



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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

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19-06 Colorado Springs Utilities Annual Report Utilities Board Instruction 4 Risk Management

March 2019

Purpose

The purpose of this high level review was to determine whether Colorado Springs Utilities complied with Utilities Board Instructions to the Chief Executive Officer, Policy I-4, Risk Management. In addition to verifying management's semi-annual monitoring reports dated August 15, 2018 and February 11, 2019, our objectives included assurance that any known violations were reported to the Utilities Board.

Highlights

Based on our review, we conclude that Colorado Springs Utilities and the Chief Executive Officer were in compliance with Utilities Board Instructions to the Chief Executive Officer, Policy I-4, Risk Management (I-4) for the calendar year 2018.

The Office of the City Auditor completed our review as directed by City Council acting in its capacity as the Utilities Board. Under Governance Policy Manual, Guidelines, Organizational Oversight (E-2.3), the Office of the City Auditor is required to monitor compliance with Policy I-4, Risk Management annually. Policy I-4 states, "The Chief Executive Officer shall direct that the enterprise maintain enterprise risk management activities that identify, assess and prudently manage a variety of risks including strategic, financial, operational, legal and hazard." Within the I-4, the CEO is required to maintain a Risk Management Committee, operate under, and maintain an Enterprise Risk Management Plan to include Energy Risk Management, Investment, and Financial Risk Management Plans.

Our audit included a review of the Risk Management Committee minutes and written policies required by I-4. We interviewed Colorado Springs Utilities personnel responsible for administering policies and Office of the City Auditor staff who attended the Risk Management Committee meetings. We verified the accuracy and reliability of statements made in the monitoring reports prepared by Colorado Springs Utilities for the Utilities Board.

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.