FOLLOW-UP REPORT

Denver City Council

# *City Council Operations*

*NOVEMBER 2025*


**TIMOTHY M. O'BRIEN, CPA**
*DENVER AUDITOR*

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# City and County of Denver

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**AUDITOR'S LETTER**

*November 6, 2025*

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by city ordinance, we have 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 December 2023, we audited certain City Council operations and controls related to spending oversight, technology asset management, and the elected member transition process. We found risks involving the security of the city's network and technology equipment, the transparency and accountability of some council office spending, and the effectiveness of security-related practices for incoming and outgoing council members and staff. The Denver City Council agreed to implement all 14 of our recommendations.

We recently followed up and found the Denver City Council implemented most recommendations.

Although the Denver City Council has made notable progress, it did not fully address all the risks associated with our original findings. Consequently, we may revisit these risk areas in future audits to ensure the city takes appropriate corrective action.

We appreciate the leaders and team members in the Denver City Council who shared their time and knowledge with us throughout the audit and the follow-up process. Please contact me at 720-913-5000 with any questions.

Denver Auditor's Office

Timothy M. O'Brien, CPA
Auditor

# ORIGINAL REPORT HIGHLIGHTS

## City Council Operations

**Original Report Issued:**
DECEMBER 2023

**Follow-up Report Issued:**
NOVEMBER 2025

### Objective

To assess the effectiveness of selected City Council operations and controls regarding council office spending oversight, technology asset management, and the transition process for elected members leaving and assuming office.

### Background

The Denver City Council is the city's legislative branch established by charter. The council is responsible for passing local laws, appropriating taxpayer funds, and ensuring zoning oversight.

It is made up of 13 elected officials: 11 who represent individual geographic districts and two members whose at-large seats represent the entire city. Members serve four-year terms and can serve no more than three terms. Each council member has considerable discretion on how to spend their office's funding.

The Denver City Council lacked important controls associated with managing information technology assets, ensuring completion of cybersecurity training, regulating council office spending, and ensuring consistency in the council member transition process.

**Gaps in several City Council operations exposed the city to risks and inconsistent practices**

Specifically, we identified:

- Missing data and numerous errors in inventories meant to track the City Council's information technology equipment.
- Inconsistent completion of the city's mandatory cybersecurity training.
- Inconsistent practices when council members supported local organizations through donations, sponsorships, or grants.
- Inconsistent compliance with city rules for city-issued credit cards.
- Noncompliance with the City Council's own fiscal policy for purchases during an election year.
- Incomplete documentation for badges and keys turned in by outgoing members.

**WHY THIS MATTERS**

**As an independent agency, the City Council is exempt from control by the Mayor's Office and city agencies under the mayor. But City Council members and their staff still use city systems and are just as accountable to the public.**

**Inconsistent practices expose the city's systems to cyberattacks, decrease the transparency and accountability of some council office spending, and pose a risk that important security-related practices may not be consistently occurring during all future transitions.**

| 8 | 4 | 2 |
|---|---|---|
| FULLY IMPLEMENTED | PARTIALLY IMPLEMENTED | NOT IMPLEMENTED |

# Action since audit report
## City Council Operations

14 recommendations proposed in December 2023

The Denver City Council fully implemented eight recommendations made in the original audit report. However, it only partially implemented four others and has not taken steps to address the risks two other recommendations had sought to resolve.

By fully implementing eight of our recommendations, the City Council can better protect the city's systems and data from cyberattacks and has improved the transparency and accountability of some council office spending. Also, the City Council is better able to ensure it collects keys and badges from council members and staff separating from the city.

| FULLY IMPLEMENTED | 8 | PARTIALLY IMPLEMENTED | 4 | NOT IMPLEMENTED | 2 |
|---|---|---|---|---|---|

## Remaining risks

The recommendations the City Council did not fully implement present several lingering risks. Among them:

- The City Council technology assets may not be fully accounted for and tracked.
- City Council members may still be operating without clear and consistent guidance on how donations are distinct from sponsorships. Furthermore, City Council members' financial support for local organizations may still lack transparency and accountability.
- Although the council's policy for election year spending has been revisited, it is not clear whether outgoing City Council members' purchase and travel cards will be disabled in time to prevent inadvertent overspending that may impact incoming council members' budgets.

## FINDING | Gaps in several City Council operations expose the city to risks and inconsistent practices

### *Some City Council information technology-related practices expose the city to risks*

| RECOMMENDATION | | IMPLEMENTATION STATUS |
|---|---|---|
| 1.1 | Document information technology internal controls for the City Council | FULLY IMPLEMENTED |
| 1.2 | Create new policies and procedures for information technology compliance | FULLY IMPLEMENTED |
| 1.3 | Create policies and procedures for returning technology equipment | FULLY IMPLEMENTED |
| 1.4 | Audit and monitor the City Council's information technology inventory | PARTIALLY IMPLEMENTED |

**Recommendation 1.1**

**DOCUMENT INFORMATION TECHNOLOGY INTERNAL CONTROLS FOR THE CITY COUNCIL** – 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 a 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.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: March 1, 2024**

**SUMMARY OF AGENCY ACTION**

We reviewed two policies adopted by the City Council in March 2024. The "Technical Services Policy" says that all City Council members and staff are required to agree to follow Technology Services' "Acceptable Use Agreement." The "Acceptable Use Agreement" outlines the responsible

use practices for computer equipment and networks to protect city assets and data. It also warns of the risks of noncompliance. These risks include exposing the city to legal liability from potential data breaches, cybersecurity vulnerabilities to virus attacks, and compromising network systems and services with noncompliant technology use. The City Council's "Technical Services Policy" also says council members, staff, interns, and volunteers must complete cyber and data protection training.

The City Council also adopted an "Asset Management Policy," which says an inventory of technology assets is to be performed annually.

To determine the extent to which the City Council and Technology Services communicate about policy noncompliance, we reviewed information about the council's regular asset risk management meetings with Technology Services. We also reviewed evidence of collaboration discussion meetings between the City Council and Technology Services, including before and after the new policies were implemented.

We found both the "Technical Services Policy" and the "Asset Management Policy" have been implemented, which we discuss with recommendations 1.2 and 1.3.

Measures taken by the City Council and Technology Services when council members and staff have not completed the "Acceptable Use Agreement" or mandatory cybersecurity trainings include automated notifications from Workday, the city's system of record, that are sent weekly to all personnel and their managers who have not completed the requirements. These notifications warn that failure to sign the agreement or complete trainings results in removal of a user's access.

The City Council's Central Office staff also follow up by email to notify council members that they or their staff have outstanding technology services tasks, or to thank them for completing the tasks. Because the City Council has taken all necessary steps, we consider this recommendation fully implemented.

**Recommendation 1.2**

**CREATE NEW POLICIES AND PROCEDURES FOR INFORMATION TECHNOLOGY COMPLIANCE** – 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 the 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.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: March 1, 2024**

**SUMMARY OF AGENCY ACTION**

In addition to the actions taken by the City Council in Recommendation 1.1, we also reviewed employee orientation materials to ensure that new employees are provided with the "Acceptable Use Agreement" and made aware of Technology Services' requirements for responsible use of technology assets.

When new employees are hired, they must complete certain tasks — including entering personal and contact information and reviewing citywide policies. Staff must also review and sign the "Acceptable Use Agreement." Payroll information, like benefit elections and direct depositing of pay, cannot be entered until these items are complete.

The City Council's Central Office staff provided us with an email sent to all council members, staff, interns, and volunteers on March 15, 2024. The email explained that the new policies had been adopted and showed where the policies could be reviewed on the City Council's shared drive, and that Central Office staff would create a new annual report to verify all City Council personnel had signed the "Acceptable Use Agreement."

To determine whether efforts to communicate the policies to council members and staff were effective, we reviewed completion rates for cybersecurity training and the "Acceptable Use Agreement." Completion rates ranged from 67% to 79% from 2021 through August 2023, but they have increased significantly since then. In 2024, about 93% of applicable City Council personnel signed the agreement.

Completion rates for cybersecurity training also increased. At the time of our original audit in 2023, completion rates ranged from 70% to 85%. At the time of our follow-up work, completion rates ranged from 95% to 100%.

Although policies do not describe the specific information Central Office will provide to Technology Services, as specified in the language of the recommendation, we found that Technology Services has access to the information needed to track compliance. When requested, Technology Services has provided information on compliance rates for completion to the City Council's Central Office staff, who used this data to help them perform their own compliance monitoring and follow-up activities. Also, the significant improvement in compliance rates shows that communications about the new policies and procedures are effective.

Therefore, we consider this recommendation fully implemented.

**Recommendation 1.3**

**CREATE POLICIES AND PROCEDURES FOR RETURNING TECHNOLOGY EQUIPMENT** – 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

a 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.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: March 1, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's Central Office finalized a new "Asset Management Policy" in March 2024 that applies to City Council members and their staff. The policy identifies the City Council's human resources manager as the person responsible for ordering, distributing, managing, and collecting all city-owned assets when staff leave City Council employment. The policy also identifies the executive director as the backup person to fulfill these duties when the human resources manager is unavailable.

The "Asset Management Policy" reiterates the city's "Acceptable Use Agreement" policy that says only Technology Services is authorized to obtain hardware technology assets. The policy also says that the City Council's Central Office will validate hardware inventories by performing an audit of the City Council's hardware assets, with assistance from Technology Services, each year between October and December.

Central Office staff provided a checklist and another document that lists items to be returned by separating employees, including "laptop/computer," tablets, and mobile devices.

We reviewed examples of communication between Central Office's human resources manager and individual council members about recently separated employees requesting council office staff to complete the employee exit checklist and a list of assets to be returned by the employee.

This documentation showed that the City Council's Central Office has developed a policy and process for ensuring separating employees return hardware assets, and that the process has been applied for employees.

Therefore, we consider this recommendation fully implemented.

**Recommendation 1.4**

**AUDIT AND MONITOR THE CITY COUNCIL'S INFORMATION TECHNOLOGY INVENTORY** – 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.

**PARTIALLY IMPLEMENTED**

**Agency's original target date for completion: March 1, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's new "Asset Management Policy" says that an audit of the City Council's information technology equipment will be conducted each year in coordination with Technology Services.

Although procedures for the audit are not listed, the City Council's Central Office staff said the audit is performed by the human resources manager, who receives an asset listing from Technology Services and then contacts each user in the listing to verify they are in possession of all assets assigned to them.

Confirmation of inventory is provided either through direct observation or via a picture sent by the user. Any updates to the technology asset inventory are then sent to Technology Services to make the necessary corrections.

We received copies of the asset listings used for the audits conducted in 2023 and 2024. Although the City Council had left notes for Technology Services in the comments section of these spreadsheets, it was unclear how errors were identified and corrected. Because the human resources manager who performed the audits was no longer with the city and no additional documentation was available, we were unable to determine what actions were taken for assets that were missing user or location information. We found one asset that, according to the comments field, was not in the 2024 inventory that was still present in the listing as of June 2025.

Duplicate serial numbers identified in our audit had been resolved. However, we still noted instances of assets missing user or location information.

The City Council performed audits of its technology assets for 2023 and 2024. It established a policy to conduct annual audits to monitor and identify needed corrections. Also, the inventory listing no longer contains duplicate information.

However, a lack of documentation makes it hard to determine the process that was followed or the corrective actions that were taken. Furthermore, several assets in the inventory are still missing user or location data, and older technology assets that were not physically verified are present in the listing without explanation in the comments field.

Therefore, we consider this recommendation partially implemented.

***Some City Council spending practices did not comply with rules designed to ensure transparency and accountability***

| RECOMMENDATION | | IMPLEMENTATION STATUS |
|---|---|---|
| 1.5 | Seek a legal determination regarding acceptable financial support for local organizations | NOT IMPLEMENTED |
| 1.6 | Update procedures on donations, sponsorships, and grants | PARTIALLY IMPLEMENTED |
| 1.7 | Develop and deliver training on support for local organizations | NOT IMPLEMENTED |
| 1.8 | Update internal procedures after update to city fiscal rules | FULLY IMPLEMENTED |
| 1.9 | Update donation declaration form | FULLY IMPLEMENTED |
| 1.10 | Review City Council members' financial support of local organizations to monitor compliance | PARTIALLY IMPLEMENTED |
| 1.11 | Track purchase card training | FULLY IMPLEMENTED |
| 1.12 | Periodically review purchase card activity | FULLY IMPLEMENTED |
| 1.13 | Revisit the fiscal policy for election year purchasing | PARTIALLY IMPLEMENTED |

**Recommendation 1.5**

**SEEK A LEGAL DETERMINATION REGARDING ACCEPTABLE FINANCIAL SUPPORT FOR LOCAL ORGANIZATIONS** – 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."

**NOT IMPLEMENTED**

**Agency's original target date for completion: June 1, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's Central Office staff said they received advice from the City Attorney's Office about the legality of council members' practice of making donations, engaging in sponsorships, and executing grants with local organizations. They also provided several documents as evidence of this legal advice.

The documents included a revised and a final version of the City Council's "Rules of Procedure" and copies of presentations given by an assistant city attorney during the two internal City Council operations meetings.

We found that in both the revised and final versions of the rules, the sections discussing requirements associated with council members giving donations from their offices' budgets to external organizations was removed entirely. This included removing the rules requiring council members to report donations made to the Clerk and Recorder's Office. The only remaining donation guideline in the City Council's rules relates to the ability of council members to solicit charitable contributions to the city.

Central Office staff told us the City Council made these changes under the advisement of an assistant city attorney, making its rules more general to align with the City Council's current purchasing practices. Council members were also advised to remove references to "donations" in the "Rules of Procedures" and to use the term "sponsorship" instead.

We assessed copies of the presentations an assistant city attorney provided to the City Council during an October 2024 and a December 2024 internal City Council operations meeting. The presentations covered changes to the council's rules related to spending. However, these presentations did not provide any information on the legality of council members making donations to local organizations.

Central Office staff were unable to provide other documentation, such as presentation notes or transcripts, that could show whether any verbal discussion covered the legal opinion to update rule terminology. We also found no documentation exists to show that the City Attorney's Office provided any advice on the limits of the "public purpose" exception in the state Constitution, as directed by the recommendation. The "public purpose" exception, as described in the original audit, allows municipalities to support local organizations when the organization receiving the donation provides a service similar to one the government does or the donation serves a valid public purpose.

Lastly, our recommendation said the City Council should obtain a legal definition of a "donation" and how "donations" are different from a "sponsorship" or a "grant." The presentations from the assistant city attorney included definitions for donations, sponsorships, and grants. However, none of these definitions apply to the practice of council members donating funds from their budgets to external organizations.

Instead, the presentations described "donations" as "gifts given to the city," while the definition for the term "sponsorship" comes from a procurement procedure used by General Services and references direct payments to nonprofit organizations. These definitions are not consistent with information previously provided by the City Attorney's Office during our audit in 2023 that defined these terms as follows:

- **DONATIONS –** A gift of property or money from a donor to a recipient.
- **SPONSORSHIP –** A direct payment to nonprofit organizations for marketing or advertising.

Also, the definition for "sponsorship" in these presentations is inconsistent

with the City Council's donation declaration form that says a sponsorship "consists of marketing, advertisement, or some type of recognition."

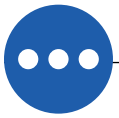
While we were told that the assistant city attorney's advice was to no longer refer to the City Council's practice of donating funds from their budgets to external organizations as a "donation," we did not find any evidence of the City Attorney's Office's opinion about the legality of council members' practice of making donations. We also could not find any evidence that the City Attorney's Office advised on the limits of the "public purpose" exception for the City Council.

Furthermore, the provided definitions of "donation," "sponsorships," and "grants" shows that the practice of donating funds from City Council members' budgets may continue under the term "sponsorship."

As a result, we consider this recommendation not implemented.

**Recommendation 1.6**

**UPDATE PROCEDURES ON DONATIONS, SPONSORSHIPS, AND GRANTS** – 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.



**PARTIALLY IMPLEMENTED**

**Agency's original target date for completion: Jan. 17, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council did not update its internal policy and procedure, or its donation declaration form, to clearly define the terms "donation," "sponsorship," and "grant." Although the donation declaration form provides a definition for the word "sponsorship," this definition was not included in information provided to the City Council from the City Attorney's Office, so we cannot confirm it is supported by the City Attorney's Office.

Although Central Office staff said that donation declaration forms are now submitted to and stored in "Formsite," an online form builder, and attached in Workday, the city's system of record, neither the City Council's internal policy nor the donation declaration form clearly documented whether the City Council will follow Workday's records retention schedule of seven years or a different schedule. However, the City Council updated the policy as we concluded our follow-up work in October 2025, clarifying that the Workday retention policies will apply to the donation declaration forms.

Therefore, we consider this recommendation partially implemented.

**Recommendation 1.7**

**DEVELOP AND DELIVER TRAINING ON SUPPORT FOR LOCAL ORGANIZATIONS** – 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 donation declaration forms and how to report these to the Clerk and Recorder's Office.

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.

**NOT IMPLEMENTED**

**Agency's original target date for completion: Jan. 17, 2024**

**SUMMARY OF AGENCY ACTION**

We did not find any evidence that the City Council's Central Office staff has developed and provided training for council members and their staff on the distinction between what is a donation, a sponsorship, or a grant. Also, Central Office has not documented how often refresher training should occur.

Instead, we were told that Central Office's accountant holds trainings and meetings to inform and answer questions from new council aides responsible for managing their district's budgets. Central Office staff provided us with several documents associated with these trainings, including the accountant's list of trainings, a budget overview training presentation, and budget aide training topics. However, none of these documents include information on distinguishing between donations, sponsorships, and grants. The budget aide training topics document does have some guidance about reporting donations and sponsorships in Workday. This guidance outlines how to code donations and sponsorships in Workday and what supporting documentation to attach.

As we concluded our follow-up work, the City Council updated this document to include additional detail on submitting donations made to the Clerk & Recorder's Office. Budget and financial training for new council members happens during the City Council Academy. However, the previous academy from July 2023 did not include training on the distinction between donations, sponsorships, and grants, and academy training materials will not be updated until July 2027. These academy training updates will be in preparation for the next council member elections.

The City Council's Central Office staff also provided us with information on a training held in January 2024 during a City Council operations meeting. That training discussed the donation declaration form and internal rules that provided guidance on the form. The presentation included excerpts and

portions of the form that says that a sponsorship involves the city getting marketing, advertisement, or recognition in exchange for the payment. But no other information on the distinction between donations, sponsorships, and grants is included.

The City Council's Central Office has not documented how often refresher trainings should be provided. The only tracking of employees' completion of training was a meeting acceptance for two "council aide academy" training sessions in 2024. However, these documents did not clearly show how donations are different from sponsorships or grants.

As mentioned in the implementation status of Recommendation 1.12, we found nine improper donation transactions occurred from December 2024 through January 2025. Without initial and ongoing trainings on the distinction between donations, sponsorships, and grants and how to make and report them, further noncompliant donation transactions may occur.

Because the information provided did not show that the necessary trainings had been developed and provided, we consider this recommendation not implemented.

**Recommendation 1.8**

**UPDATE INTERNAL PROCEDURES AFTER UPDATE TO CITY FISCAL RULES** – 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.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: Jan. 31, 2024**

**SUMMARY OF AGENCY ACTION**

To determine whether there were any changes to the city's "Fiscal Accountability Rules" that would require the City Council to adjust its policies and procedures, we reviewed a full record of the city's fiscal rules as of May 22, 2025, and compared them to the rules in place during our 2023 audit, and identified all differences. Five rules had been updated, but none of those updates concerned sponsorships or donations.

Although there were no relevant changes, the City Council's Central Office monitored for potential changes to the city's "Fiscal Accountability Rules" by meeting with Budget and Management Office personnel on a regular basis. Central Office staff provided documentation showing they meet monthly with Budget and Management Office representatives to stay informed of any potential updates to fiscal rules and the potential need to adapt their policies and procedures.

Therefore, we consider this recommendation fully implemented.

**Recommendation 1.9**

**UPDATE DONATION DECLARATION FORM** – 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.

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:

- How a donation serves a public purpose.
- Where, when, and how the marketing benefit for a sponsorship will be realized.
- The name and a brief description of the grant being given.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: Jan. 17, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's Central Office staff updated the donation declaration form and the form submittal process. Both the previous and updated versions of the donation declaration form gave instructions saying the form should be submitted to the Central Office's executive director before a council member commits to any donation. The City Council's internal policy, effective in January 2024, reiterates this expectation.

Also, the form is now submitted online through "Formsite." This automated submittal process helps to address risks we identified in the original audit regarding who was responsible for retaining the forms.

Both the original and updated versions of the donation declaration form include sections asking for the identifiable public purpose of the donation. The updated version provides additional space for a description of the public purpose associated with the donation. Also, the updated form requires City Council personnel to disclose whether they are making a donation or a sponsorship; the previous form did not require staff to make this distinction.

The updated version of the donation declaration form lacked instructions on how City Council personnel should explain and document where, when, and how the marketing benefit for a sponsorship will be received. However, as we concluded our follow-up work in October 2025, City Council updated the form again to require a description of the marketing benefit for sponsorships.

Although the updated form is missing any directions for the supporting documentation that needs to be submitted with the donation or sponsorship request, the internal policy does state that requirement. Additionally, it

doesn't include a requirement to record information about the grant being given. However, Central Office staff said this is because grants are given through contracts involving the City Attorney's Office and not the donation declaration form. Since the grant-making process does not involve the use of this form, we consider it acceptable that the form does not describe grant-related requirements.

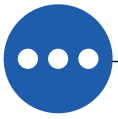
To assess how the form requirements are being enforced, we reviewed five of the most recently submitted donation declaration forms and their related invoices, and information in Workday. The forms were submitted in May and June 2025. In all cases, the forms were submitted before the donation or sponsorship payments occurred.

Therefore, we consider this recommendation fully implemented.

**Recommendation 1.10**

**REVIEW CITY COUNCIL MEMBERS' FINANCIAL SUPPORT OF LOCAL ORGANIZATIONS TO MONITOR COMPLIANCE** – 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.



**PARTIALLY IMPLEMENTED**

**Agency's original target date for completion: Jan. 31, 2025**

**SUMMARY OF AGENCY ACTION**

Central Office's "2024 Donation Report" summarizes its review of council members' donations. The report aggregates data from donation declaration forms exported from "Formsite." Central Office staff send this report to each City Council district office annually.

However, Central Office staff do not review the "Report of Donations Made" council members submit annually to the Clerk and Recorder's Office to make sure the donations reported to the clerk were accurate compared to donations reported elsewhere such as through Workday and the donation forms submitted to Central Office. For example, in our review of the City Council's donation activity for this follow-up audit, we identified a group

of donations made to a clothing drive in December 2024 that were not included in a council member's 2024 "Report of Donations Made" provided to the Clerk and Recorder's Office.

Central Office does have a discrepancy report showing Central Office staff conducting data reconciliation between Workday donations and donations submitted to Formsite. This report shows some oversight from Central Office staff over donations and sponsorships made by City Council members — including identifying duplicate donation form submissions and donations submitted on paper forms instead of through Formsite while staff were transitioning to this new process.

Central Office staff said Workday supporting documentation is not reviewed as part of the Workday-to-Formsite reconciliation process. Instead, supporting documentation is reviewed when payment requests are submitted to Workday.

Also, similar to our finding for Recommendation 1.12, we identified two instances of a City Council staff member using a purchase card to make donations, which is not allowed. However, these purchases had already been identified by Central Office and addressed by temporarily suspending the individual's purchase card.

Although Central Office is providing some oversight over council members' donations and sponsorships to external organizations, including reviewing supporting documentation in Workday to identify noncompliance, Central Office does not review the reports council members submit to the Clerk and Recorder's Office to ensure council members are reporting all donations made annually to the Clerk and Recorder.

As a result, we consider this recommendation partially implemented.

**Recommendation 1.11**

**TRACK PURCHASE CARD TRAINING** – 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.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: June 1, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's Central Office staff use Workday to track completion of

purchase card trainings. To verify that all purchase cardholders completed required trainings, we reviewed a list of all purchase cardholders and compared it with the Workday records of purchase card trainings.

Training records were unavailable for four purchase cardholders. Central Office staff said these purchase cardholders were hired before 2019 and before the city introduced the required Workday purchase card trainings. These trainings were not completed so there are no training records within the system. Records showed that all other cardholders completed the required trainings.

City Council staff said refresher trainings are not scheduled on a regular basis but are conducted when purchase card activity shows a need for additional training. When a prohibited purchase card transaction is flagged, accounting services reaches out to the purchase cardholder to explain why the transaction is not allowable and, when necessary, delivers one-on-one trainings to address the specific concerns.

Therefore, we consider this recommendation fully implemented.

**Recommendation 1.12**

**PERIODICALLY REVIEW PURCHASE CARD ACTIVITY** – 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.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: Jan. 31, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's Central Office staff provided us with their procedures for reviewing purchase card activity for prohibited transactions. According to those procedures, the employee's direct supervisor and the cost center approver must review and approve every transaction made on a city purchase card. As part of this review, the approver must confirm that each purchase card transaction is consistent with the city's allowable uses of funds.

To verify that these reviews are being performed and are effective in catching noncompliant transactions, we examined all purchase card transactions made by City Council staff and Central Office personnel from

Feb. 1, 2024, through June 30, 2025. We looked for split transactions, which are separate charges made to circumvent a purchasing limit. We also looked for purchases of computer hardware or donations, which are all prohibited by purchase card rules. We found two split transactions, one technology purchase, and nine donations in the purchase card transaction records.

The City Council's Central Office staff were able to show us documentation that all of these transactions were identified through regular review and actions were taken for each transaction.

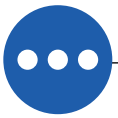
For one of the split transactions that we flagged, Central Office staff provided documentation showing the transaction had been approved in advance under specific circumstances and was therefore allowable. Another flagged transaction was a technology purchase, but staff provided documentation showing the item was returned — resolving the issue.

For the remaining identified noncompliant transactions that included split transactions and donations using a purchase card, Central Office staff suspended the users' purchase cards until they completed all of the required steps for reinstatement, which included additional training on proper procedures and a review by Central Office staff of the user's other transactions. These transactions were still processed, even though they were noncompliant.

Because City Council's Central office staff are reviewing transactions and taking steps to address noncompliance, we consider this recommendation fully implemented.

**Recommendation 1.13**

**REVISIT THE FISCAL POLICY FOR ELECTION YEAR PURCHASING** – 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.



**PARTIALLY IMPLEMENTED**

**Agency's original target date for completion: March 1, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's Central Office staff initially told us they had not reviewed or updated the fiscal policy for election year purchases.

We reviewed the policy on May 15, 2025, to determine whether any updates or revisions were made since May 2023. We found there had been no updates or revisions made to the fiscal policy.

However, as we concluded our follow-up work in October 2025, Central Office provided a new version of the fiscal policy for election year purchases that had been updated in February 2024. The revised policy adjusted the timing for disabling purchase cards and travel cards. Specifically, instead of using a defined date of June 16 for disabling the cards, the revised policy says cards will be disabled on the third Monday in June. Based on the 2027 calendar, when the next City Council member election will occur, this new timing delays disabling of the cards by three days.

Although the fiscal policy for election year purchases has been revisited, the adjusted timing for disabling purchase and travel cards means the risk of inadvertent overspending remains. Therefore, we consider this recommendation partially implemented.

### *Some council members' transition processes were not well documented*

| RECOMMENDATION | | IMPLEMENTATION STATUS |
|---|---|---|
| 1.14 | **Create formal policies and procedures to ensure keys and badges are returned** | ● FULLY IMPLEMENTED |

**Recommendation 1.14**

**CREATE FORMAL POLICIES AND PROCEDURES TO ENSURE KEYS AND BADGES ARE RETURNED** – 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 badges are turned in, who outgoing members and staff should turn them in to, and what steps Central Office staff will take to collect them, if necessary.

**FULLY IMPLEMENTED**

**Agency's original target date for completion: March 1, 2024**

**SUMMARY OF AGENCY ACTION**

The City Council's Central Office developed and implemented formal policies and procedures for collecting keys and badges from council members and its staff leaving their positions.

These policies and procedures assign responsibility for the distribution, collection, and management of keys and badges to the City Council's Central

Office's human resources manager or the executive director, in the human resource manager's absence.

We also reviewed the steps Central Office takes to collect keys and badges from City Council members or staff leaving their positions. These steps include a checklist used by the human resources manager to document the items a departing employee is returning. Also, returned items are inspected for damage and the employee must sign an acknowledgment form confirming they have returned all city-owned items.

Therefore, we consider this recommendation to be fully implemented.

## Office of the Auditor

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The **Audit Committee** is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities regarding the integrity of the city's finances and operations, including the reliability of the city's financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of city operations, thereby enhancing residents' confidence and avoiding any appearance of a conflict of interest.


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