



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

## 11-07 Chief Executive Officer Performance Review

March 2011

### **Purpose**

The purpose of this review was to verify the accuracy of information presented in the 2010 annual and long-term performance plan results for the Chief Executive Officer (CEO) of Colorado Springs Utilities.

### **Highlights**

Based on the data provided by Colorado Springs Utilities for our review, we conclude that overall, the CEO's annual and long-term performance plan reviews accurately reflect the results for 2010. Two of the annual performance measures (Cash from Operations and Fixed Cost Coverage) are based on financial data provided by management and audited by the external auditors. The external auditor has reviewed these measures and the final audit opinion is expected shortly.

Our review included independently verifying the CEO's annual and long-term performance plan results reported by Colorado Springs Utilities. We reviewed the data used to quantify the CEO's performance and ensured all performance metrics were accurately reported based on measurement criteria approved by the Utilities Board.

For the annual performance plan, the combined result of 14 performance measures accounted for 80 percent of the CEO's overall score. Executive Limitation (EL) results, based on the Utilities Board's assessment of the monitoring reports, accounted for the remaining 20 percent of the overall annual score. The long-term performance plan review was based on the combined result of 11 performance measures. Each performance measure had a pre-determine weight, which factored into the overall score.

We performed the following procedures to verify accuracy of each of the results provided by Colorado Springs Utilities:

### **Management Response**

No response was requested from Colorado Springs Utilities.

### **Recommendations**

No formal recommendations were made.

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1. Agreed reported performance results to measurement criteria approved by the Utilities Board.
2. Verified results of each performance measure to supporting data compiled and provided by Colorado Springs Utilities with recalculations as necessary.
3. Confirmed that performance results were correctly rated based on the approved rating scale and weights.
4. Recalculated the overall CEO rating for the annual and long-term performance reviews.

The reported performance measures provided by Colorado Springs Utilities were determined to be accurate based upon the data provided. Cash from Operations and Fixed Cost Coverage performance measures were based on financial data provided by management. These two financial metrics have been reviewed by the external auditor. Communication with the external auditor indicate they have tested the computations, verified underlying data, and recomputed the calculations without exception. The final audit opinion is expected shortly.

Please contact me if you have any questions related to this report.

Respectfully,



Denny L. Nester, MBA CPA CIA CFE CGFM CGAP  
Interim City Auditor