



OFFICE OF THE CITY AUDITOR

COLORADO SPRINGS, COLORADO

12-02: Semi-Annual External Report on Executive Limitation (EL) 11—Enterprise Risk Management

March 2012

Purpose

The purpose of the review was to perform a high level review of compliance with the Executive Limitation and to ensure any known violations had been reported to the Utilities Board.

Highlights

Based on our review of the operations and activities of the Risk Management Committee and Utilities staff, I believe that Colorado Springs Utilities and therefore the Chief Executive Officer have policies and procedures in place that should ensure material compliance with all components of EL-11 Enterprise Risk Management.

The Office of the City Auditor completed the external monitoring as directed by City Council acting in its capacity as the Utilities Board under Governance Policy BL-5, Monitoring Chief Executive Officer Performance. This review covered Policy EL-11 Enterprise Risk Management for the period of July 1, 2011 through December 31, 2011.

This review was accomplished by determining whether policies and procedures related to risk management were in place. We also conducted interviews of key personnel responsible for administering policies. Additionally, a member of the City Auditor's staff attended the Risk Management Committee meetings, and we reviewed Risk Management Committee meeting minutes. Our review did not include detailed tests of controls and systems that ensure policy compliance.

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Recommendations

No formal recommendations were made.

Management Response

No response was requested from Colorado Springs Utilities.

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Please contact me if you have any questions related to this report. I plan to attend your Utilities Board Meeting on March 21, 2012 when this report should be on the agenda.

Respectfully,



Denny L. Nester, MBA CPA CIA CFE CGFM CGAP
City Auditor

The audit was conducted in a manner that meets or exceeds the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors, with the exception of the requirements under standards 1312 and 1321 to obtain an external quality assurance review once every five years. We do not believe this non-compliance impacted the quality of our audit.

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