



CITY OF COLORADO SPRINGS OFFICE OF THE CITY AUDITOR

2009 AUDIT PLAN

With July 23, 2009 updates

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OFFICE OF THE CITY AUDITOR
2009 AUDIT PLAN
CITY OF COLORADO SPRINGS

BRIEF DESCRIPTION OF PLANNED PROJECTS

This document contains brief descriptions of the projects that are planned for the audit year.

The list is subject to change, depending on circumstances that arise during the year.

09-103 External Auditor Oversight

The City Auditor administers the City contract with the external auditor. The City Auditor monitors issues as they arise between the external auditor and the City or its audited entities. The external auditor will report to the City Auditor, who will then communicate with City Council, as needed.

09-110 External Financial Audit

The City Auditor's Office will provide 250 hours of audit assistance to the external auditor for the audit of the City's 2008 financial activity. City Auditor staff performs this work under the direction of the external auditor.

09-116 Claims Reserve Fund (Liability Insurance) Review

The purpose of this audit is to review the City's Claims Reserve Fund as required by City Code 1.5.502, Claims Reserve Fund, Section H: "The City Auditor or any person authorized by the City Auditor shall conduct an examination at least once every two (2) years to determine that proper underwriting techniques, sound funding procedures, loss reserves, claims procedures and accounting practices are being followed in the management and operation of the claims reserve fund or any other funds being used to cover deductible amounts when there is insurance coverage. The City Auditor shall present a report of findings to the City Council."

09-122 Cash Receipts

The purpose of this audit is to review the cash receipts function of the organization to ensure an adequate internal control environment and compliance with policies and procedures.

09-145 Payment Card Industry Requirement

The Payment Card Industry Data Security Standard (PCI DSS) is a security standard that includes requirements for security management, policies, procedures, network architecture, software design, and other critical protective measures. This

comprehensive standard is intended to help organizations proactively protect customer account data. This review will ascertain the City's and its entity's progress toward complying with this standard.

09-151 Update IT System Inventory

This project involves the updating of the lists of various IT related systems used by the entity. It is a project we do every few years to keep track of the systems and does not result in the issuance of a report.

09-153 Stormwater Enterprise Transfers to/from the Streets Department

The purpose of this audit is to examine the methodology used to determine the amount of transfers between Stormwater Enterprise and the Streets Department. We plan to verify that the methodology is reasonable and related calculations are accurate. We also plan to review the underlying assumptions that support the methodology used.

09-154 Street Light Fee Calculation

The City of Colorado Springs pays Colorado Springs Utilities an annual fee for Street Lights located throughout the City. The fee includes several items, including energy usage, cost of infrastructure and maintenance of the existing system. The purpose of this review is to perform an analysis on the methodology behind the Street Light Fee Calculation. The hours for this project will be split between the City and Colorado Springs Utilities.

09-155 Park and School Site Dedications

The purpose of this audit is to review the processes and activity associated with the Park and School Site Dedications section of the City Code (7.7.12). The Code states that whenever land is proposed for residential use, the owner of the land should provide land or pay fees for school and park needs.

09-157 Time Reporting Account Keeping System (TRAKS) Review

The purpose of this audit is to review the accuracy and reliability of the information included in the TRAKS database. The TRAKS database is used by the Streets Department to determine how to allocate time and materials spent on different projects completed by both the City and other enterprises.

09-185 Contract Reviews

This ongoing project is to review selected contracts before they are awarded to ensure they include measurable performance criteria and other needed terms. We will also review selected contracts after they have been awarded to ensure we are holding the vendor as well as ourselves accountable to the terms agreed upon. Our approach to this project will be to review any contract when asked by the entity and to use the remainder of the time to review contracts on a sample basis, probably using a stratified approach.

09-186 Monitoring System Implementations

This is an ongoing project where we monitor system implementations that might occur during the year. This project usually does not result in the issuance of a report.

09-187 Data Analysis

This project involves performing analysis on entity data during the year. This project usually supports other projects and does not result in the issuance of a report.

09-190 Follow-ups/Special Projects

This project reflects the work done on follow-ups of audits issued in prior years. It is also used to capture any special projects that arise during the year.

09-195 Verification of Publically Available Data

This project involves performing analysis on data prepared by the entity and made available to the public via presentations, postings to websites, letters to the public, and other types of reports where the public could be misled by abuses of discretion, arbitrary actions or errors of judgment. Because of the dynamics of the overall city organization, the City Auditor cannot be used as a clearing house for this type of information, but rather, will provide reviews of information after it has been published. Reports on the information we have reviewed, along with our conclusions and recommendations, if any, will be published on an as-needed basis.

OFFICE OF THE CITY AUDITOR

2009 AUDIT PLAN

COLORADO SPRINGS UTILITIES

BRIEF DESCRIPTION OF PLANNED PROJECTS

This document contains brief descriptions of the projects that are planned for the audit year.

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09-203 External Auditor Oversight

The City Auditor administers the Colorado Springs Utilities contract with the external auditor. The City Auditor monitors issues as they arise between the external auditor and Colorado Springs Utilities. The external auditor will report to the City Auditor, who will then communicate with City Council/Utility Board, as needed.

09-210 External Financial Audit

The City Auditor will provide 250 hours of audit assistance to the external auditor for the audit of Colorado Springs Utilities 2008 financial activity. City Auditor staff performs this work under the direction of the external auditor.

09-215 Executive Limitation 4 & 7 Monitoring

The purpose of this audit is to verify the report of Colorado Springs Utilities management to City Council on EL-4 related to Asset Protection and EL-7 related to Fiscal Condition and Activities. In addition to verifying management's report, the City Auditor will also report on any known violations if such violations were not reported by management. The City Auditor is specifically charged with commenting on EL-4 number 1, 4, 6, 7 & 8 and all of EL-7. This report is normally shared at the April Utilities Board Meeting.

09-216 Executive Limitation 11 Monitoring

The purpose of this audit is to verify the report of Colorado Springs Utilities management to City Council on EL-11 related to Enterprise Risk Management. In addition to verifying management's report, the City Auditor will also report on any known violations if such violations were not reported by management. The City Auditor is specifically charged with commenting on all of EL-11.

09-219 PILT Calculation Review

The purpose of this audit is to review the Payment In Lieu of Taxes (PILT) calculation to ensure it has been calculated in compliance with Resolution 205-00.

09-222 Cash Receipts

The purpose of this audit is to review the cash receipts function of the organization to ensure an adequate internal control environment and compliance with policies and procedures.

09-224 Investments

The purpose of this audit is to verify the organization is abiding by the guidelines that have been established for investing funds. The audit will evaluate compliance along with the effectiveness of the investment program.

09-230 Rate Filing Reviews

Colorado Springs Utilities periodically files rate adjustments with the City Council. These rates become the basis for the service billings. The purpose of this audit is to evaluate whether Colorado Springs Utilities prepares rate filings in a consistent manner, using sound methodology, accurate calculations, supported by verifiable data and logical assumptions, and supports management objectives.

09-231 Consumption Data Review

Colorado Springs Utilities annual rate filings are based, in part, on consumption information obtained from their internal data systems. The purpose of this audit is to review the historical consumption and meter count data prior to rate filings.

09-242 Financial Planning and Pricing Performance Audit

This project will be a performance review of the Financial Planning and Pricing organizational unit. The unit is comprised of the following areas: Financial Forecasting and Pricing, Budget, Enterprise Analysis, and Sales and Load Forecasting. We will review if the unit is accomplishing its goals and objectives in an economical, efficient and effective method. Examples of areas we will review are the ability of past forecasts to predict needs, the ability of past pricing models to obtain revenues necessary to support the services, and the accuracy of budget projections.

09-243 Software Tracking

Inadequate controls over software installed on any computing device leaves Colorado Springs Utilities exposed to possible litigation and fines. This review will look at the controls in place over software installation on desk top and laptop computing devices.

09-244 SCADA – Network Review

Supervisory Control and Data Acquisition (SCADA) is utilized by Colorado Springs Utilities to control a number of mechanized processes. Key to SCADA is the network. This review will look at the controls in place over the network utilized by the SDADA functions as well as gather general information about the use of SCADA.

09-251 Update CSU System Inventory

In order for the City Auditor to reasonably determine the risk associated with the application systems used by Colorado Springs Utilities, the overall inventory of those application systems needs to be periodically updated. It is a project we do every few years to keep track of the systems and does not result in the issuance of a report.

09-254 Street Light Fee Calculation

The City of Colorado Springs pays Colorado Springs Utilities an annual fee for Street Lights located throughout the City. The fee includes several items, including energy usage, cost of infrastructure and maintenance of the existing system. The purpose of this review is to perform an analysis on the methodology behind the Street Light Fee Calculation. The hours for this project will be split between the City and Colorado Springs Utilities.

09-280 Construction Reviews

The purpose of this continuous monitoring project is to verify projects are being administered in accordance with governing rules and regulations. In addition to reviewing the appropriateness of the procurement process and subsequent payments, we will also review the projects in relation to a series of risks we have identified are applicable to construction type or capital projects.

09-285 Contract Reviews

This ongoing project is to review selected contracts before they are awarded to ensure they include measurable performance criteria and other needed terms. We will also review selected contracts after they have been awarded to ensure we are holding the vendor as well as ourselves accountable to the terms agreed upon. Our approach to this project will be to review any contract when asked by the entity and to use the remainder of the time to review contracts on a sample basis, probably using a stratified approach.

09-286 Monitoring System Implementations

This is an ongoing project where we monitor system implementations that might occur during the year. This project usually does not result in the issuance of a report.

09-287 Data Analysis

This project involves performing analysis on entity data during the year. This project usually supports other projects and does not result in the issuance of a report.

09-290 Follow-ups/Special Projects

This project reflects the work done on follow-ups of audits issued in prior years. It is also used to capture any special projects that arise during the year.

09-295 Verification of Publically Available Data

This project involves performing analysis on data prepared by the entity and made available to the public via presentations, postings to websites, letters to the public, and other types of reports where the public could be misled by abuses of discretion, arbitrary actions or errors of judgment. Because of the dynamics of the overall city organization, the City Auditor cannot be used as a clearing house for this type of information, but rather, will provide reviews of information after it has been published. Reports on the information we have reviewed, along with our conclusions and recommendations, if any, will be published on an as-needed basis.

OFFICE OF THE CITY AUDITOR

2009 AUDIT PLAN

MEMORIAL HEALTH SYSTEM

BRIEF DESCRIPTION OF PLANNED PROJECTS

This document contains brief descriptions of the projects that are planned for the audit year.

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09-317 Workers' Compensation - Self Insurance Fund

The purpose of this audit is to review the Workers' Compensation – Self Insurance Fund, as required by City Code Section 1.5.602.I, which states - "The City Auditor or any person authorized by the City Auditor shall conduct an examination at least once every two (2) years to determine that proper underwriting techniques, sound funding procedures, loss reserves, claims procedures and accounting practices are being followed in the management and operation of the workers' compensation claim reserve fund. The City Auditor shall present a report of findings to the City Council."

City Code 1.5.601: Purpose and Intent - contains the following sentence: For purposes of this article, reference to the "City" shall be deemed to include the general fund, to also include all enterprise and internal service fund activities, Utilities, Memorial Hospital, regional building, housing authority, joint ventures, authorities, and others.

09-321 Payroll - Full System Review

The purpose of this audit is to review the payroll function of the organization to ensure an adequate internal control environment and compliance with policies and procedures. This audit is performed once every three to five years.

09-341 Medical Network Reporting Review

The purpose of this project is to review the amounts reported as claims paid by Medical Network. Analysis will be performed to determine reasonableness.

09-342 Financial Reporting

The purpose of this audit is to ensure the accuracy of periodic reporting throughout the year, to verify mathematical accuracy and reliability of the source information. The audit will also examine the efficiency of the processes used to produce financial reports.

09-344 Patient Admissions

The purpose of this audit is to verify the accuracy and timeliness of patient admissions information collected as it relates to the revenue cycle. The audit will determine compliance with established procedures for obtaining medical and financial information at the time of admittance and discharge.

09-345 Payment Card Industry Requirements

The Payment Card Industry Data Security Standard (PCI DSS) is a security standard that includes requirements for security management, policies, procedures, network architecture, software design, and other critical protective measures. This comprehensive standard is intended to help organizations proactively protect customer account data. This review will ascertain Memorial's progress toward complying with this standard.

09-346 Accounts Receivable Management

The purpose of this audit is to review the effectiveness of the Accounts Receivable process. The audit will include a review of policies and procedures to identify criteria for collection of patient accounts. The scope will include a review of compliance to policies and governing regulations. We will also perform analysis of the effectiveness of collections and their effects on revenue.

09-347 KidsKare Management Contract

The purpose of this audit will be to review contract compliance to the KidsKare program. We will determine vendor compliance with the contract.

09-348 Charge Capture

The purpose of the audit will be to review the accuracy and timeliness of patient care charges. The scope will include verifying the completeness of data from the selected care sources to the point of billing.

09-349 IT Backup Process

The purpose of this audit is to review procedures and controls over the backup of data, including both local and off-site security over backup tapes and how they would be accessed in an emergency.

09-351 Update IT System Inventory

The purpose of this project is to update the listings of various IT related systems used by the entity. It is a project that is done every few years to keep track of the systems and does not result in the issuance of a report.

09-352 Property Disposals - IT

The purpose of this audit is to review compliance to policies and procedures regarding disposal of IT assets in regard to compliance with HIPAA requirements and protection of medical information.

09-380 Construction Project Reviews

The purpose of this continuous monitoring project is to verify construction projects are being administered in accordance with governing rules and regulations. In addition to reviewing the appropriateness of the procurement process and subsequent payments, we will also review the projects in relation to a series of risks we have identified, which are applicable to construction projects.

09-385 Contract Reviews

The purpose of this ongoing project is to review selected contracts before they are awarded to ensure they include measurable performance criteria and other needed terms. We will also review selected contracts after they have been awarded to ensure we are holding the vendor as well as ourselves accountable to the terms agreed upon. Our approach to this project will be to review any contract when asked by the entity and to use the remainder of the time to review contracts on a sample basis, probably using a stratified approach.

09-386 Monitoring System Implementations

The purpose of this ongoing project is to monitor selected system implementations that might occur during the year. This project usually does not result in the issuance of a report.

09-387 Data Analysis

The purpose of this project is to perform analysis of the entity data during the year. This project usually supports other projects and does not result in the issuance of a report.

09-390 Follow-ups/Special Projects

The purpose of this project is to follow up on audits issued in prior years and to perform any special projects that arise during the year.

09-395 Verification of Publically Available Data

This project involves performing analysis on data prepared by the entity and made available to the public via presentations, postings to websites, letters to the public, and other types of reports where the public could be misled by abuses of discretion, arbitrary actions or errors of judgment. Because of the dynamics of the overall city organization, the City Auditor cannot be used as a clearing house for this type of information, but rather, will provide reviews of information after it has been published. Reports on the information we have reviewed, along with our conclusions and recommendations, if any, will be published on an as-needed basis.

OFFICE OF THE CITY AUDITOR

2009 AUDIT PLAN

COLORADO SPRINGS AIRPORT

BRIEF DESCRIPTION OF PLANNED PROJECTS

This document contains brief descriptions of the projects that are planned for the audit year.

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09-430 Operational Review

The purpose of this audit is to document the Airport's major business processes and contractual relationships. Our objectives include determining which activities are performed by Airport personnel, City employees on behalf of the Airport, or by contractors engaged by the Airport. We will also document how well controlled the processes appear to be, including the level of oversight by Airport management. The information obtained in this review will be used to determine future audit areas.

09-485 Contract Reviews

This ongoing project is to review selected contracts before they are awarded to ensure they include measurable performance criteria and other needed terms. We will also review selected contracts after they have been awarded to ensure we are holding the vendor as well as ourselves accountable to the terms agreed upon. Our approach to this project will be to review any contract when asked by the entity and to use the remainder of the time to review contracts on a sample basis, probably using a stratified approach.