

# Accountability Update

Published by the Office of the Auditor, City and County of Denver



Fall 2008

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## *A Textbook Case of How the Audit Process Should Work*

By Auditor Dennis Gallagher

Often our audits or other investigations result in high-profile news stories. This is because they may involve some malfeasance or incompetence or some other violation of the public trust. These are sometimes referred to (inappropriately, I might add) as 'gotcha' investigations. These

audits are a necessary part of what we do. They are important because they result in the elimination of some violation of the public trust and the implementation of controls to prevent a recurrence in the future of a similar problem. And they send a clear message about what is acceptable behavior and what will not be tolerated. These audits announce that standards will be adhered to and the high-profile nature of a particular audit will prompt other agencies to look to solve problems on their own.

However, those audits comprise only a portion of the audits we do. And as important as they are, the more 'mundane' audits we do that make up the majority of our audits are equally if not more important.

While I use the term 'mundane' they are really anything but. In fact, they are the bread and butter of performance-auditing and are critical to improving City services, City and contractor accountability, and the long-term systemic change that is critical for our City government.

I raise this now because we have recently had such an audit: an audit that is a text-book example of how the system should work.

At our September Audit Committee meeting, the Committee was briefed on a Performance Audit of the

Department of Environmental Health's Food Safety Program. This is the program that inspects restaurants and other entities involved in food handling.

The purpose of the audit was to evaluate whether the Division inspected all licensed facilities in accordance with the Division's policies and procedures, performed inspections efficiently and effectively, enforced retail food safety regulations adequately, and to assess whether internal controls in place were adequate.

The audit determined that opportunities exist to enhance foodsafety inspection operations. It determined that routine inspections were not consistently completed in accordance with each facility's risk level category assignment and were not always performed on a timely basis. Additionally, newly licensed food facilities were not always entered into the Public Health Inspection database resulting in no inspections for these establishments for a period of time. Several factors hinder the Division's efforts in these areas. For example, many of the Division's current processes are paper-based and manual, increasing the Division's resource needs and the risk of mistakes and gaps.

Further, research indicated that some Divisional policies could be unnecessarily limiting the time inspectors have available to complete routine inspections. Additionally, it appears that the Food Safety Program's staffing levels are below FDA recommendations and below levels reported by benchmarking jurisdictions. Timely inspections help decrease the risk that the public may not be adequately protected from food-borne illnesses.

The audit made recommendations to provide more tools and flexibility to help the Public Health Inspection Division enhance operations and better meet its operational responsibilities.

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# City Council President Jeanne Robb



Jeanne Robb  
Council President, District 10

Friends and Neighbors,

As a thirty year resident of District 10, central Denver, I am delighted to have the privilege to represent this diverse and thriving community. Over a decade of civic involvement has fueled my passion for city life and our urban environment. I believe in Denver's potential to foster quality development and sound urban design. I believe Denver must preserve and further maintain our urban legacies, including our close-in residential neighborhoods as well as our parks and parkways. I am focused on making government an efficient, fiscally responsible, and open process.

For the past four years, I have enjoyed serving as chair of City Council's Blueprint Denver committee. Our Council has been committed to the coordination of land use and transportation decisions. This year, 2008-2009, I have been honored with the challenge of serving as City Council President.

At Council's annual goal setting retreat this year, we chose the following five goals to describe the city that constituents have told us they want:

- A graffiti-free city
- A multi-modal and connected city
- A city of economically diverse and sustainable businesses
- A city that attracts and retains families
- A city with well-maintained, safe and strong neighborhoods

As has been true in past years, we strive to meet these goals in the face of a tight and unpredictable economy. Recently, the Mayor presented his 2009 budget to City Council. We were happy to see our goals highlighted by the city agencies as they presented their budgets during the budget hearings. I encourage you to attend one of our Monday night Council meetings or watch them live on Denver 8 TV that include debates on legislation to meet these goals as well as the perennial zoning/land use hearings.

I am delighted by the ease with which the Auditor's office transitioned into its new role under the Charter to focus on enhanced audit services, particularly the performance audit capabilities. The importance of this refocusing has been highlighted for me by the recently issued audits on contract compliance and internal controls for overtime at DIA and emergency medical services response times. In cases like these the decisions that Council makes are better informed by these audits.

Thank you,

A handwritten signature in blue ink that reads "Jeanne Robb".

Council President Jeanne Robb, District 10

## Denver City Council and the Council President

The President is elected annually by the other members of City Council. During the Council meeting on the third Monday of July, the Council elects new officers—a President and a Pro-Tem. The President serves one year. In addition to presiding over the meetings, the President appoints committees and designates their functions.

City Council makes laws, budgets City money, and can investigate City agencies and employees. Since 1971, the Council has had 13 members—11 from equally populated

districts and two elected at large. Council members, who must be at least 25 years of age, U.S. citizens, and two-year Denver residents, are all elected at the same time in the spring of odd-numbered years, every four years. Council committees, each concerned with various areas of city government, meet frequently to discuss and prepare proposed laws. Typically, the whole Council meets every Monday night, except holidays, when the meetings are held on Tuesday nights.

# *What is the History of Denver's Mayor-Council-Auditor Form of Government?*

**S**ettled in 1858, Denver became a town in Kansas Territory in 1860, a part of what would be the first county in Colorado, Arapahoe County. Denver was named after the governor of Kansas Territory, who never saw the place. When Kansas became a state in 1861, the western portion of Kansas Territory, including Denver, split off and became Colorado Territory. Denver was governed by a board of aldermen stronger than the mayor. The State of Colorado made Denver its capital in 1877.

Denver detached itself from Arapahoe County in 1902 and became the City and County of Denver. It adopted a new Charter with a mayor-council government with an elected auditor in 1904. The Charter is "the Constitution" of Denver. A commission form of government, instituted in 1913, lasted only three years. The Speer amendment, named after a Denver mayor, created the present non-partisan city government with a strong mayor, a city council and elected auditor.

## *Did You Know?*

**Denver International Airport is the 5th busiest airport in the nation and the largest in land area (53 square miles).  
In 2007, nearly 50 Million passengers passed through DIA.**

## *Audit Committee*

**T**he Audit Committee has had a busy year. Over the summer and into the fall, the Committee had key briefings on audits conducted by the Audit Services Division. One of those, the audit of Food Safety Inspection by the Department of Environmental Health is profiled by Auditor Gallagher elsewhere in the newsletter. Another audit of interest included an examination of Time Accountability of Snow Operations at Denver International Airport.

This audit was prompted by a whistleblower call to the Auditor's Office alleging improprieties in time accounting of employees doing snow removal work—fraudulent claims and people being paid for work which they did not do.

The snow removal program at DIA employs Department of Aviation and other City employees who have regular positions in various departments, to provide additional support to DIA snow removal during snow events. In the

event of a snow emergency, these employees are called to report for snow removal and are paid 'overtime' separate from their regular pay.

An initial investigation indicated that a full-blown audit was indeed warranted.

The audit determined that a number of internal control weaknesses in the program existed and that improper payments for overtime were made. The audit made recommendations regarding improving internal controls to prevent improper payments being made and also recommended that any employees who may have been improperly overpaid be required to repay the City and institute disciplinary action where appropriate.

You can view the full report of this and any other audit performed by the Auditor's Office at the website, [www.denvergov.org/auditor](http://www.denvergov.org/auditor).

# Meet Kim Day, DIA's New Manager of Aviation

Architects, on the face of it, operate only in a world of design and drafting – conceptualizing and overseeing construction of buildings perhaps as grand as the Taj Mahal or the Parthenon.

If you wanted to hire someone to run an airport, you might not think of employing an architect.

But architects, says Kim Day, Denver International Airport's new manager of aviation, have qualities that make them excellent managers. Day, who was executive director of Los Angeles World Airports before coming to Denver, is primarily an architect by disposition and training.

Schooled as an architect at Cornell University, with graduate work at University of California at Berkeley, Day began her career with the architectural and engineering firm DMJM, which had several airport clients, such as Australia's Kingsford Smith International Airport in Sydney and Perth International. She participated in renovations at Corpus Christi International Airport, and at Will Rogers Airport in Oklahoma City. She oversaw design and construction for the Los Angeles airport system before directing LAWA's aviation facilities, including Los Angeles International.

As an architect, Day believes she is part of a profession whose practitioners are well suited for managerial positions. The organizational and process skills that architects must learn are some of the same skills that managers should have.

She says architects are trained to work with a team of professionals – a multidisciplinary team that includes a host of people, from draftsmen to electricians to welders to builders. Although architects may come up with a brilliant design – say, Falling Water, the Chrysler Building, or Jeppesen Terminal – they can't wish a structure into existence.



Kim Day  
DIA Manager of Aviation

Architects "are powerless without anybody else," Day says. "None of it gets built." Like sculptors, architects are not content to merely envision a sublime design. They want to see their design take form. They want to touch brick, stone, or steel. Architects want to look from their blueprints and see their designs fully expressed – the starry ceiling of Grand Central Station, or the buttresses of Chartres Cathedral, or the translucent fiberglass arches suspended over DIA's terminal atrium.

"They want to make something happen," Day says. And, as architects, they have learned how to initiate

and complete projects. They know they cannot do it by themselves, so they rely on the expertise of others, and they become adept at forming teams and working within teams to achieve goals.

Architects learn to balance the large vision with important details. Day says they want to share the vision and the excitement to achieve the end result. Should you flip through the ubiquitous books on leadership, you probably would find chapters on the benefits of sharing a vision and generating enthusiasm for making a vision reality. Details, however, are just as important, and architects are adept at moving from vision to specifics as their team accomplishes a goal.

Day says that architects think in three dimensions and can bring this sensibility to an organization. Instead of 2-D organizational charts with lots of vertical boxes and top-to-bottom communication, architects can see organizations in three dimensions and can see how linear interaction between departments can benefit any task. Day believes that excellence comes from a multidisciplinary approach to goals or issues, calling on many points of view, even encouraging comments from disciplines that have only a tenuous connection (or an unrecognized connection) to the task at hand. Teamwork is enhanced and insight gained.

# Auditor Outreach to Improve Agency Accountability

As part of the Auditor's Office commitment to provide city agencies tools—beyond findings and recommendations in audits—to assist them in improving their performance and accountability, the Office through the Audit Services Division will offer internal control self-assessment training to City departments and entities. This training is intended to assist managers, supervisors and fiscal staff to better understand management controls, the relationship between those controls, the risks related to a lack of effective controls and how controls are central to the Strategic Vision of the City.

"By providing this kind of training, City agencies can improve their performance and accountability and solve potential problems before they become the subject of an audit. As I often state, our goal is long-term systemic change.

By providing a variety of tools to agencies, in addition to traditional audits findings and recommendations, that goal becomes more viable," noted Auditor Gallagher.

In another example of using the expertise of members of the Auditor's Office staff to improve government accountability not only in Denver, but throughout the metro-area, staff members recently provided an all-day internal control and fraud training session to Colorado Government Finance Officer Association (CGFOA) members. There were approximately 25 attendees representing numerous government entities from around the region. The training was well received by participants and went exceptionally well. This type of training activity serves as an excellent example of positive outreach efforts on behalf of the Auditor's Office.

## *Vision*

To improve the accountability of the City & County of Denver's use of resources provided by taxpayers.

## *Mission*

To promote open, accountable, efficient and effective government by performing impartial reviews and other audit services that provide objective and useful information to improve decision making by management and the people. We will monitor and report on recommendations and progress towards their implementation.

## A Textbook Case of How the Audit Process Should Work

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What makes this audit and its results so meaningful is not the findings and recommendations, rather it is the cooperation and collaborative spirit of the Department of Environmental Health in working with our auditors to identify areas for improvement, responding to the recommendations in a positive and productive manner and moving ahead aggressively to address weaknesses.

In their response to our findings and recommendations, the Department not only agreed with all our findings and recommendations, but outlined an action plan to resolve them. To quote from Environmental Health's response:

"We appreciated working with the Audit staff in their Performance Audit of our Public Health Inspections Division's (PHI) Food Safety Program. We believe that their

assessment of our program and research of best practices in this area provided our team with useful information and recommendations for enhancing our program. The evaluation of operations for the purpose of ensuring the proper and efficient use of City resources while providing quality services is of utmost importance to us and to the community we serve."

The audit and the Department's proactive attitude in addressing issues is a prime example of how two City agencies can work for the betterment of the City, its services and citizens.

It's not always about finding someone's hand in the cookie jar – it is about making City government better for everyone.

# Meet Your New Deputy Director of Audit Services for the City

**K**en Kemple brings 30 years of leadership experience from a variety of positions, primarily in Internal Audit and Information Technologies. He has eight years of audit experience in the telecommunications industry as Director of Internal Audit. As Audit Director, Ken supported several areas of the business including Information Technologies, Human Resources, Legal, Corporate Security & Compliance and Corporate Sponsorships, Advertising & Marketing.



Ken Kemple  
Deputy Director

Additional responsibilities and areas of experience included performance of annual enterprise risk assessments, audit plan development, departmental quality assurance, Sarbanes-Oxley compliance, as well as providing direction and leadership over performance, operational and compliance audit teams. Ken also established a strong partnership with the Chief Ethics & Compliance Officer and Legal Department to provide audit services and support for internal investigations under attorney/client privilege.

Ken brings extensive experience in IT leadership roles performing project management and software/systems development involving a wide variety of technology platforms, operating systems, database management systems, programming languages/tools and development methodologies supporting diverse business functions.

Ken's primary audit responsibilities involved planning, initiation, direction and oversight of internal audits and audit teams in a very dynamic environment. Ken's excellent communication and motivational skills will be a tremendous asset for the Auditor's Office as we continue to undergo substantive business process reengineering including the implementation of several continuous improvement activities. For example, Ken's significant experience in effective audit project management processes as well as his expertise in information technology auditing will serve as a driving force for enacting this positive change.

Ken graduated summa cum laude from Regis University with a Bachelors of Science degree in Business Administration & Management. He is also a member of the Institute of Internal Auditors (IIA), the Information Systems and Control Association (ISACA), and has achieved the Certified Information Systems Auditor (CISA) designation.

Ken has been recognized with several awards for volunteerism including Outstanding Volunteer of the Year from Douglas County for two consecutive years. He is particularly

interested in organizations and activities that help reduce the rate of inmate recidivism (the extremely high rate of inmates that return to jail/prison within 3-5 years of their prior offense) throughout the State of Colorado. To this end, he has served collaboratively with State Legislators, Department Of Correction officials and a variety of prison ministry organizations in leadership positions to promote programs and initiatives. He also serves on the Board of Directors for a non-profit organization supporting chaplains throughout Colorado and served as chaplain for the Douglas County Sheriff's Office for several years.

Ken has been married for nearly 30 years and has 3 children. His wife Teri is a part time elementary school teacher. His 27 year old daughter and her husband live in Ohio, and have blessed them with 2 granddaughters (ages 1 and 3). Their 21 year old son recently graduated with a Bachelor's Degree in History and Social Science, and their 8 year old son attends a public charter school near Elizabeth.

Additional hobbies and interests for Ken include horseback riding/training, snowboarding, fishing, hiking, biking and camping.

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