



External Quality Control Review

of the
Office of the City Auditor
City of Colorado Springs,
Colorado

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period July 1, 2018 to June 30, 2023



Association of Local Government Auditors

January 11, 2024

Jacqueline Rowland, City Auditor
Office of the City Auditor, City Hall
107 North Nevada Avenue, Suite 205
Colorado Springs, CO 80901

Dear Ms. Rowland,

We have completed a peer review of the Office of the City Auditor – Colorado Springs for the period July 1, 2018 to June 30, 2023. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide for Assessing Conformance with International Standards for the Professional Practice of Internal Auditing* by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors as part of their *Professional Practices Framework*. Due to variances in individual performance and judgment, conformance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Office of the City Auditor's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with *the Standards* for assurance and consulting engagements during the period from July 1, 2018 to June 30, 2023.

We have prepared a separate letter highlighting areas where your office excels and offering suggestions to further strengthen your internal quality control system.

Sincerely,

Cameron Lagrone, CIA, CGAP
Senior Auditor
Austin Transit Partnership
Austin, TX

Sarah Dickson, CPA
Chief Internal Auditor
San Diego City Employee's Retirement System
San Diego, CA



Association of Local Government Auditors

January 11, 2024

Jacqueline Rowland, City Auditor
Office of the City Auditor, City Hall
107 North Nevada Avenue, Suite 205
Colorado Springs, CO 80901

Dear Ms. Rowland,

We have completed a peer review of the Office of the City Auditor – Colorado Springs for the period of July 1, 2018 to June 30, 2023 and issued our report dated January 11, 2024. We are issuing this companion letter to highlight areas where your office excels and to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- **Achieving the Mission of Internal Audit:** During our review, we saw evidence that the Office of the City Auditor is committed to achieving the Mission of Internal Audit “to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.” Office leadership and staff have gained the trust of City leadership and department management through approaching audits with a collaborative attitude and focusing on building collaborative relationships with clients. The Office maintains a presence at meetings of the City Council and the Colorado Springs Utilities Board. Members of the Office have been invited to participate on various committees of Council. We applaud the Office for their efforts in this area.
- **Public Report Format:** The Office of the City Auditor issues concise final reports, generally one or two pages, that provide key information about the purpose, findings, and recommendations of the audit. We found that this report format allows the Office to present their results clearly and succinctly for the Audit Committee and the public. The City Auditor shared that the Audit Committee has expressed appreciation for the format and content of the final reports. We believe this is a best practice to ensure audit messages are constructive for both the clients and public readers.
- **Training and Continuous Development:** The Office of the City Auditor has demonstrated a commitment to continuous professional development and training for their staff. The Office recently moved to a matrixed structure with the goal of providing staff with opportunities to work on a variety of project types. The Office also identified the need for further cross-training of staff as a succession planning tool. Managers are providing specialized training for interested staff in areas like construction auditing and project management. We were impressed by the number and variety of certifications held by members of the Office and the Office’s commitment to provide the required training

necessary for staff to meet the requirements of their certifications. We commend the Office for their dedication to continuous learning and innovation in the area of training.

We offer the following observation and suggestion to enhance your organization's demonstrated conformance with *International Standards for the Professional Practice of Internal Auditing*:

- Observation
- Standard 1000 requires that “the purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter” and that “the chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” Standard 1010 states that the “mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing must be recognized in the internal audit charter.”

We found that the Office of the City Auditor has elements of an internal audit charter represented in the City Code and City Charter. However, the sections of Code and Charter related to Internal Audit are not periodically reviewed and approved by the board, as required by Standard 1000, and the mandatory guidance is not recognized in either source, as required by Standard 1010.

Suggestion

We recommend the Office create a separate internal audit charter document that addresses all elements required by the *Standards*, referencing the relevant sections of City Code and Charter. We recommend that the internal audit charter document be presented to the board for final approval and that the chief audit executive determine a cadence for period review and presentation of the charter to the board for approval.

We extend our thanks to you and your staff for the hospitality and cooperation extended to us during our review.

Sincerely,



Cameron Lagrone, CIA, CGAP
Senior Auditor
Austin Transit Partnership
Austin, TX



Sarah Dickson, CPA
Chief Internal Auditor
San Diego City Employee's Retirement System
San Diego, CA



Office of the City Auditor

Date: January 17, 2024

To: Cameron Lagrone, Senior Auditor, Austin Transit Partnership
203 Colorado Street, Austin, Texas 78701

Re: City Council's Office of the City Auditor Peer Review

We have received the results from the Association of Local Government Auditors' (ALGA) peer review performed for the period July 1, 2018, to June 30, 2023. We acknowledge your opinion that *our internal quality control system was suitably designed and operating effectively to provide reasonable of assurance of conformance with:*

The International Standards for the Professional Practice Framework (IPPF) issued by the Institute of Internal Auditors.

We recognize this as full conformance. We appreciate your recognition of the areas where you found our office excels and your suggestion for an area we can improve our performance. Please see our acknowledgement of your observation and our response on the following page.

We would like to express our appreciate to the ALGA Peer Review Team:

Cameron Lagrone - Senior Auditor
Austin Transit Partnership
203 Colorado Street
Austin, Texas 78701

Sarah A. Dickson - Chief Internal Auditor
San Diego City Employees' Retirement System
401 West A Street, STE 800
San Diego, CA 92101

We extend our thanks to each of you for your valuable time, professionalism and skill exhibited during this peer review process. We appreciate the integrity and respect demonstrated in their approach and communications throughout this process. We found the process beneficial to our operations and mission.

Sincerely,

Jacqueline Rowland, CPA, PMP, CFE
City Auditor
City of Colorado Springs

Colorado Springs Office of the City Auditor Acknowledgement

Peer Reviewer Observation and Suggestion and Colorado Springs City Auditor Response:

Observation:

IPPF Standard 1000 requires that “the purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter” and that “the chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” Standard 1010 states that the “mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter.”

We found that the Office of the City Auditor has elements of an internal audit charter represented in the City Code and City Charter. However, the sections of Code and Charter related to Internal Audit are not periodically reviewed and approved by the board, as required by Standard 1000, and the mandatory guidance is not recognized in either source, as required by Standard 1010.

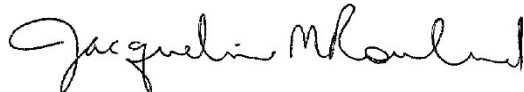
Suggestion:

We recommend the Office create a separate internal audit charter document that addresses all elements required by the Standards, referencing the relevant sections of City Code and Charter. We recommend that the internal audit charter document be presented to the board for final approval and that the chief audit executive determine a cadence for period review and presentation of the charter to the board for approval.

Response:

We concur. We will separate the elements of an Internal Audit Charter that currently reside in the Office of City Auditor Policy and Procedure Manual creating a separate Internal Audit Charter. We will ensure the elements of the charter complies with the IPPF Standard 1000 and 1010. The Charter will be presented for approval to our Audit Committee in 2024 and on a recurring five-year cycle thereafter.

I acknowledge the response presented above as the commitments and representation of the City Auditor of Colorado Springs, Colorado. The observation and suggestion was provided by the ALGA peer review team in assessing our compliance with the Institute of Internal Auditor’s International Standards for the Professional Practices Framework for the period July 1, 2018, through June 30, 2023.



Jacqueline Rowland, CPA, PMP, CFE
City Auditor
City of Colorado Springs



**The Association of Local Government Auditors
Awards this**

Certificate of Compliance

to

**City of Colorado Springs, CO
Office of the City Auditor**

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the *International Standards for the Professional Practice of Internal Auditing* for engagements during the period July 1, 2018 through June 30, 2023.

Corrie Stokes

Corrie Stokes
ALGA Peer Review Committee Chair