



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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15-06 Annual External Report on Executive Limitation 11—Enterprise Risk Management

March 2015

Purpose

The purpose of this high level review was to determine whether Colorado Springs Utilities and the Chief Executive Officer complied with Executive Limitation (EL) 11 Enterprise Risk Management. In addition to verifying management's reports dated August 13, 2014, and February 11, 2015, our objectives included assurance that any known violations were reported to the Utilities Board.

Highlights

Based upon our high level review, we concluded that Colorado Springs Utilities and the Chief Executive Officer were in compliance with EL 11 for the calendar year 2014.

Our audit included a review of the Risk Management Committee minutes and written plans required by EL 11. We interviewed 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.

The Office of the City Auditor completed external monitoring as directed by City Council acting in its capacity as the Utilities Board. Under Governance Policy Board-CEO Linkage 5 (BL-5), Monitoring Chief Executive Officer Performance, the Office of the City Auditor is required to monitor compliance with EL 11 Enterprise Risk Management annually. This limitation states, "*The Chief Executive Officer shall not allow conditions, procedures or decisions which fail to identify, measure, monitor and manage, within established risk tolerances, potential events that may affect achievement of the Ends.*"

The audit did not include a review of risks identified and managed by Utilities, or test of controls and systems that ensure policy compliance.

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.