



OFFICE OF THE CITY AUDITOR
COLORADO SPRINGS, COLORADO

13-24 Annual Follow-up Report

December 2013



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Purpose

To determine whether appropriate and timely actions had been taken by management to implement the planned actions for audit recommendations from audit reports issued during 2012.

Highlights

The Office of the City Auditor follows the Professional Practices Framework as published by the Institute of Internal Auditors Research Foundation. These standards are commonly referred to as the "Red Book" standards. Red Book Standard 2500.A1 on Monitoring Progress states, "The Chief Audit Executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action." We have developed a follow-up process and annual report on our results. This report is our sixth annual report related to the follow-up process.

We reviewed 84 management actions. Of those, two were related to cash receipts handling at City aquatic centers which are no longer operated by the City. One was related to the Multi-year Water rate case which isn't scheduled to be implemented until 2014. These recommendations were not evaluated and no longer apply.

Of the remaining 81 recommendations, we found:

- 49 (60.49%) management actions were implemented or risk was accepted
- 14 (17.28%) management actions were partially implemented
- 18 (22.22%) were open and subject to retesting or additional follow-up in the next annual report.

Overall, management actions were appropriate and timely. Our follow-up results indicated planned actions were either fully or partially implemented within a reasonable amount of time for 59 (72.84%) of the management actions.

Management Response

No response was requested from management.

Audits with Open Recommendations

12-05 City Cash Receipts

7 Open recommendations

12-09 Colorado Springs Utilities Purchasing System

1 Open recommendation

12-10 Convention and Visitors Bureau

1 Open recommendation

12-17 Claims Reserve and Workers' Compensation Fund

1 Open recommendation

12-20 City Payroll

1 Open recommendation

12-24 Colorado Springs Utilities Data Center Review

3 Open recommendations

12-25 Colorado Springs Airport Fixed Assets

4 Open recommendations

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Implementation Status of Management Actions						
This report covers audits issued between January 1 and December 31, 2012						
Report Number	Report Name	Total Recommendations Accepted by Management	Fully Implemented Or Risk Accepted	Partially Implemented	Open	
City of Colorado Springs						
12-05	City Cash Receipts Audit Report	42	27	8	7	
12-08	City Cash Disbursements Report	3	2	1		
12-10	Colorado Springs Convention and Visitors Bureau Contract Audit	3	2		1	
12-17	Claims Reserve and Workers' Compensation Fund	3	2		1	
12-20	City Payroll Report	2	1		1	
12-22	Golf Course Contract Compliance Review	3	2	1		
Colorado Springs Airport						
12-25	Airport Fixed Assets	4			4	
Colorado Springs Utilities						
12-06	El 4 and EL 7 Report	3	3			
12-09	Colorado Springs Utilities Procurement Audit Report	3	2		1	
12-14	2011 SDS Monitoring Report	4	4			
12-21	2013 Electric and Gas Rate Case Filing	4		4		
12-24	Colorado Springs Utilities Data Center Audit Report	7	4		3	
Totals		81	49	14	18	
Percentages			60.49%	17.28%	22.22%	

CITY COUNCIL'S OFFICE OF THE CITY AUDITOR

About our Office

The mission of the Office of the City Auditor is to provide City Council with an independent, objective and comprehensive auditing program for operations of the City. Our auditing program includes:

- Evaluating the adequacy of financial controls, records and operations
- Evaluating the effectiveness and efficiency of organizational operations
- Providing Council, management and employees objective analysis, appraisals, and recommendations for improving systems and activities

The Office of the City Auditor is responsible for auditing the systems used by the City of Colorado Springs and its enterprises, including Colorado Springs Utilities. We perform a variety of audits for these entities, including financial audits, performance audits, contract audits, construction audits, and information system audits. We also perform follow-up on a periodic basis to monitor and ensure management actions have been effectively implemented.

Authorization and Organizational Placement

Our audits are conducted under the authority of Chapter 1, Article 2, Part 7 of the Colorado Springs City Code, and more specifically parts 703, 705 and 706 of the Code. The Office of the City Auditor is structured in a manner to provide organizational independence from the entities it audits. This independence is accomplished by the City Auditor being appointed by and reporting directly to the City Council.

Audit Standards

The audit was conducted in a manner that meets or exceeds the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors, with the exception of the requirements under standards 1312 and 1321 to obtain an external quality assurance review once every five years. We do not believe this non-compliance impacted the quality of our audit.

The audit included interviews with appropriate personnel and such tests of records and other supporting documentation as deemed necessary in the circumstances. We reviewed the internal control structure and compliance tests. Sufficient competent evidential matter was gathered to support our conclusions.