

Audit Committee Meeting Minutes

Thursday, February 18, 2021, 10:00 AM

Telephone access [+1 720-617-3426](tel:+17206173426) (Toll) /Conference ID: 249 521 947#

Open Session

Meeting took place entirely via Microsoft Teams. Present were Council members Tom Strand and Bill Murray, Committee members Brian McAllister, Nicole Motley, Welensky Nathan and alternate Barry Baum. Also present were City Auditor Jacqueline Rowland, auditors Shawn Alessio, Greg Anderson, Tom Baird, Sally Barber, Vickie Classen, and Sandy Snee. Linette Crouch was present to take the minutes and Linda Helsley was present to run Teams.

Others attending the meeting via Teams included Mike Chaves, Travis Easton, Kerry George, Nicole Spindler, and Gayle Sturdivant from City departments and Lauren Connolly, Brian Fergen, Tristan Gearhart, Mallorie Hansen, Matt Jones, Jake Maksimowicz, Scott Shewey, and Trisha Timmons-Malsam from Utilities. Aaron Worthman of Baker Tilly Virchow Krause was also present.

Strand called the meeting to order at 10:00 AM. Minutes from the January 21, 2021 meeting were approved as written.

Worthman of Baker Tilly Virchow Kraus presented the Colorado Springs 2020 external audit results. [CSU Presentation 2020.pdf](#) [CSU Presentation 2020.pptx](#). McAllister congratulated accounting staff for quick, clean audit. He asked Worthman to explain accounting for impairments and implications for Drake shutdown. Worthman stated accounting guidance requires looking at useful life. Useful life significantly reduced. Both significant and unexpected. Depreciation changed from 30 to 15 years (stranded depreciation) loss taken (\$200+M). Only record certain impairments included, but also noted if something is planned or being thought about. McAllister asked about remote audit assurances, alternatives to in-person reviews. Worthman explained that since most financial audit details are electronic, it lends itself to remote auditing well. Management overriding controls is an area of risk that is tested for. Software that tests for risky transactions is used. Concerns about how to ensure that all data is given are alleviated by using video conference to watch procedures, test counts, etc. Observations still take place. Still had fraud risk interviews with individuals. Strand asked how long Baker Tilly has been the auditor for Utilities. Worthman replied 11 to 13 years. Institutional knowledge is a benefit. Forced rotation may cause other difficulties. They use multiple managers and officers rotated. They work to keep a fresh perspective. Strand requested the BKD management letter be sent to the committee when ready.

Rowland explained that report 21-02 Utilities Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) effective 02/01/2021 has already been issued due to the timing of filing. Shewey stated he is comfortable with calculations and report. Barber stated Utilities has a good process. They were no concerns or comments.

Rowland presented the 2021 budget status. There were no concerns or comments.

Strand read the statement to go into closed session. In accord with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(g), the City Council Audit Committee, in

Open Session, is to determine whether it will hold a Closed Executive Session. The issues to be discussed involve: Consideration of documents protected by the "Open Records Act".

The Chair shall poll the Audit Committee members, and, upon consent of two-thirds of the members present, may hold a Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Unanimous – moved to closed session at 10:39 AM.

Strand returned the committee to open session at 11:46 AM. The next Audit Committee meeting will be held March 18, 2020 at 10:00 AM. Meeting adjourned at 11:48 AM.