



Office of the City Auditor 2018 Audit Plan

June 12, 2017

Colorado Springs City Council
Colorado Springs, CO 80901

Subject: 2018 Audit Plan

Honorable President Skorman, President Pro Tem Gaebler, and Members of City Council:

Attached is the 2018 Audit Plan for the Office of the City Auditor. The basis for this audit plan is a risk assessment performed by me as required by professional auditing standards. As part of this risk assessment process, I considered input from City Council, City Administration, Colorado Springs Utilities Administration, Colorado Springs Airport Administration, and others. This document will serve as the primary work plan for my office. We plan to complete the audits listed with the staff of my office. The only audit on the plan that may require outside assistance is an audit of the scrubber performance at the two coal-fired power plants.

Some audits are required by City Code or fulfill a responsibility specified in City Charter. Similarly, Colorado Springs Utilities governance model requires some external reporting that has been delegated to my office. The elective audits are ordered by their risk assessment score from highest to lowest. While the risk assessment model provided ratings on other potential audits, only the elective audits with the highest risk scores are included in this 2018 Audit Plan.

The proposed plan shifts more cost to the City as Colorado Springs Utilities has completed large construction projects for which auditor staff was added. This shift in costs will allow my office to include audits for the City that were rated as higher risk and may otherwise not have been possible.

Once the 2018 Audit Plan has been reviewed and approved by City Council, a copy will be posted on the Office of the City Auditor webpage.

Respectfully,

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



Office of the City Auditor 2018 Audit Plan

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BACKGROUND

- AUTHORITY

The City Auditor is an appointee of City Council. The City Auditor has the authority to establish policies and procedures to facilitate the consistent operation of his office. The Office of the City Auditor will also comply with the policies and procedures prescribed for the City. The City's policies and procedures can be found on the City's internet web site at <https://coloradosprings.gov/human-resources/page/policies-and-procedures>. The policies and procedures are intended to promote the smooth operation of the Office of the City Auditor.

The City Auditor derives his authority from the Colorado Springs City Code. The primary authority given is in Section 1.2.706, which states,

“The City Auditor shall examine and inspect all books, records, files, papers, documents and information stored on computer records or in other files or records relating to all financial affairs of every office, department, division, agency, enterprise, political subdivision and organization which receives funds from the City or under the direct or indirect control of the City Council. The Auditor may require any person to appear at any time upon proper notice and to produce any accounts, books, records, files and other papers pertaining to the receipt or expenditure of City funds, whether general or special. If that person fails to produce the papers, then the Auditor may request Council approval to search for and take any book, paper or record in the custody of that person or public official.” (Ord. 11-18)

- MISSION STATEMENT

To provide the City Council an independent, objective, and comprehensive auditing program for operations of the City of Colorado Springs (to include Colorado Springs Utilities and other enterprises of the City); evaluate the adequacy of financial controls, records, and operations, and the effectiveness and efficiency of organizational operations; and provide City Council, management, and employees objective analyses, appraisals, and recommendations for improving systems and activities.



- TYPES OF AUDITS

The Office of the City Auditor performs a variety of audits. While each audit involves unique planning, techniques, and execution, we can divide most of the audits into the following types.

SYSTEM AUDITS

The purpose of these system audits is to evaluate the internal controls that are used to ensure the reliability of financial information. The major systems that will be audited on this rotating basis are cash receipts, billing, cash disbursements, payroll, debt, investments, procurement, and purchasing cards.

City Code states, "The City Auditor shall examine and inspect all books, records, files, papers, documents, and information stored on computer records or in other files or records relating to all financial affairs of every office, department, group, enterprise, political subdivision, and organization which receives funds from the City or under the direct or indirect control of the City Council."

Considering the magnitude of this requirement, the City Auditor has established a practice of methodically auditing all major systems every five years.

FINANCIAL AUDITS

Our office provides audit assistance to the external auditor for the City of Colorado Springs, Colorado Springs Airport, and Colorado Springs Utilities annual financial audit. This work is defined, supervised, and reviewed by the external audit firm. The Office of the City Auditor provides assistance per the external audit contracts, approximately 250 hours each, to assist in reducing the audit fee.

The City Charter states, "3-160 Independent Audit. The Council shall provide for an independent annual audit of all City accounts and may provide for more frequent audits as it deems necessary. Such audits shall be made by a certified public accountant or firm of such accountants who have no direct personal interest in the fiscal affairs of the City government or any of its officers." Acting as City Council's agent, the City Auditor provides oversight of the contract with the independent external audit firm along with providing staff assistance to the firm.

PERFORMANCE AUDITS

In 2005, the City Auditor began focusing on performance audits, which are objective and systematic examinations of a specific area of an organization to provide an assessment of the performance and management of the operation. It usually involves a review of the

- compliance with internal and external rules and regulations,
- accomplishments of goals and objectives,
- reliability of data,
- economy, efficiency, and effectiveness of service delivery, and
- safeguarding of assets.



City Code states the duties of the City Auditor include, “1.2.705 Determine Effectiveness and Efficiency of Programs: The City Auditor shall determine the extent to which legislative policies are being efficiently and effectively implemented by administrative officials. The City Auditor shall determine whether City programs are achieving desired objectives....”

CONTRACT AUDITS

The primary concern or purpose of a contract compliance audit is to determine whether the parties of the contract are abiding by the terms of the contract. One example of a contract audit is the audit of coal purchases. Coal purchase contracts involve millions of dollars and some specify complex adjustments. When we audit these contracts, we verify receipt, proper billing, recalculate adjustments, and verify all adjustments for the year.

Other contracts such as those entered into with Transit or the Humane Society may be audited as well. These contracts often address issues of performance and compliance with City requirements. Again, the criteria that we are auditing are the specifications of the contract.

City Codes states that the duties of the City Auditor include, “1.2.709 Make Periodic Reports to Council: The City Auditor shall make periodic reports to Council which shall include the following: ...

B. Information of proposals deemed expedient in support of the City's credit, and recommendations for lessening expenditures, for promoting frugality and economy in City affairs and for an improved level of fiscal management...”

RATE REVIEWS

The Office of the City Auditor is required to review all utility rates or charges. The City Auditor reviews the rates to determine whether the rate model has been accurately and consistently applied in the calculation of appropriate rates. City Council votes on whether to implement the rate or adjustment.

City Code requires that rate filings be submitted to the City Auditor. City Code states, “12.1.107 REGULATION OF ELECTRIC, STREETLIGHT, NATURAL GAS, WATER AND WASTEWATER RATES, CHARGES, AND REGULATIONS: C. Adopted By Resolution; Hearing: Base rates or regulations or any change shall be adopted by resolution, which shall adopt by reference the appropriate tariff sheet or sheets to be established or revised. 1. Preliminary Information For The City Auditor And City Attorney: When Utilities proposes to change base rates, and the proposed change will result in the determination of a new revenue requirement supported by a cost of service study, Utilities will provide a draft of the proposal and cost of service study to the City Auditor and the City Attorney at least thirty (30) days prior to filing the proposed resolution with City Council. When changes to base rates are proposed, but do not involve a cost of service study, a draft of the proposal will be provided to the City Auditor and the City Attorney seven (7) days prior to the filing of a proposed resolution. Any request for additional information by the City Auditor and any response by Utilities, will be in writing.”



CONSTRUCTION AUDITS

The City and its various enterprise operations are involved in active capital improvement projects where several million dollars are spent. The City Auditor has established a Construction Audit review section under the Performance Audit group. This group provides a review of the projects that are underway. We have identified a list of risks associated with construction projects. Some of the tasks that will be performed include:

- reviewing payment requests to assure they are in agreement with contracted terms,
- scrutinizing change orders,
- monitoring project costs versus approved budgets, and
- providing independent observations to management regarding project status.

The Code authority for construction audits would be the same as several of the areas mentioned above to include Contract Audits, Performance Audits, and System Audits. In addition, City Code states, "1.2.703 Ensure Public Accountability: The City Auditor shall ensure that administrative officials are held publicly accountable for their use of public funds and the other resources at their disposal. The City Auditor shall investigate whether or not laws are being administered in the public interest, determine if there have been abuses of discretion, arbitrary actions or errors of judgment, and shall encourage diligence on the part of administrative officials."

INFORMATION SYSTEM AUDITS

The purpose of an Information System/IS (or Information Technology/IT) audit is to review and evaluate the availability, security, confidentiality, and integrity of the City's (and its entities') information technology infrastructure. The evaluation helps to ensure that the organization is adequately safeguarding assets, maintains data integrity, and is operating effectively and efficiently to achieve the organization's goals. Types of IS/IT audits include:

- review of computerized systems and applications to verify that they are appropriate to the entity's needs, are efficient, and are adequately controlled to ensure valid, reliable, timely and secure input, processing, and output at all levels of the system's activity;
- review of information processing facilities to verify that the facility is controlled to ensure timely, accurate, and efficient processing of applications under normal and potentially disruptive conditions;
- review of systems development to verify that the system under development meets the objectives of the organization, includes adequate controls to safeguard information input, processing, and output as well as ensuring the system is developed in accordance with generally accepted standards for systems development; and
- review of management and enterprise architecture to verify that IT management has developed an organizational structure and procedures to ensure a controlled, efficient environment for information processing.



City Code states, “The City Auditor shall examine and inspect all books, records, files, papers, documents, and information stored on computer records or in other files or records relating to all financial affairs of every office, department, group, enterprise, political subdivision, and organization which receives funds from the City or under the direct or indirect control of the City Council.” The information systems audits are primarily concerned with computer records and ensuring the reliability of data.

MONITORING PROGRAMS

The Office of the City Auditor monitors various aspects of the City and the entities associated with City Council/Utility Board. We accomplish this function by attending meetings and auditing specified projects. We also utilize technology to assist in the monitoring process.

City Code states, “1.2.703 Ensure Public Accountability: The City Auditor shall ensure that administrative officials are held publicly accountable for their use of public funds and the other resources at their disposal. The City Auditor shall investigate whether or not laws are being administered in the public interest, determine if there have been abuses of discretion, arbitrary actions or errors of judgment, and shall encourage diligence on the part of administrative officials.” Monitoring activities allow the City Auditor to help ensure public accountability.

FOLLOW-UP AUDITS

Audit report recommendations and management responses are monitored to ensure that management actions are completed as specified in their responses. These follow-up audits are required by professional standards and also are supported by previously quoted sections of City Code that direct the City Auditor to ensure public accountability.



- AUDIT UNIVERSE

The audit universe for the City Auditor is very broad. Per the City Code, the City Auditor shall examine and inspect all books, records, files, papers, documents, and information stored on computer records or in other files or records relating to all financial affairs of every office, department, group, enterprise, political subdivision, and organization which receives funds from the City or under the direct or indirect control of the City Council.

STANDARD AUDITS

These audits are required by City Code, a city ordinance, an executive limitation, or some other legal requirement. Standard audits also include system audits that the City Auditor uses to meet his duty. These audits are automatically added to the audit plan at the appropriate time.

RISK ASSESSMENT MODEL

The City Auditor uses a risk assessment model to identify projects for its annual audit plan. The model provides numeric scoring for risk areas and a cumulative score for the project as a whole. The higher values, representing higher risk projects are then reviewed and a balance is reached between staff resources and work load of the various entities.

The City Auditor also considers the strategic goals and objectives and risk concerns of audited entities for audit planning. City Council, Utility Board, and executive management recommendations are considered in the risk assessment of potential projects for annual audit planning.

BALANCING AUDIT TIME BETWEEN ORGANIZATIONS

The City Auditor attempts to balance the time staff spends on auditing the various organizations based on a historical average. This year, I am recommending that this balance be adjusted to recognize additional risks being born by the City with projects like 2C Paving and stormwater obligations. The targeted audit time for each of the major entities is as follows:

- 41.8% City of Colorado Springs
- 53.2% Colorado Springs Utilities
- 5% Colorado Springs Airport

ANNUAL AUDIT PLAN

The Audit Plan is shared with the entities that are impacted. Once the Audit Plan has been developed and approved by the Audit Committee, the Audit Committee forwards the Audit Plan with their recommendation to City Council for final approval. When approved, the Audit Plan is posted on the City Auditor website.



AUDIT ASSIGNMENT

The City Auditor assigns audits to the functional groups within the office. Competency, knowledge, and skill are considered in all staff assignments. The City Auditor declines engagements or obtains assistance if the internal auditors lack knowledge, skill, or other competencies to perform all or part of the assignment. In 2018, the office may need to engage a consultant in order to complete the audit of scrubber performance at Colorado Springs Utilities.

AUDIT FLEXIBILITY

The City Auditor sets aside approximately 10% of the scheduled staff time annually for projects that may arise during the year and require immediate attention. An example of such a project would be the investigation of reports alleging fraud, waste, or abuse via the Fraud Hotline. Similarly, City Council or management may request an audit or consulting engagement that needs immediate attention.

All the projects listed may not be completed in 2018. Any audits/projects not completed in 2018 will be assessed for inclusion in the 2019 Audit Plan. The Audit Plan may be revised during the year based on various factors such as resource changes or a modified risk assessment.



2018 AUDIT PLAN

The following pages include the audits/projects that have been assessed to be the best use of resources of the Office of the City Auditor in 2018. The audits/projects are listed in two categories:

- Standard Audits Planned for 2018 and
- Audits / Projects Planned for 2018 Prioritized by City Auditor Risk Assessment Ranking.

- STANDARD AUDIT PLANS FOR 2018

- ❖ **City of Colorado Springs External Auditor Oversight**

- ❖ **Colorado Springs Utilities External Auditor Oversight**

In accordance with City Charter, 3-160 Independent Audit: "The Council shall provide for an independent annual audit of all City accounts and may provide for more frequent audits as it deems necessary. Such audits shall be made by a certified public accountant or firm of such accountants who have no direct personal interest in the fiscal affairs of the City government or any of its officers." The City Auditor administers the external auditor contracts. The City Auditor monitors issues as they arise between the external auditor and the City, Colorado Springs Utilities, or its audited entities. The external auditor will report to the City Auditor, who will then communicate with City Council, as needed.

- ❖ **City of Colorado Springs External Financial Audit Staffing/Assistance**

- ❖ **Colorado Springs Utilities External Financial Audit Staffing/Assistance**

The Office of the City Auditor will provide 250 hours of audit assistance to both of the external auditors of the City and Colorado Springs Utilities annual financial statement audits. City Auditor staff performs this work under the direction of the external auditor.

- ❖ **Colorado Springs Utilities Executive Limitation 4 & 7 Monitoring**

- ❖ **Colorado Springs Utilities Executive Limitation 11 Monitoring**

In accordance with City Code, 1.2.206 Cooperation Among Appointive Officers of the City: The Utilities Board requested the City Auditor perform an annual compliance review of Colorado Springs Utilities Executive Limitations 4, 7, and 11. The purpose of this audit is to verify the report of Colorado Springs Utilities management to City Council on EL-4, Prohibitions 1, 4, 7, and 8 related to Asset Protection and EL-7 related to Fiscal Condition and Activities. The purpose of the EL-11 audit is to verify the report of Colorado Springs Utilities management to Utility Board on EL-11 related to Energy Risk Management.

- ❖ **City of Colorado Springs; Financial System Reviews**

- ❖ **Colorado Springs Utilities; Financial System Reviews**

The purpose of financial system audits is to evaluate the internal controls that are used to ensure the reliability of financial information and assets. We also consider operational best practices, efficiency, and effectiveness in these audits. The operations included as financial systems are cash receipts, billing, cash disbursements, payroll, debt, investments, procurement and purchasing cards.



The Office of the City Auditor will perform a risk assessment of financial systems at the City and Colorado Springs Utilities in early 2018 to determine which systems will be audited for the year. We will consider and coordinate the internal control work done by the external auditors in our risk assessment. All financial systems will be audited at least once every five years. Higher risk systems will be audited more frequently than five years. For example, system or staffing changes as well as complexity of operations or decentralized activities would indicate higher risk profiles for audit services.

In accordance with City Code, 1.2.704 Perform Postaudit and 1.2.706 Examine Books, Records: "The City Auditor shall perform a current postaudit of the financial operation of the City government and its enterprises. The City Auditor shall submit reports to Council of periodic audits of each enterprise, department, division, office, agency or account." "The City Auditor shall examine and inspect all books, records, files, papers, documents and information stored on computer records or in other files or records relating to all financial affairs of every office, department, division, agency, enterprise, political subdivision and organization which receives funds from the City or under the direct or indirect control of the City Council."

- ❖ **City of Colorado Springs Follow-ups**
- ❖ **Colorado Springs Utilities Follow-ups**
- ❖ **Colorado Springs Airport Follow-ups**

In accordance with the Institute of Internal Audit Practice Advisory 2500.A1-1: "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." The purpose of this project is to follow up on City, Colorado Springs Utilities, and Airport audits issued in 2017 or unresolved issues from prior years.

- ❖ **Colorado Springs Utilities Rate Filing Reviews**
- ❖ **Colorado Springs Utilities ECA/GCA Rate Verification**

In accordance with City Code, 12.1.107 Regulations of Electric, Streetlight, Natural Gas, Water and Wastewater Rates, Charges and Regulations: "When Utilities proposes to change base rates, and the proposed change will result in the determination of a new revenue requirement supported by a cost of service study, Utilities will provide a draft of the proposal and cost of service study to the City Auditor and the City Attorney at least thirty (30) days prior to filing the proposed resolution with City Council. When changes to base rates are proposed, but do not involve a cost of service study, a draft of the proposal will be provided to the City Auditor and the City Attorney seven (7) days prior to the filing of a proposed resolution. Any request for additional information by the City Auditor and any response by Utilities, will be in writing." Colorado Springs Utilities periodically files rate adjustments as well as Electric Cost Adjustments or Gas Cost Adjustments (ECA/GCA) with the City Council. These rates become the basis for the service billings. The purpose of this audit is to evaluate whether Colorado Springs Utilities prepares rate filings in a consistent and accurate manner. We verify management is using sound methodology that is supported by verifiable data and logical assumptions. We also verify that the rates support management objectives.



❖ **TOPS—Trails, Open Space and Parks Audit**

The purpose of this audit is to review the City's Trails, Open Space and Parks activity as required by City Code 4.6.203, which states, "The City shall adopt regulations requiring an independent biennial audit of the expenditures of all of the net proceeds from the sales tax and other revenue. The City Council, with City and advisory committee participation, shall regularly review the audits with a view to establishing expenditure priorities. (Ord. 97-96; Ord. 01-42; Ord. 03-69; Ord. 15-92)".

❖ **Colorado Springs Utilities Partner Billing for the Southern Delivery System**

The purpose of this audit will be to verify the accuracy of cost allocation related to the Southern Delivery System (SDS). Per the Intergovernmental Agreement among the City of Colorado Springs, City of Fountain, Security Water District, and Pueblo West Metropolitan District for Operations, Maintenance, Replacement and Expansion of the Southern Delivery System; "A review of the accuracy of the Participants' cost allocation shall be included in the City of Colorado Springs City Auditor's audit of SDS operations following their normal audit schedule and procedures."

❖ **City of Colorado Springs Ballot Measure 2C Compliance**

The purpose of this audit will be to ensure the City complies with the specifications related to Ballot Issue 2C. The Ballot measure stated, "The expenditure of these revenues for road repairs and improvements is to be in addition to, and not in lieu of, amounts currently being expended by the City for road maintenance and improvements. During the period the temporary sales and use tax increase is in effect, the City will maintain spending on repair and maintenance of roads and streets at the average of the City's annual spending amount for such repair and maintenance during fiscal years 2012, 2013 and 2014. The City Auditor will perform an audit to calculate such average spending amount. Subject to City Charter limitations on preparation, submission and approval of the annual budget and annual appropriation ordinance, during such period, the City will annually expend at least the amount so computed on repair and maintenance of roads and streets." We will verify that General Fund spending maintained the pre-2C level as specified on the ballot.



- AUDITS / PROJECTS PLANNED FOR 2018 LISTED BY ENTITY AND PRIORITIZED BASED ON THE CITY AUDITOR RISK ASSESSMENT RANKING

City of Colorado Springs

❖ 2C Warranty and Inspection Processes

The purpose of this audit will be to assess the adequacy of warranty and inspection processes related to Ballot Issue 2C spending. We will also monitor projects and spending to help promote effective and efficient utilization of funds that resulted from 2C being passed by the citizens of Colorado Springs.

❖ Verification of Stormwater Spending

The purpose of this audit will be to monitor and verify the level of stormwater spending by the City of Colorado Springs as specified in the intergovernmental agreement between the City and Pueblo County. The City Auditor plans to report on annual spending as well as the total spending for stormwater improvements through the 20 year term of the agreement.

❖ Verification of State Sales Tax funding for City 4 Champions (C4C)

The purpose of this audit will be to analyze the reasonableness of State Sales Tax Increment Financing received by the Colorado Springs Urban Renewal Authority compared to City Sales Tax collected. We will attempt to identify the source or cause of any major discrepancy.

❖ Changes with Westcott Fire District

The purpose of this audit will be to verify appropriate changes that should occur due to the City opening Fire Station 22. Property tax billing for the area within the City that was previously served by Westcott Fire District should change as a result of the new fire station. The Office of the City Auditor will need to coordinate this audit with the County Assessor.

❖ UC Health Contract Compliance

The purpose of this audit will be to determine whether the City and UC Health have complied with the terms of the lease agreement related to Memorial Health System. At the time of the lease, UC Health agreed to provide funding for various purposes that were specified in the agreement. We will determine whether that funding has occurred as specified during the first five years of the lease agreement.

❖ EPA Tracking

The purpose of this audit will be to determine the status of audit findings from the 2013 Environmental Protection Agency (EPA) Audit along with the 2015 follow up audit performed by EPA. (This audit will not start until current litigation with the EPA has been finalized.)

❖ Transit Operations

The purpose of this audit will be to assess the cost and usage of the local transit system. We will attempt to identify trends and review the contracts with the service providers to determine whether they are meeting the terms of the contract. We will examine how customer service aspects are addressed in the contracts.



❖ **Municipal Court Budgeting Coordination and Collections**

The purpose of this audit will be to identify opportunities for coordination with the Police Department and the City Attorney's Office that might result in more reliable budget projections. We will also review the collection processes that are implemented as the result of changes in state law, which limit the use of bench warrants.

❖ **Surplus Formula**

The purpose of this project will be to provide assistance and historical perspective to the City, Colorado Springs Utilities, and City Council/Utilities Board as they work together to revise the calculation of an equitable Surplus payment to the City. The assistance should consider the guidance from prior and current policy makers along with comparability with similar cities.

❖ **Information Technology Department Performance**

The purpose of this audit will be to assess how well the department is meeting their "Commitment Statement" and "The 3-6-9 Month Plan", which are being used to guide the department. We will also assess whether projects are being delivered on time and within budget.

❖ **Cyber Security**

The purpose of this audit will be to evaluate the adequacy, efficiency, and effectiveness of critical cyber security processes.

❖ **Police Department Performance Audit**

The purpose of this audit will be to assess the performance of a specified area within the Police Department. The audit could be of an area such as the Evidence Unit or the 911 Call Center. The actual area to be reviewed will be determined in coordination with Police management based on their perceived needs.

❖ **Fire Department Sick Leave**

The purpose of this audit will be to determine whether sick leave is being used as intended and allowed in policy. We will attempt to determine whether the use of sick leave is increasing and whether use patterns can be identified.

❖ **CSURA Southwest Downtown Development and City 4 Champions Infrastructure Improvements**

The purpose of this audit is to determine whether the approximately \$120 million in State Sales Tax Incentive Funding is being used as specified. We will determine whether adequate internal controls are in place to ensure projects are completed on time and within budget. For projects that may not be completed, are funds being handled appropriately to ensure they will be available to be returned to the State if not spent as specified?

❖ **Payment Card Industry Standards**

The purpose of this audit will be to monitor and verify the controls across the City of Colorado Springs network related to the use of Payment Cards for payments to the City.



❖ **West Colorado Avenue Coordination**

The purpose of this project will be to determine whether the work in this area is being adequately coordinated by the entities involved. The report related to this project should reiterate the cost born by each party involved.

❖ **Third Party Software**

The purpose of this audit will be to evaluate the processes used to ensure data owned by the City of Colorado Springs is appropriately protected.

❖ **Park Fee Collection Process at Colorado Springs Utilities**

The purpose of this audit will be to validate the effectiveness and efficiency of the processes involved in the collection of park fees by Colorado Springs Utilities. The audit will consider the flow of information and funds from developers to Colorado Springs Utilities and then to the City.

Colorado Springs Airport

❖ **Capital Project Management**

The purpose of this audit will be to assess the effectiveness, efficiency, and economy of specific capital improvement projects.

❖ **IT Physical Security**

The purpose of this audit will be to evaluate the physical access controls at the Airport.

❖ **LART Funds Used for Airport Promotion**

The purpose of this audit will be to evaluate the results created by the use of LART Funds to promote the Airport. The Colorado Springs Convention and Visitor's Bureau spent the funds to market the Airport. This audit should verify any reported outcomes from the advertisement and benchmark those results to similar expenditures if possible.

Colorado Springs Utilities

❖ **Renewable Energy Reporting**

The purpose of this audit will be to verify that Colorado Springs Utilities is reporting renewable energy credits consistently with other electric utilities and in accordance with industry guidelines.

❖ **Verification of Stormwater Spending**

The purpose of this audit will be to monitor and verify the level of stormwater spending by Colorado Springs Utilities as specified in the intergovernmental agreement between the City and Pueblo County. The City Auditor plans to report on annual spending as well as the total spending for stormwater improvements through the 20 year term of the agreement.



❖ **Verification of Scrubber Performance**

The purpose of this audit is to verify the operational results related to air quality after scrubbers were installed at both Drake and Nixon Power Plants. The Office of the City Auditor will need to engage an industry expert to assist or conduct this audit.

❖ **Monitor Gas Hedging Development**

The purpose of this project will be to monitor the development and testing of a new gas hedging program. The prior gas hedging program was officially discontinued in April 2012. That program produced desired results in an inflationary market, but resulted in major losses during the recession. As a new program is developed, the Office of the City Auditor will review the program to verify that it adequately addresses market risks.

❖ **Capital Improvement Projects**

The purpose of this audit will be to assess the effectiveness, efficiency, and economy of specific capital improvement projects. This audit will follow up on prior Capital Improvements Program Audit Reports. We plan to assess the effectiveness of changes made to the project management processes at Utilities.

❖ **Surplus Formula Project**

The purpose of this project will be to provide assistance and historical perspective to the City, Colorado Springs Utilities, and City Council/Utilities Board as they work together to revise the calculation of an equitable Surplus payment to the City. The assistance should consider the guidance from prior and current policy makers along with comparability with similar cities.

❖ **Maximo Application Controls**

The purpose of this audit will be to evaluate the adequacy, effectiveness, and efficiency of the Maximo system application controls.

❖ **West Colorado Avenue Coordination**

The purpose of this project will be to determine whether the work in this area is being adequately coordinated by the entities involved. The report related to this project should reiterate the cost born by each party involved.

❖ **Administrative and General Cost Comparison**

The purpose of this audit will be to verify the calculation of administrative and general (A&G) cost at Colorado Springs Utilities. We will also benchmark these cost with similar entities such as members of the American Public Power Association.

❖ **Park Fee Collection Process at Colorado Springs Utilities**

The purpose of this audit will be to validate the effectiveness and efficiency of the processes involved in the collection of park fees by Colorado Springs Utilities. The audit will consider the flow of information and funds from developers to Colorado Springs Utilities and then to the City.



❖ **Third Party Software**

The purpose of this audit will be to evaluate the processes used to ensure data owned by Colorado Springs Utilities is appropriately protected.

❖ **Safety**

The purpose of this audit will be to evaluate the performance of the safety function. We will compare safety operations and reported events between the different areas of Colorado Springs Utilities. To the extent possible, we will attempt to benchmark safety with similar organizations and identify trends.

❖ **Business Continuity**

The purpose of this audit will be to verify the adequacy of the redundancy of facilities at the East Service Center. Within the last few years, Colorado Springs Utilities has established full redundancy at the East Service Center to facilitate business continuity.

❖ **CC&B Replacement Project Monitoring**

The purpose of this project will be to monitor the replacement of the CC&B system, which is used for billing and collection operations at Colorado Springs Utilities. If requested, we may provide input concerning controls within the new system.

❖ **Contract Compliance Team**

The purpose of this audit will be to assess the efficiency and effectiveness of the newly established contract compliance team at Colorado Springs Utilities. We will also examine any controls that have been put in place to ensure that processes flow as intended.

❖ **Mobile Devices/Laptops**

The purpose of this audit will be to evaluate the adequacy, efficiency, and effectiveness of IT General Controls supporting enterprise mobile device administration.