



Office of the City Auditor

2019 Audit Plan

July 9, 2018

Colorado Springs City Council
Colorado Springs, CO 80901

Subject: Decision on Proposed 2019 Audit Plan and Staffing Level for the Office of the City Auditor

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

I am asking for your direction on the staffing level for my office in 2019 along with approval for the associated Audit Plan. Attached is the Proposed 2019 Audit Plan for the Office of the City Auditor, which is recommended, based on a split decision by the Audit Committee. The audit plan is based on 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 (CSU) Administration, Colorado Springs Airport Administration, and others. This document will serve as the primary work plan for my office. The proposed plan was designed to be completed with the current staffing level of my office (14 positions).

Last year, I received a request from CSU that I reduce staffing by two positions via attrition considering the Southern Delivery System was complete and CSU had previously requested two positions be added to facilitate that project. Last year, the City agreed to fund one of those positions in the 2018 Budget. At this point, I have had attrition in my office and I am asking for City Council's direction concerning the level of staffing you believe is appropriate for my office. I believe the current level of staffing is appropriate, but there is no specified ratio or standard number of auditors required to staff an office. If Council chooses to reduce staff by one position, I will still be able to complete the audits required by City Code, but fewer resources will be available for audits that are planned to address risks identified in the risk assessment process. I plan to address the staffing issue more during my presentation to Council.

Once the 2019 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



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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.

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 2019. Any audits/projects not completed in 2019 will be assessed for inclusion in the 2020 Audit Plan. The Audit Plan may be revised during the year based on various factors such as resource changes or a modified risk assessment.



2019 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 2019. The audits/projects are listed in two categories:

- Standard Audits Planned for 2019 and
- Audits / Projects Planned for 2019 Prioritized by City Auditor Risk Assessment Ranking.

- STANDARD AUDIT PLANS FOR 2019

- ❖ **City of Colorado Springs 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 contract for the City. 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 Enterprise 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 2019 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 2018 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.



❖ **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.

❖ **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 and 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.



- AUDITS / PROJECTS PLANNED FOR 2019 LISTED BY ENTITY AND PRIORITIZED BASED ON THE CITY AUDITOR RISK ASSESSMENT RANKING

City of Colorado Springs

1. Stormwater Billing Effectiveness

The purpose of this audit will be to determine whether the stormwater billing systems that were established in 2018 are functioning effectively. We will examine the accuracy and timeliness of the billing system.

2. Pikes Peak Summit House

The purpose of this audit will be to monitor and evaluate the costs associated with the construction of the new Summit House on Pikes Peak as construction occurs. To the degree possible, we will observe construction meetings, review payment requests, review change order requests, and provide input to project management concerning opportunities for savings if such are identified.

3. Information Technology Security Audits

The purpose of this audit will be to partner with City Information Technology to assist them in assessing staff compliance with security requirements throughout the City.

4. Police Department 911 Call Center Performance Audit

The purpose of this audit will be to assess the performance of the 911 Call Center within the Police Department.

5. 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?

6. Fleet Contract Savings Review

The purpose of this audit will be to review the cost of outsourcing during the final two years of the contract with Serco for fleet services. We will also verify that issues identified during prior audits of the contract have been addressed. This audit will be a closeout audit of the existing contract.

7. Photo Red Results

The purpose of this audit will be to evaluate the results of photo red after its initial period of operation. We will coordinate the review with the Police Department and Municipal Court staff involved in the program. To the extent possible, we will compare the actual results with initial projections.

8. Evidence Unit Capacity

The purpose of this project will be to evaluate the use of space in the Evidence Unit of the Police Department. We previously performed this analysis in 2013 and we estimated that some critical areas



could experience limitations as early as 2015. We will review the changes that have been made and attempt to identify areas of critical concern.

9. Information Technology Performance

The purpose of this audit will be to evaluate the performance of the Information Technology Department as measured by their achievement of their commitment statement and CIO Priorities. We will also evaluate their results related to delivering projects on time and within budget.

10. Medical Marijuana Fees

The purpose of this audit will be to evaluate whether the fees collected cover the cost of regulations. We will examine how fees are used and attempt to identify opportunities for improved efficiency. Would there be any advantage to the fees being accounted for in a special revenue fund?

11. 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.

12. Homelessness in Colorado Springs

The purpose of this audit will be to evaluate the cost of homelessness in Colorado Springs. While we will concentrate on the cost to the City, we will attempt to gather costs to other entities such as El Paso County, local hospitals, and others.

13. Pikes Peak Highway Enterprise

The purpose of this audit will be to determine is the enterprise healthy? What would be an appropriate reserve for this enterprise? Are fees appropriate? Can the toll gate entrance process be improved to allow cars through more quickly?



Colorado Springs Airport

14. Airport Aeronautical Zone Impact

The purpose of this audit will be to assess the impact of designating an area near the airport as an Aeronautical Zone with some tax advantages for investors.

15. On Site Car Rental Concessionaire Compliance

The purpose of this audit will be to verify that rental car concessionaires at the Airport are complying with their agreement with the Airport. We will verify that all fees and taxes due the City have been collected and remitted as required in the agreement.

16. IT Physical Access Controls

The purpose of this audit will be to evaluate the adequacy, effectiveness, and efficiency of the physical access controls at the Airport.



Colorado Springs Utilities

18. 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. In addition to specific capital improvement projects, we should evaluate the impact of having multiple projects being installed simultaneously in the Information Technology area. This audit will be performed by the Performance Audit Group.

19. Maximo Replacement Application Controls

The purpose of this audit will be to evaluate the effectiveness and efficiency of the system application controls of the systems that replace Maximo. We should also ensure adequate controls are incorporated. In 2018, Utilities will be implementing a contract writing system along with a few other modules as the first steps in replacing Maximo. There may be additional software installed in 2019.

20. Integrated Utilities Suite

The purpose of this audit will be to continue to monitor the implementation of the Oracle suite as it is implemented at Colorado Springs Utilities. We will provide input to the implementation team to ensure that adequate controls are incorporated into the system. The Information Technology Group will conduct this project.

21. Advanced Metering Infrastructure

The purpose of this audit will be to continue to monitor the implementation of the Advanced Metering Infrastructure (AMI) as it is implemented at Colorado Springs Utilities. We should provide input to the implementation team to ensure that adequate controls are incorporated into the system. The Information Technology Group will conduct this project.

22. Fuel Purchases

The purpose of this audit will be to evaluate the effectiveness, efficiency, and economy of the practices related to fuel purchases. This performance audit should examine the processes used and attempt to identify opportunities to streamline the process without weakening controls.

23. Mesa Water Treatment Plant Capital Project

The purpose of this audit will be to monitor and evaluate the multiyear capital project to update/renovate the water treatment plant.

24. Personal Identifying Information (PII)

The purpose of this audit will be to ensure that personal identifying information is adequately protected. The audit will consider how such data is classified and protected from inappropriate access.



25. Fourth Quarter Spend Analysis

The purpose of this audit will be to evaluate the reasons for the increase in spending during the fourth quarter as noted in the recent Procurement Audit.

26. Ethics Policies and Practices

The purpose of this audit will be to evaluate the policies and practices related to ethical behavior at Colorado Springs Utilities. We will attempt to develop clear metrics related to ethics based on policies and practices.

27. Affordable Housing

The purpose of this audit will be to evaluate the impact of changes made by Colorado Springs Utilities to promote affordable housing in Colorado Springs.

28. Budget to Actual Comparison of Annual Operating Plan

The purpose of this audit will be to evaluate the accuracy of budgets compared to actual financial results for recent years. To the extent possible, we will identify budget variances and probable causes for the variances. We will attempt to identify trends and consider documentation maintained during the budget development process.

29. Cash by Service

The purpose of this audit will be to review how cash is tracked and reported by service. The allocation of cash by service has been an issue in the past. Recognizing prior Board direction that each service is to be self-sustaining, the allocation of cash could impact compliance with this directive.