OFFICE OF THE CITY AUDITOR
COLORADO SPRINGS, COLORADO

Natalie Lovell
City Auditor, CIA, MBA, CCIFP, PMP

26-11 Review of Concerns Involving an Elected Official

June 2026

Purpose

The purpose of this review is to examine a report involving an elected official.

Highlights

Our review focused on a Fraud, Waste, and Abuse Hotline (Hotline) report that raised allegations about an elected official. The Office of the City Auditor operates a Hotline, providing an anonymous and accessible way for employees, vendors, citizens, and other stakeholders to report suspected fraud, waste, and abuse without fear of retaliation.

This review was initiated following two Hotline reports alleging fraud, waste, and abuse involving an elected official. The Office of the City Auditor examined telematics data, mileage reporting, calendar entries, City policies, and staff interviews. The review found instances of personal use of a City-owned vehicle and use of staff for non-official child supervision. Overall, we identified weaknesses in the internal controls governing personal use of City resources. Strengthening these controls is highly recommended.

Authority

City Code § 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.

Summary of Allegations

Two Hotline submissions (April 2026 and June 2026) alleged:

1. Use of City staff to supervise the elected official’s children during work hours and at official City events.
2. Personal use of a City-owned vehicle, including out-of-city travel.
3. Policy adjustments intended to justify prior conduct.

Audit Work Performed

The Office of the City Auditor reviewed:

- Telematics data from January 24, 2024 through June 7, 2026.
- Mileage logs and IRS imputed income calculations.
- Calendar entries for comparison with vehicle activity.
- Staff interviews conducted between April 15 and June 11, 2026.
- Applicable administrative regulations, including a new policy enacted May 7, 2026.

26-11 Review of Concerns Involving an Elected Official

Findings

1. Use of City Staff for Non-Official Child Supervision:

A total of seven interviews were conducted with staff between April 15 and June 11, 2026. All seven acknowledge awareness of the elected official bringing their children to work or City events. All but one described instances in which they supervised the elected official's children during City events and/or within the City Administration Building during business hours. Key themes included:

- Staff felt implicitly obligated to supervise or monitor the children and did not feel positioned to decline the request.
- Supervising the children required staff to pause or delay their regular work tasks.
- Multiple employees described these occurrences as recurring and often coinciding with school breaks or holidays.

Specific examples include:

- A City event in July 2025, during which a staff member was left to watch the children in a construction trailer for the duration of the event, preventing the staff member from performing their core duties. The value of the time dedicated to watching the children is approximately $380.00.
- A staff member reported supervising the elected official's children after work hours. The first instance was voluntary; however, the staff member later felt an expectation to continue. No compensation was provided for this time.

Staff reported additional instances of supervising the elected official's children on multiple occasions over several years; however, because these occurrences were not formally tracked, the total number of instances and overall staff time involved cannot be quantified.

2. Personal use of a City-owned vehicle:

Personal Travel Outside of City-limits:

After reviewing available telematics data for 2024 through 2026, three instances of personal travel outside the Colorado Springs City limits were identified:

- Saturday, November 16, 2024: Denver, CO; 143 miles
- Saturday, October 25, 2025: Monument, CO; 44 miles
- March 20-25, 2026: Crested Butte, Ouray, and Almont, CO; 794 miles.

Of these three instances, the elected official reported and reimbursed the City $276.95 for 382 miles, related to the Crested Butte, Ouray, Almont trip. The reimbursement value was calculated using the standard IRS rate in effect at the time of the trip, which was $0.725 per mile times the 382 miles reported by the elected official to City Finance. Reimbursement for the full 794 miles should have totaled approximately $575.00. The $575.00 is calculated by multiplying the identified 794 miles by the IRS rate in effect at the time of the trip. The resulting shortfall is approximately $298.00. The 143-mile Denver trip would have resulted in an imputed income of approximately $96.00, and the 44-mile Monument trip would have an imputed income of approximately $31.00. These are calculated by multiplying the miles times the IRS rate in effect at the time of the trip. For November 2024, that rate was $0.67 and for October 2025 the rate was $0.70. The total imputed income reported for these three trips should have been approximately $425.00 higher than was reported. Under-reported personal use results in lower tax obligation.

26-11 Review of Concerns Involving an Elected Official

Personal Travel Inside City-limits and Imputed Income:

Imputed income represents the Internal Revenue Service (IRS)-defined taxable value of the personal-use of an employer-provided vehicle. The City calculates this amount by applying the IRS standard mileage rate in effect at the time to the miles identified as personal-use. This rate reflects vehicle operating costs, including fuel, insurance, maintenance, and other expenses. Under the City's current process, it is assumed that on each working day the elected official is in town, a commute occurs between the residence and the City Administration Building. The elected official uses the assigned City-owned vehicle for commuting and for all additional work-related travel during the workday. Each quarter, City Finance reviews the elected official's calendar and determines the number of miles to classify as personal-use. During the period reviewed, IRS rates ranged from $0.655 per mile (2023) to $0.725 per mile (2026). The table below summarizes the elected official's reported personal-use miles and associated imputed income calculations.

Table 1: Reported Personal-Use Miles and Imputed Income by Quarter

	2023	2024	2025	2026	Total
Quarter 1					
Sum of Miles		182.4	182.4	150.4	
Imputed Income		$122.21	$127.68	$109.04	
Quarter 2					
Sum of Miles	57.6	201.6	331.7	134.4	
Imputed Income	$37.73	$135.07	$232.19	$97.44	
Quarter 3					
Sum of Miles	192	195.2	179.2		
Imputed Income	$125.8	$130.8	$125.4		
Quarter 4					
Sum of Miles	182.4	163.2	166.4		
Imputed Income	$119.47	$109.34	$116.48		
Total					
Sum of Miles	432	742.4	859.7	284.8	2318.9
Imputed Income	$282.96	$497.41	$601.79	$206.48	$1588.64

Source: City Finance

Telematics data for January 24 through June 30, 2024 was compared to the reported personal-use mileage reports for the same time period to assess the accuracy of reported personal-use miles and imputed income. We also evaluated whether the processes in place for identifying personal-use were effective in capturing personal-use.

Personal-use miles are currently calculated by City Finance through a review of the elected officials' calendar. For each day the elected official is working in town, City Finance applies a standard round-trip commute by distance and multiplies the total by the IRS milage rate in effect for the quarter. City Finance then sends a draft of the personal-use report to the elected official for review and confirmation. Using this process, the elected official reported 384 personal-use miles for January through June 2024, for an imputed income of $257.28.

26-11 Review of Concerns Involving an Elected Official

We validated the process by isolating commuting trips in the telematics data for the same period, identifying approximately 200 miles between the residence and the City Administration Building. We then examined the data by frequency to identify locations visited multiple times. These high-count destinations included two schools, a dry-cleaning facility, and a shopping center, totaling approximately 335 miles across 55 stops. We then reviewed less frequent destinations with a focus on weekend and evening travel. This review identified approximately 155 miles of personal use. Examples of identified personal travel include:

- Tuesday, January 30, 2024: a medical appointment; 28 miles
- Saturday, April 20, 2024: a shopping center; 2 miles
- Sunday, May 12, 2024: a shopping center; 8 miles

In total, we identified approximately 690 miles of personal-use between January and June 2024, as summarized below:

- 200 miles of commuting between the residence and City Administration Building
- 335 miles across 55 stops at two schools, a dry cleaner, and a shopping center
- 155 miles of additional personal use.

When compared to the 384 miles reported by the elected official as personal-use with an imputed income of $257.28, for the same period, the telematics data indicates that approximately an additional 306 personal-use miles should have been reported, with an imputed income value of $205.00. The imputed value of $205 is calculated by multiplying the additional 306 miles by the IRS mileage rate of $0.67 in effect at the time.

3. Policy Changes and Governance Concerns:
A new administrative regulation governing personal-use of City-owned vehicles became effective on May 7, 2026. This policy was adopted in response to a recommendation from a prior report issued by the Office of the City Auditor, which identified the need for clearer guidance on personal-use of City-owned vehicles for elected officials after finding personal-use by a family member. At the same time the new administrative regulation was implemented, the elected official self-reported a personal-use trip in March 2026, as described above. Determining whether the policy was developed or adjusted to justify prior conduct is not auditable under the Fraud, Waste, and Abuse framework; therefore, no conclusion was drawn on this matter.

Following the policy's effective date, we evaluated telematics data from May 7 through June 7, 2026, the latest period for which data was available, to the latest personal-use mileage report, ended May 31, 2026. As described earlier in this report, City Finance calculates personal-use miles by reviewing the elected official's calendar, applying a standard round-trip commute for distance for each workday in town, and then sending the draft personal-use report to the elected official for confirmation and identification of any additional personal-use miles.

Telematics data identified approximately 60 miles of personal travel, primarily on weekends, that were not included in the personal-use report or the related reimbursement calculations. These miles were identified in addition to the commuting miles. Examples include:

- Saturday, May 9, shopping centers; 17 miles
- Wednesday, May 13, shopping center, medical appointment; 4 miles
- Sunday, May 17, shopping centers; 8 miles
- Friday, May 22, shopping centers; 16 miles

For clarity, the City's second-quarter mileage report covers March, April, and May 2026. City Finance provided the preliminary Quarter 2 report to the Office of the City Auditor on June 9, 2026 and the final signed report on June 10, 2026. City Finance also asked the elected official to identify any additional personal-use miles for this period; no additional miles were reported before the report was signed.

Based on the 60 additional miles identified through telematics, the imputed income for the second quarter of 2026 should increase by approximately $45.00 to account for these additional 60 miles.

Conclusion

The review identified instances in which the elected official used a City-owned vehicle for personal travel that was not fully captured through the existing imputed income calculation process. Telematics data showed personal travel both inside and outside City limits that was not reflected in the mileage used to determine imputed income or reimbursement amounts. Strengthening controls around the reporting and reconciliation of personal-use, specifically through the routine use of telematics data, would improve the accuracy of mileage classification and ensure consistent identification of personal and work-related travel.

The review also identified multiple instances in which City staff supervised the elected official's children during work hours or official events. Since the City or staff does not maintain records of these occurrences, including dates, duration, or the amount of staff time involved; the total impact cannot be quantified. Although the City's Personnel Policies manual does not apply to the elected official, the City does have a "Visitors in the Workplace" policy (Policy #43). This policy allows visitors, including family members, in City facilities on a limited basis but requires that visitors not disrupt operations, be escorted when not in public areas, and not be left unattended or left with employees that they are not there to visit. Exceptions may be made only by a Department Director or Chief in consultation with Human Resources.

Supervision of an elected official's children is not within the scope of City staff job duties, and several employees reported feeling uncertain about expectations when children were present. Establishing clear guidance regarding staff interaction with the elected official's family members may help prevent confusion. It is recommended for the elected official to consider adopting a policy for elected officials that is similar to the City's "Visitors in the Workplace" policy for employees.