

Colorado Springs Office of the City Auditor Audit Charter

Responsibility

Responsibilities of the City Auditor are stated in City Code sections to include the following:

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.

1.2.704: Perform Post-Audit:

The City Auditor shall perform a current post-audit of the financial operation of the City government and its enterprises. The City Auditor shall submit reports to Council of periodic audits of each enterprise, department, group, unit, division or account. The Auditor shall have access to the books and accounts of all City enterprises, groups, departments, administrative officials or employees charged with the receipt, custody or safekeeping of public funds. (Ord. 11-18)

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, division, office or agency directors or managers and by the Mayor, Utilities Executive Director and determine whether these control systems are adequate and effective in accomplishing their objectives.

1.2.707: Cooperate with City Administration and City Council:

- A. The City Auditor shall confer and consult with the Mayor, enterprises and City administration on matters relating to financial practices and the implementation of programs and operations.
- B. The City Auditor shall furnish information to Council whenever required upon any subject relating to the financial affairs of the City. (Ord. 11-18)

1.2.708: Monitor Financial Reports:

The City Auditor shall monitor all financial reports to ensure that they are being prepared in a timely manner. (Ord. 11-18)

1.2.709: Make Periodic Reports to Council:

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

- A. Whether groups, departments, enterprises, administrative officials and employees, in making expenditures, have complied with the Charter and the will of the Council as expressed in this City Code and other formal actions of the Council;

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Purpose

The purpose of the Colorado Springs Office of City Auditor internal audit function is to provide independent, objective assurance and consulting services that add value and improve operations of the City of Colorado Springs, Colorado Springs Utilities, Colorado Springs Airport and all City enterprises.

The definition of Internal Auditing is:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Office of the City Auditor evaluates risk exposures relating to governance, operations and information systems for:

- Achievement of the organization's strategic objectives.
- Effectiveness and efficiency of operations and programs.
- Reliability and integrity of financial and operational information.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures and contracts.

Office of the City Auditor's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the City Council.
- Internal auditors are free from undue influence and committed to making objective assessments.

Authority

The City of Colorado Spring's internal audit function Powers and Duties is found in Colorado Springs City Code Chapter 1, Article 2, Part 7.

Section 1.2.706 provides the City Auditor the following Authority

"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, division, agency, 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." (Ord. 11-18)

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- 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;
- D. Objections to improper specific expenditures incurred by any department, division, office, agency, enterprise or person;
- E. Any irregularities which, in the judgment of the City Auditor, are significant. (Ord. 11-18)

The City Auditor manages a Fraud, Waste, and Abuse hotline where City employees and citizens can report alleged fraud, waste, or abuse of City resources. Reporting is available anonymously through a dedicated telephone number and City website reporting page.

Independence, Organizational Position, and Reporting Relationships

The City Auditor will be positioned at a level in the organization that enables audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the audit function. The City Auditor will report functionally to the Audit Committee and administratively to City Council. This positioning supports the internal auditor's ability to maintain objectivity.

City Code 1.2.702 also addresses City Auditor Independence:

- A. The City Auditor shall not serve in any capacity on any administrative committee, board, commission, district, authority or agency of the City, County or the State unless authorized by the City Council, nor shall the Auditor have a direct or indirect financial or other economic interest in the transactions of any office, department, group, unit, division, board, commission, district or other organization which the City Auditor is responsible to audit or cause to be audited.
- B. The City Auditor shall not be responsible for the collection of any money belonging to the City or another political subdivision of the City or for the handling or custody of City funds or other political subdivision funds.
- C. The City Auditor shall not be assigned any administrative duties excepting those incidental to the objectives and functions of post-auditing or which do not impair the City Auditor's independence. (Ord. 11-18)

The Annual Audit Plan and completed Audit Reports are available on the Office of City Auditor website at www.coloradosprings.gov/city-auditor.

Core Principles for the Professional Practice of Internal Auditing

Commitment to Adherence to the Global Internal Audit Standards

The City of Colorado Spring's City Auditor's Office will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards, including the Code of Ethics and Topical Requirements. The City Auditor will report annually to the Audit Committee regarding the City Auditor's Office conformance with the Standards, which will be assessed through a quality assurance and improvement program. The Audit Charter will be approved by the Audit Committee and reviewed every five years thereafter.

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Ethics

The City Auditor will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Approved by the Audit Committee at its meeting on August 15, 2024.

Acknowledgments/Signatures



City Auditor

8-15-2024
Date



Audit Committee Chair

8-15-2024
Date