



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

11-26 Annual Follow-up Report

December 2011

Purpose

The purpose of this audit is to determine whether appropriate and timely actions had been taken by management to implement the planned actions for outstanding audit recommendations.

Highlights

The Office of the City Auditor follows the Professional Practices Framework as published by the Institute of Internal Auditors Research Foundation. These standards are commonly referred to as the "Red Book" Standards. Red Book Standard 2500.A1 on Monitoring Progress states, "The Chief Audit Executive should establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action." We have developed a follow-up process and annual report on our results. This report is our fourth annual report related to the follow-up process.

We reviewed 25 management actions. Based on our review, we concluded:

- 18 (72.0%) management actions were implemented,
- 3 (12.0%) management actions were partially implemented, and
- 4 (16.0%) management actions were open and subject to retesting or additional follow-up.

Overall, management appeared to be responsive to our audit comments. They either fully or partially implemented their actions or planned corrective action within a reasonable amount of time for 21 (84.0%) of the management actions.

There are 4 items that will require additional follow up (see column at right).

Future Follow Up Actions

For Colorado Springs Utilities

10-09—Ensure that Workers' Compensation funds available for claims are adequate.

10-10.1—Complete a Water Development Charge study with results reported to City Council.

10-10.2—Annually provide an update and report on the financial model to the OCA concerning the multi year water rate case.

10-10.2a Address annual revenue requirement surplus and deficiencies based on forecasted projections compared to actual results.

10-10.2b Determine if current cost allocations between water service rate classes are still appropriate.

For Memorial Hospital

10-13—Finding results contain sensitive information. Details have been redacted.

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Implementation Status of Management Actions This report covers audits issued between January 1 and December 31, 2010

| Report Number | Report Name | Date Issued | Total Recommendations Accepted by Management | Fully Implemented or Risk Accepted | Partially Implemented | Open |
|-----------------------------------|--|-------------|--|------------------------------------|-----------------------|--------|
| City of Colorado Springs | | | | | | |
| 10-06 | Airport Concessions | 3/26/2010 | 3 | 3 | | |
| 10-09 | Claims Reserve & Workers' Compensation Funds | 4/28/2010 | 4 | 2 | 1 | 1 |
| Colorado Springs Utilities | | | | | | |
| 10-10 | Multi-Year Rate Case | 4/15/2010 | 2 | | | 2 |
| 10-12 | Gas Cost Adjustment | 5/21/2010 | 1 | 1 | | |
| 10-19 | Streetlight Fee Calculation | 10/13/2010 | 3 | 3 | | |
| 10-23 | Cash Receipts Audit | 12/1/2010 | 1 | 1 | | |
| Memorial Health System | | | | | | |
| 10-04 | Patient Billing | 3/26/2010 | 1 | 1 | | |
| 10-11 | E-CLIPS Initial System Review | 5/12/2010 | 4 | 3 | 1 | |
| 10-13 | IT Backup Process | 7/22/2010 | 3 | 2 | | 1 |
| 10-15 | Workers' Compensation Self Insurance Fund | 7/22/2010 | 3 | 2 | 1 | |
| Totals | | | 25 | 18 | 3 | 4 |
| Percentages | | | | 72.00% | 12.00% | 16.00% |

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