



**CITY OF COLORADO SPRINGS
OFFICE OF THE CITY AUDITOR**

**08-12 – COLORADO SPRINGS UTILITIES
ENVIRONMENTAL SERVICES AUDIT**

PUBLIC REPORT

August 13, 2008

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Office of the City Auditor

Public Report

Date: August 13, 2008

To: Honorable Mayor and Members of City Council

Re: 08-12 – Colorado Springs Utilities Environmental Services Audit

We performed an audit of the Colorado Springs Utilities Environmental Services Department.

The purpose of our audit was to evaluate whether Springs Utilities complied with federal, state, and local environmental reporting requirements. Regulatory agencies requiring reports include the El Paso County Department of Health and Environment, the Colorado Department of Public Health and Environment (CDPHE), the United States Environmental Protection Agency (EPA), and the United States Fish and Wildlife Service. Our audit included such tests of records and other supporting documentation. We reviewed the internal control structure and compliance tests were performed. Sufficient competent evidential matter was gathered to support our conclusions. Our audit period was calendar years 2005 and 2006.

We conclude that Springs Utilities complied with environmental reporting requirements.

As always, feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in purple ink that reads "Jeff Litchfield".

Jeff Litchfield
City Auditor

Cc: Jerry Forte, Utilities Executive Director
Bruce McCormick, Water Services Division Officer
Dave Padgett, Environmental Services Department Manager
Jeanne Brown, Strategic Planning & Monitoring Manager

CITY AUDITOR JEFF LITCHFIELD, CPA CIA CFE

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Introduction

08-12 – Colorado Springs Utilities Environmental Services Audit

PUBLIC REPORT

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Findings, Recommendations, and Responses

There were no findings or recommendations for this audit.

Abbreviations and Acronyms Used in this Report

Springs Utilities Colorado Springs Utilities

Introduction

AUTHORIZATION

We performed an audit of Colorado Springs Utilities (Springs Utilities) Environmental Services Department. We conducted this audit under the authority of Chapter 1, Article 2, Part 7 of the City Code, and more specifically parts 703, 705, and 706, and part 709 (B) and (C) of the Code, which state:

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.

1.2.705: DETERMINE EFFECTIVENESS AND EFFICIENCY OF PROGRAMS:

The City Auditor shall determine the extent to which legislative policies are being efficiently and effectively implemented by administrative officials. The City Auditor shall determine whether City programs are achieving desired objectives. The City Auditor shall review the administrative control systems established by the enterprises, department, or group managers and by the City Manager, Springs Utilities Executive Director, and Memorial Hospital Executive Director and determine whether these control systems are adequate and effective in accomplishing their objectives.

1.2.706: EXAMINE BOOKS, RECORDS:

The City Auditor shall examine and inspect all books, records, files, papers, documents, and information stored on computer records or in other files or records relating to all financial affairs of every office, department, group, enterprise, political subdivision, and organization which receives funds from the City or under the direct or indirect control of the City Council. The Auditor may require any person to appear at any time upon proper notice and to produce any accounts, books, records, files, and other papers pertaining to the receipt or expenditure of City funds, whether general or special. If that person fails to produce the papers, then the Auditor may request Council approval to search for and take any book, paper, or record in the custody of that person or public official.

1.2.709: MAKE PERIODIC REPORTS TO COUNCIL:

The City Auditor shall make periodic reports to Council which shall include the following:

- B. Information of proposals deemed expedient in support of the City's credit, and recommendations for lessening expenditures, for promoting frugality and economy in City affairs, and for an improved level of fiscal management;
- C. Matters concerning the effectiveness and efficiency of the programs and operation of the City;

Introduction

ORGANIZATIONAL PLACEMENT

The Office of the City Auditor is structured in a manner to provide organizational independence from the entities it audits. This independence is accomplished by the City Auditor being appointed by and reporting directly to the City Council. The audited entity in this audit was Springs Utilities, under the direction of their Chief Executive Officer. Springs Utilities' Chief Executive Officer is also a City Council Appointee.

SCOPE AND METHODOLOGY

The purpose of our audit was to evaluate whether Springs Utilities complied with federal, state, and local environmental reporting requirements. Regulatory agencies requiring reports include the El Paso County Department of Health and Environment, the Colorado Department of Public Health and Environment, the United States Environmental Protection Agency, and the United States Fish and Wildlife Service.

We conducted our audit in accordance 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. Our audit included such tests of records and other supporting documentation, as we deemed necessary in the circumstances. We reviewed the internal control structure and compliance tests were performed. Sufficient competent evidential matter was gathered to support our conclusions. Our audit period was calendar years 2005 and 2006.

BACKGROUND

The Environmental Services Department of the Customer Operations Division is organized into five main sections: Laboratory Services, Permitting Services, Regulatory Services, Technical Services, and Industrial Pretreatment. Each section is responsible for completing the required reports based upon their particular areas of responsibility. The required reports are tracked annually by each section and assigned to specific individuals. Records of the reports are maintained within each section responsible for completing and submitting the reports. Springs Utilities environmental staff conducts biennial audits of the City of Colorado Springs and its enterprises to ensure that regulatory requirements are being met.

OVERALL OPINION

We conclude that Springs Utilities complied with environmental reporting requirements.