding process, sign the Computer Acceptable Use Agreement from TS. Moving forward we will add the Acceptable Use Agreement to the Onboarding Packet, include it the employee handbook that is currently being developed, and present it at the City Council and the Council Aide Academies. See attached copy of the Use Agreement. City Council's 2023 Q4 Cybersecurity rate is at 94%.

The Acceptable Use Agreement speaks to the TS polices that City Council employees should follow. Additionally, City Council's Executive Director (ED) and the Marketing and Communication Specialist currently hold monthly meetings with TS to identify and address any concerns and issues, which are then communicated to the City Council members and staff.

<b>RECOMMENDATION 1.2</b>		
After implementing Recommendation 1.1, the City Council’s Central Office staff should create new policies and procedures to document the critical Technology Services’ policies the City Council will follow and the information the Central Office will provide to Technology Services to demonstrate City Council’s compliance. These new policies and procedures, as well as the compliance commitment, should be shared with all City Council members and their office staff.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	03/01/2024	Dr. Bonita Roznos or designee 720-337-2001

**Narrative for Recommendation 1.2**

The City Council will use the Acceptable Use Agreement (AUA) as the standard since all City technology or information resources, facilities and equipment owned or leased by the City, whether centralized, de-centralized, agency or department-managed are covered by this policy. Central will develop a policy stating that the AUA is the policy that City Council will follow for all TS information resources, facilities and equipment. Additionally, Central will track who has completed the AUA and provide an annual report to each Council Person. See attached policy.

**RECOMMENDATION 1.3**

The City Council’s Central Office staff should create policies and procedures to better ensure all outgoing council members and staff return all city-owned information technology hardware. The procedures should include, at minimum, a description of who is responsible for receiving and tracking the equipment, the steps to be taken to validate hardware inventories self-reported by council members’ district offices, and how often Central Office staff will request and validate hardware inventories.

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	03/01/2024	Dr. Bonita Roznos or designee 720-337-2001

**Narrative for Recommendation 1.3**

Outgoing members and staff were notified in an email on 7/8/2023 that all city owned electronics and keys were to be turned in by 7/14/2023 to the HR Manager. Additionally, the city council transition document presented in a meeting to outgoing members and staff on 4-5-2023 stated that all city owned electronics were to be turned into the HR Manager. See attached transition item document. This process will be documented and put into a policy.

**RECOMMENDATION 1.4**

The City Council’s Central Office staff should audit its inventory of council personnel’s information technology equipment to locate and log all devices currently in use, resolve any duplicate serial numbers, and identify and correct missing location and user data. Once the inventory is corrected, Central Office staff should provide the Technology Services agency with the new inventory information and continue to monitor and identify corrections needed in Technology Services’ information technology inventory data.

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	03/01/2024	Dr. Bonita Roznos or designee 720-337-2001

**Narrative for Recommendation 1.4**

An audit of City Council Assets is conducted annually starting in October. For the current year, this project will be completed by December 8, 2023. A policy will be created to document this process based on the Technology Services Hardware Asset Management Policy POL0020087.

<b>RECOMMENDATION 1.5</b>		
The City Council should request an opinion from the City Attorney’s Office about the legality of the City Council members’ practice of making donations, engaging in sponsorships, and executing grants with local organizations. The City Council should also get advice from the City Attorney’s Office on the limits of the “public purpose” exception as it applies to Article XI, Section 2 of the Colorado Constitution as well as obtain the legal definition of a “donation” and how it is distinct from a “sponsorship” or a “grant.”		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	06/01/2024	Dr. Bonita Roznos or designee 720-337-2001

**Narrative for Recommendation 1.5**

Central staff, CAO, and the DOF are in discussions about the interpretation of sponsorships, donations, and grants. CAO and FA presented these recommended definitions at the August 2023 OPS meeting. These recommendations are being incorporated into updates to Rule 11 of the City Council Rules of Procedure.

<b>RECOMMENDATION 1.6</b>		
Based on information from the City Attorney’s Office obtained as part of implementing Recommendation 1.5, the City Council should update its internal procedures to clearly define a donation, a sponsorship, and a grant. These policies and procedures should be updated to include guidance on who is responsible for keeping donation declaration forms in line with the city’s records retention policy.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	01/17/2024	Dr. Bonita Roznos or designee 720-337-2201

**Narrative for Recommendation 1.6**

Central staff will create an online form such that all donation declarations forms are kept in a central repository in SharePoint. This will create a master record of donation declaration forms such that district offices have a duplicate record of donation declarations. This process will be documented in the form of a written policy.

<p><b>RECOMMENDATION 1.7</b></p> <p>In consultation with the Department of Finance or the City Attorney’s Office, as necessary, the City Council’s Central Office staff should develop and provide training for council members and their staff on the distinction between donations, sponsorships, and grants. This should include how to record such transactions both in Workday and on donations declarations forms and how to report these to the Clerk and Recorder’s Office.</p> <p>Central Office staff should also determine and document how often refresher training should be provided. Council members’ and employees’ completion of this refresher training should be documented and tracked by the Central Office.</p>		
<p><b>Agree or Disagree with Recommendation</b></p>	<p><b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b></p>	<p><b>Name and phone number of specific point of contact for implementation</b></p>
<p>Agree</p>	<p>01/17/24</p>	<p>Dr. Bonita Roznos or designee 720-337-2001</p>

**Narrative for Recommendation 1.7**

This process is ongoing through the operation meetings and Rule11 changes. The Fiscal Administrator provides regular training on the differences between donations and sponsorships monthly. Central will create a policy documenting this process and hold a training regarding updates the 1st quarter of 2024, after the launch of the new form. Training will be conducted at the January 17, 2024, OPS Meeting.

<p><b>RECOMMENDATION 1.8</b></p> <p>The City Council should monitor potential changes to the city’s Fiscal Accountability Rules regarding donations and adjust the council’s policies and procedures accordingly to ensure compliance.</p>		
<p><b>Agree or Disagree with Recommendation</b></p>	<p><b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b></p>	<p><b>Name and phone number of specific point of contact for implementation</b></p>
<p>Agree</p>	<p>01/31/2024</p>	<p>Dr. Bonita Roznos or designee 720-337-2001</p>

**Narrative for Recommendation 1.8**

Central staff welcomes any update to the Fiscal Accountability Rules and intends to disseminate their implications via a monthly operations meeting. Central staff will continue to work with the city council staff liaisons from the Accounting Services Team in the Controller’s Office and from the Budget Management Office (BMO) to keep apprised of Fiscal Accountability Rule updates. The Fiscal Administrator currently meets monthly with the accounting liaison and the BMO liaison where fiscal updates are provided. These updates will be communicated via email and/or at the monthly OPS meetings to employees.

<p><b>RECOMMENDATION 1.9</b></p> <p>The City Council’s Central Office staff should update the donation declaration form so that it includes instructions on when and how the form should be submitted before council members make or promise taxpayer funds to local organizations, in alignment with the City Council’s internal procedures.</p> <p>Additionally, Central Office staff should revise the form to require additional detail about the supporting documentation that council members must provide to better explain, as applicable:</p> <ul style="list-style-type: none"> <li>• How a donation serves a public purpose.</li> <li>• Where, when, and how the marketing benefit for a sponsorship will be realized.</li> <li>• The name and a brief description of the grant being given.</li> </ul>		
<p><b>Agree or Disagree with Recommendation</b></p>	<p><b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b></p>	<p><b>Name and phone number of specific point of contact for implementation</b></p>
<p>Agree</p>	<p>01/17/24</p>	<p>Dr. Bonita Roznos or designee 720-337-2001</p>

**Narrative for Recommendation 1.9**

Beginning in the first quarter of 2024, January 17, 2024, the donation declaration form, that is submitted to the ED will be updated such that councilmembers and staff must declare whether they’re making a donation or sponsorship. If the member or staff is declaring a sponsorship, they will be asked to provide documentation of marketing and advertising services. Any grants will be completed via contract with CAO.

**RECOMMENDATION 1.10**

The City Council’s Central Office staff should annually review the Clerk and Recorder’s Office’s donation reports as well as Workday transactions to identify patterns of noncompliance with City Council members’ financial support of local organizations.

This review should be documented and include inspections of supporting documentation to ensure transactions adhere to the City Council’s policies and procedures.

Even if the practice of donating funds from council members’ district budgets is no longer allowed because of upcoming changes to the Fiscal Accountability Rules, Central Office staff should continue reviewing sponsorships and grants made by council members districts to ensure these activities comply with city rules.

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	01/31/24 – Online Form 01/31/2025 Review	Dr. Bonita Roznos or designee 720-337-2001

**Narrative for Recommendation 1.10**

The ED in consultation with CAO will review the current Council Rule 11 and the potential update to the rules and determine what new procedures are needed. Until this rule is updated, Central will review the donation form submitted for all donations and sponsorships via SharePoint before the form is submitted to the Clerk and Recorders Office. Upon completion of Council Rule 11, Central Staff will reevaluate this process to ensure it aligns with the updated rule. A protocol will be developed for the submission of an online donation with an implementation date of 1/31/24 and the donation report will be reviewed prior to submission to the Clerk and Recorders office with an implementation date of 1/31/2025, and then annually.

**RECOMMENDATION 1.11**

The City Council’s Central Office staff should develop a documented process to track when purchase cardholders among council members and their staff complete the required Workday training on purchase card use. Because the training can be retaken at any time, Central Office staff should also determine when a refresher training should be provided to cardholders and track their completion of this training.

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	06/01/2024	Dr. Bonita Roznos or designee

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**Narrative for Recommendation 1.11**

To obtain a purchase card, a councilmember or staff must complete P-Card training in Workday. Central coordinates refresher training annually in conjunction with the DOF via an operations meeting. Central’s Fiscal Administrator hosts a training once a month and, on an ad-hoc basis by request from councilmembers and staff. Training for the issuance of a P-Card is tracked through DOF. Central will also run a report on a bi-annual basis to confirm that the credit card training is completed. Central will document all trainings. A P-Card training did occur on September 7, 2023 (PowerPoint presentation is attached). Another training is scheduled for December 20, 2023 and will be conducted by the Credit Card Administrator. Additionally, the Fiscal Administrator provides updates to employees in the weekly Council Aides’ meeting on various purchasing topics.

<b>RECOMMENDATION 1.12</b>		
The City Council’s Central Office staff should regularly review council members’ and staff’s purchase card use through Workday to identify patterns of noncompliance. This should include checking for potential split transactions and computer technology purchases, as well as verifying that payments to local organizations using purchase cards are indeed sponsorships, not donations.		
Any identified patterns of noncompliance should be documented and used to inform how often the refresher training described in Recommendation 1.11 should be required.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	01/31/2024	Dr. Bonita Roznos or designed 720-337-2001

**Narrative for Recommendation 1.12**

This process is already completed on all purchases through the P-card purchase approval process performed by the Central’s Fiscal Administrator and the Department of Finance. The Fiscal Administrator will continue to review purchases to ensure they comply with regulations identified in the Controller’s Credit Card Program Guide during the P-Card reconciliation process which occurs with every purchase. The Fiscal Administrator will document examples of non-compliance to determine when a refresher training is required.



<b>RECOMMENDATION 1.13</b>		
The City Council’s Central Office staff should revisit the council’s fiscal policy for election year purchases to determine whether any additional steps are needed — such as improved controls or adjusting the timing for disabling purchase cards and travel cards. Central Office staff should document their decision to revise or update the fiscal policy and ensure they adhere to the fiscal policy going forward.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	03/01/24	Dr. Bonita Roznos or designee 720-337-2001

**Narrative for Recommendation 1.13**

Adjustments to the election year purchasing policy will be reviewed by Central staff and the Budget Working Group. Changes to the policy will be documented in SharePoint. It was last updated April 12, 2023.

<b>RECOMMENDATION 1.14</b>		
The City Council’s Central Office staff should develop and implement formal policies and procedures to ensure outgoing council members and staff return their keys and badges by the date set by the Central Office. The procedures should include, at a minimum, a description of who is responsible for collecting keys and badges, how staff will track and document when keys and badge are turned in, who outgoing members and staff should turn them into, and what steps Central Office staff will take to collect them, if necessary.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	03/01/24	Dr. Bonita Roznos or designee 720-337-2001

**Narrative for Recommendation 1.14**

Outgoing members and staff were notified in an email on 7-8-2023 that all city owned electronics and keys were to be turned in by 7-17- 2023 to the HR Manager. See attachment. Additionally, the transition document that was presented in a meeting to outgoing members and staff on 4-5-2023 also stated that all city owned electronics, keys,

and badges were to be turned into the HR Manager. See attached transition item document. This direction can be put into a policy with the update that all equipment and keys will be turned into the ED or their designee.

Please contact Dr. Bonita Roznos at 720-337-2001 with any questions.

Sincerely,



Jamie Torres  
City Council President

cc's: Valerie Walling, CPA, Deputy Auditor  
Dawn Wiseman, CRMA, Audit Director  
Sonia Montano, CGAP, CRMA, Senior Audit Manager  
Emily Owens Gerber, MPA, Audit Manager