



2020 Audit Plan

How the Audit Plan was Developed
Denny Nester, City Auditor

Office Mission Statement

- To provide the City Council an independent, objective and comprehensive auditing program for operations of the City and all of its enterprises to include Colorado Springs Utilities and Colorado Springs Airport
- Evaluate the adequacy of financial controls, records and operations and the effectiveness and efficiency of organizational operations
- Provide the City Council, management and employees objective analyses, appraisals and recommendations for improving systems and activities

Office Structure

- City Auditor appointed by and reports directly to the City Council
- Receives Authority from Chapter 1, Article 2, Part 7 of the City Code
- Provides audit services for the City (which includes its enterprises) and others who receive funds from the City or fall under the direct or indirect control of the City Council
- The guiding principle that we followed in preparing this plan and when performing audits is to **add value**

Gather Information

- Review City Code to determine what must be audited.
- Review interpretations of City Code by City Auditors.
- Obtain input for potential project
 - From City Auditor Staff
 - From Management of City and its Enterprises
 - From City Council and Audit Committee

Score Projects

- Use the Risk Assessment Model to rate potential projects in order to address the highest risk projects.
- Areas considered in the Risk Assessment Model:
 - Requested by Management, Audit Committee or City Council
 - Dollar Value of the Subject to be Audited
 - Amount of Government Regulation
 - Political Sensitivity
 - Asset Liquidity

Score Projects

- Areas considered in the Risk Assessment Model: (cont'd)
 - Control Environment
 - System Changes
 - Personnel Changes
 - Past Audits
 - Time since Last Audit

2017

City All Funds



30.2%

Colorado Springs Utilities



67.4%

Colorado Springs Airport



2.4%

2017
Budget - \$ 458.7 M

\$1,025.1 M

\$36.2 M

2017 Audit
Cost Budgeted \$.44M

\$.96M

\$.075M

% of Audit
Budget 30%

65%

5%

2018

City All Funds



33.0%

Colorado Springs Utilities



64.6%

Colorado Springs Airport



2.4%

2018 Budget -	\$ 500.4 M	\$978.3 M	\$35.7 M
2018 Audit Cost -	\$.590M	.952M	.075M
% of Audit Budget	36.5%	58.9%	4.6%

2019 Audit Plan

City All Funds

Colorado Springs Utilities

Other Enterprises



35.4%



60.5%



4.1%

2019 Budget -	\$ 547.3 M	\$936.5 M	\$63 M
2019 Audit Cost -	\$.555 M	.880 M	.220 M
% of Audit Budget	33.5 %	53.2%	13.3%

Proposed 2020 Audit Plan

City All Funds

Colorado Springs Utilities

Other Enterprises



35.4%



60.5%



4.1%

2019

Budget - \$ 547.3 M

\$936.5 M

\$63 M

Estimated 2020

Audit Cost \$.745 M

.785 M

.170 M

% of Audit

Budget 43.8%

46.2%

10%

Fill the bucket

- 1) Start by assigning audits that are required by **City Code**. Examples: Workers' Compensation Fund Audit
- 2) Add audits required to fulfill the City Auditor's duties as **interpreted** by the City Auditor. Examples: Audits of major systems such as payroll, disbursements, etc.
- 3) Add audits required to meet **standards** such as the annual Follow-Up Audit or selected based on the score from the **Risk Assessment**.

Summary & Questions

- The Proposed 2020 Audit Plan

- Fulfills City Code requirements
- Includes Council requests
- Is Risk Based
- 15% Available for special projects and 2019 carryovers

I will be requesting approval of the Proposed 2020 Audit Plan at a future Council meeting.

Questions?