



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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

## 19-02 Colorado Springs Utilities Investments

February 2019

### Purpose

The purpose of this audit was to evaluate the adequacy of existing internal control and governance processes. Our audit focused on the internal control environment related to investment transactions and determining that investments were being made in accordance with governing policies and procedures. The review period was January 1, 2018 through October 31, 2018.

### Highlights

We concluded the Colorado Springs Utilities investment activities internal control and governance processes were adequate. We also concluded the processes were functioning as intended and enable Utilities' investment objectives and goals to be met.

Our audit scope included review of segregation of duties related to investment activities, interviews with appropriate personnel, and tests of records along with other supporting documentation.

As of October 31, 2018, the total balance of restricted and unrestricted cash and investments was approximately \$487 million. Investments comprised approximately \$228 million of this total. Utilities' investment policy prohibited speculative investments and prioritized safety and liquidity over yield. Investments were required to comply with bond ordinances and state regulations. The majority of investments were held in cash, U.S. Government, or agency securities.

Account	10/31/2018 Balance
Unrestricted Cash	\$56,027,286
Restricted Cash	202,507,339
Unrestricted Investment	185,000,000
Restricted Investment	43,400,000
<b>Total Cash and Investments</b>	<b>\$486,934,625</b>

\*Source: Colorado Springs Utilities General Ledger

The auditors would like to thank Colorado Springs Utilities Treasury Department staff for their support during the audit.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.