



OFFICE OF THE CITY AUDITOR

2013 AUDIT PLAN

CITY OF COLORADO SPRINGS

BRIEF DESCRIPTION OF PLANNED PROJECTS

This document contains brief descriptions of the projects that are planned for the period January 1, 2013 to December 31, 2013.

This list is subject to change, depending on circumstances that arise during the year.

Audits/Projects Planned for 2013:

13-103* External Auditor Oversight

The City Auditor administers the City contract with the external auditor. The City Auditor monitors issues as they arise between the external auditor and the City or its audited entities. The external auditor will report to the City Auditor, who will then communicate with City Council, as needed.

13-110* External Financial Audit

The City Auditor's Office will provide 250 hours of audit assistance to the external auditor for the audit of the City's financial activity. City Auditor staff performs this work under the direction of the external auditor.

13-117* Claims Reserve Fund/Worker's Compensation Audit

The purpose of this audit is to review the Claims Reserve and Workers' Compensation – Self Insurance Fund, as required by City Code Section 1.5.602.1, which states - "The City Auditor or any person authorized by the City Auditor shall conduct an examination at least once every two (2) years to determine that proper underwriting techniques, sound funding procedures, loss reserves, claims procedures and accounting practices are being followed in the management and operation of the workers' compensation claim reserve fund. The City Auditor shall present a report of findings to the City Council."

* Indicates that this audit was required by City Code directly or indirectly, or to fulfill prior agreements.

13-123* City Purchasing—Financial System Review

The purpose of this audit is to review the purchasing processes of the City of Colorado Springs to ensure an adequate internal control environment and compliance with policies and procedures. The review will center on the procurement function and the system, which is used to track purchases and resources. This is a Full System Review.

13-126* Purchasing Card Audit

The purpose of the audit is to evaluate the adequacy of the internal control environment as it relates to Purchase Card transactions, and to determine that disbursements are being made in accordance with governing policies and procedures. Our audit will include an evaluation of the effectiveness and efficiency of Purchase Card operations.

13-130 Pension Administration

The purpose of this audit is to review controls and policies in place to minimize pension spiking, and review the pension benefit calculation process for accuracy and compliance with statutory requirements.

13-135 Community Development Block Grant Administration

The purpose is to review planning and oversight of grant funds that ensure funds are used efficiently and effectively in compliance with grant requirements.

13-150 Municipal Court Review

The purpose of this audit is to perform an internal control and efficiency/effectiveness review of Municipal Court operations. Related processes identified in the 2012 published audits of Humane Society and Cash Receipts will be considered in this review.

13-165* Monitoring Information Technology (IT) Changes

The purpose of this review is to monitor information technology system changes that may occur during 2013. The City contracted for a strategic evaluation of the IT function in 2011. The Office of the City Auditor will monitor any changes made in 2013 as a result of that evaluation to ensure adequate controls and security measures are taken to safeguard the City and its IT assets.

13-167 Monitoring SharePoint Implementations

The purpose of this review will be to monitor SharePoint implementations in the City. SharePoint implementations may be centralized or more commonly decentralized. The latter provides more challenges to the effective and secure controls over content; requiring a focus on governance practices, policy and guideline communications with the users, and a managerial monitoring activity to assure compliance with governance

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requirements. Content is difficult to monitor because of the inability to use automation to scrutinize content. Therefore, governance, management oversight, and strong content management policies are the keys to securing content. Our review will focus on these keys to securing content.

13-168* Review of Network Management and Security

The purpose of this audit will be to review the network used by most City staff. Network perimeter security is a proactive process to ensure the protection of the City's data, assets and information that are stored on computer equipment residing on the network, and the information flowing through the network. Our review will focus on the governance, management oversight and security, including intrusion detection and prevention, over the network segments primarily used by City staff.

13-169 Police Department Network Audit

The purpose of this audit will be to review the network used by the Police Department. Network perimeter security is a proactive process to ensure the protection of the Police Department's data, assets and information that are stored on computer equipment residing on the network, and the information flowing through the network. Our review will focus on the governance, management oversight and security, including intrusion detection and prevention, over the network segments primarily used by the Police Department.

13-190* Follow-ups/Special Projects

The purpose of this project is to follow up on City audits issued in 2011 or unresolved issues from prior years. We will also perform any small special projects that arise during the year.

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Colorado Springs Utilities
It's how we're all connected



OFFICE OF THE CITY AUDITOR

2013 AUDIT PLAN

COLORADO SPRINGS UTILITIES

BRIEF DESCRIPTION OF PLANNED PROJECTS

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New Projects for 2013:

13-203* External Auditor Oversight

The City Auditor works with Colorado Springs Utilities in the oversight of the contract with the external auditor. The City Auditor monitors issues as they arise between the external auditor and Springs Utilities. The external auditor will report to the City Auditor, who will then communicate with City Council/Utility Board, as needed.

13-210* External Financial Audit

The City Auditor's Office will provide 250 hours of audit assistance to the external auditor for the audit of Colorado Springs Utilities financial activity. City Auditor staff performs this work under the direction of the external auditor.

13-215* Executive Limitation 4 & 7 Monitoring

The purpose of this audit is to verify the report of Springs Utilities management to City Council on EL-4 related to Asset Protection and EL-7 related to Fiscal Condition and Activities. In addition to verifying management's report, the City Auditor's Office will also report on any known violations if such violations were not reported by management. The Auditor's Office is specifically charged with commenting on EL-4 number 1, 4, 6, 7 & 8. The Auditor is also charged with commenting on all of EL-7. This report is normally shared at the April Utilities Board Meeting.

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13-216* Executive Limitation 11 Monitoring

The purpose of this audit is to verify the report of Springs Utilities management to City Council on EL-11 related to Energy Risk Management. In addition to verifying management's report, the City Auditor's Office will also report on any known violations if such violations were not reported by management. The Auditor's Office is specifically charged with commenting on all of EL-11. The EL-11 Reports should be issued in February.

13-217* Claims Reserve Fund/Worker's Compensation Audit

The purpose of this audit is to review the Claims Reserve and Workers' Compensation – Self Insurance Fund, as required by City Code Section 1.5.602.I, which states - "The City Auditor or any person authorized by the City Auditor shall conduct an examination at least once every two (2) years to determine that proper underwriting techniques, sound funding procedures, loss reserves, claims procedures and accounting practices are being followed in the management and operation of the workers' compensation claim reserve fund. The City Auditor shall present a report of findings to the City Council."

13-222* Cash Receipts – Financial System Review

The purpose of this audit is to review the cash receipt function of the organization to ensure an adequate internal control environment and compliance with policies and procedures. A Full System Review will be performed.

13-225* Billing – Financial System Review

The purpose of this audit is to review the billing function of the organization to ensure an adequate internal control environment and compliance with policies and procedures. A Full System Review will be performed.

13-230* Rate Filing Reviews

Colorado Springs Utilities periodically files rate adjustments 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 manner, using sound methodology, accurate calculations, supported by verifiable data and logical assumptions and supports management objectives.

13-240 Rate Comparison Review

The purpose of this audit is to verify Colorado Springs Utilities calculation of rates in comparison to peer utilities. We will perform any necessary benchmarking with other utilities as part of this process.

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13-250* Automated Meter Reading Audit

The purpose of this audit is to review controls over the meter life cycle process that ensure meter reads used in billing are accurate. Based on a risk assessment of the meter life cycle, we will perform detailed reviews of the highest risk areas to include information technology concerns.

13-260 Human Resources Compliance Audit

The purpose of this audit is to perform a risk assessment to identify the significant legal, regulatory and compliance risk areas within the Human Resources function. Based on this risk assessment, we will perform detailed reviews of the highest risk areas.

13-270* RMS/Maximo Audit

The purpose of this audit will be to evaluate the effectiveness of controls related to the RMS system. The RMS/Maximo application system is used by CSU to capture labor hours, material costs and other project and non-project related costs. These costs are then transmitted to the General Ledger. Failure to implement effective, efficient and appropriate internal controls may result in the loss or underutilization of assets, invalid or incorrectly processed transactions, and/or questionable integrity of information. We will concentrate our efforts on the effectiveness of controls over source code, database and other server security, and recovery of the application in the event of a loss of the primary data center.

13-271 E-Commerce

Electronic commerce, or E-Commerce, is the practice of purchasing and selling products and services over the Internet or other electronic systems. This includes the ability of customers to access and review their bills in some electronic fashion and the ability to pay their bills electronically. E-Commerce also includes the ability of employees to maintain their personal information as an employee. Our review will concentrate on CSU's ability to provide customer information electronically and the ability to accept payment from the customer by an electronic means.

13-272 Sharepoint

SharePoint implementations may be centralized or more commonly decentralized. The latter provides more challenges to the effective and secure controls over content; requiring a focus on governance practices, policy and guideline communications with the users, and a managerial monitoring activity to assure compliance with governance requirements. Content is difficult to monitor because of the inability to use automation to scrutinize content. Therefore, governance, management oversight, and strong content management policies are the keys to securing content. Our review will focus on these keys to securing content.

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13-280* Southern Delivery System Construction Audit

The purpose of this audit is to monitor the major water construction project for Colorado Springs Utilities known as the Southern Delivery System (SDS). This audit will include work in the areas of Construction Monitoring, Project Controls, Procurement, and Land Acquisition.

13-285 Review and Monitoring the Neumann Agreement

The purpose of this audit will be to review and monitor the Neumann Agreement. This agreement with Colorado Springs Utilities for the installation of new technology to address emission requirements would be reviewed by audit staff for reasonableness and possibly identifying opportunities for improvement or items to be verified. The agreement will then be monitored on an on-going basis as the project is completed.

13-286* Monitoring System Implementations

This is an ongoing project where we monitor system implementations that might occur during the year. The project usually does not result in the issuance of a report.

13-290* Follow-ups/Special Projects

The purpose of this project is to follow up on audits issued in prior years and to perform any special projects that arise during the year.

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OFFICE OF THE CITY AUDITOR



2013 AUDIT PLAN

COLORADO SPRINGS AIRPORT

BRIEF DESCRIPTION OF PLANNED PROJECTS

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New Projects for 2013:

13-485* Contract Activities Audit

The purpose of this audit is to ensure compliance with contracts at Colorado Springs Airport. This audit will review contracts to be specified in consultation with Airport Management. *Note: If the Audit Committee or City Council wants more specific details, they can be provided, but specific contracts for review in 2013 have not been identified at this time.*

13-490* Follow-ups/Special Projects

The purpose of this project is to follow up on audits issued in prior years and to perform any special projects that arise during the year.

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