



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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20-13 Monitoring Utilities Board Instructions I-2 Financial Conditions and I-8 Asset Protection

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Purpose

The purpose of this high level compliance review was to determine whether Colorado Springs Utilities complied with Utilities Board instructions to the Chief Executive Officer, Policy I-2, Financial Condition and Activities, and I-8 Asset Protection. In addition to verifying management's 2019 quarterly and semi-annual monitoring reports, 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-2, Financial Condition and Activities (except for number 2, which is in development - see below) and Policy I-8, Asset Protection.

The Office of the City Auditor (OCA) completed our review as directed by the Utilities Board. Under Policy Guidelines - G3 Compliance Report Frequency and Method, the Office of the City Auditor is required to monitor compliance with Policies I-2, Financial Condition and Activities, and I-8, annually.

Policy I-2 states, "The Chief Executive Officer shall direct that financial condition and activities, and actual expenditures are consistent with Board expected results." Policy I-8 states, "The Chief Executive Officer shall direct that enterprise assets are protected, adequately maintained, and not unnecessarily risked." Our audit included verification of the accuracy and reliability of statements made in the monitoring reports prepared by Colorado Springs Utilities for the Utilities Board. Procedures included obtaining supporting documents, policies, reports, and data recalculations.

Instruction I-2, number 2 required that the Utilities Board be informed of all contracts over \$500,000. This provision became effective in May 2018 with the approval of the Excellence in Governance Manual. The OCA's Monitoring Report for I-2 and I-8, report 19-11 recommended that Utilities work with the Utilities Board to ensure the criteria for this report was well defined and included all contacts over \$500,000. We note that significant progress was made in working with the Utilities Board to define criteria and produce related reports of contracts over \$500,000. However, at the time of our review, criteria and reports were still in the development process. Accordingly, we do not express an opinion on Instruction I-2, number 2.

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.