A Proposal to Establish a City Auditor's Office for City of Boulder

Strengthening Independent Oversight, Fiscal Stewardship, and Public Trust in City Government

PREPARED FOR THE BOULDER CITY COUNCIL

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Executive Summary

We respectfully propose that Boulder City Council establish a City Auditor's Office. An independent City Auditor would serve as a strategic partner to Council and the City Manager, conducting objective performance reviews of City government functions to promote operational excellence and continuous improvement, ensure sound financial stewardship, strengthen public trust, and advance the City's strategic goals.

Council can establish a performance auditor under the authority already provided in City Charter Article II, Section 12, and Municipal Code Title 2, Chapter 2, Section 2-2-7. This paper outlines why Boulder needs an independent city auditor, how peer cities have benefited from one, how a City Auditor's Office could operate, how it could be funded, and the next steps Council could take to establish it.

INDEPENDENT OVERSIGHT	FISCAL STEWARDSHIP	PUBLIC TRUST
Objective, data-driven reviews of City programs and outcomes	A cost-efficient approach to identifying opportunities to save costs and optimize operations	Public reporting that strengthens transparency and accountability

1. Why Boulder Needs an Independent City Auditor's Office

An independent City Auditor's Office will help the City instill public confidence, proactively manage risks, and ensure resources are used efficiently, all of which are essential as the City addresses current challenges.

Recent survey data reinforce the case for an independent auditor function. The City's 2025 community survey found a narrow plurality, 44% to 43.3%, believe the City is not fiscally responsible (half feeling strongly), even as 80% agreed the City should prioritize spending on what matters most given limited resources. That skepticism carried into 2026: a statistically valid poll on potential November tax and bond measures found only about 45% of likely voters would support a facilities bond, with fewer than half agreeing the City needs more money at all. Two independent surveys, a year apart, point to the same concerning trust gap on fiscal matters, one an independent auditor's office is well positioned to help close, building the credibility future revenue measures will need to pass.

Boulder manages hundreds of millions of dollars in public resources each year and is responsible for delivering a wide range of essential services. Yet the City currently lacks an independent office responsible for evaluating whether programs and operations are achieving their intended outcomes efficiently and effectively.

Independent city auditors play a critical role in municipal governance. As Boulder faces increasing budget pressures, City Council considers measures to increase revenue, and residents' expectations for accountability and transparency continue to grow, an independent City Auditor's Office would provide objective assurance that City programs and initiatives are operating effectively and delivering value to the community. The office would also identify opportunities to streamline operations, strengthen internal controls, improve organizational performance, and make better use of public resources.

Advancing the City's Sustainability, Equity, and Resilience Framework

Responsible governance is a central tenet of the City's strategic framework, emphasizing transparency, careful stewardship of assets, and data-driven decision making. The core function of an independent City Auditor — providing unbiased assessments of whether resources are managed effectively and intended outcomes are achieved — is fully in keeping with these principles.

A City Auditor's Office could also evaluate whether the City is meeting its equity goals by examining access to programs, projects, and services and identifying where efforts are succeeding and where improvements are needed. For example, an independent auditor could assess whether different groups of Boulder residents have equitable access to core services and opportunities for civic engagement, helping identify where the City's efforts are most effective and where additional improvements are warranted.

A Track Record from Peer Cities

By establishing an independent City Auditor, Boulder will join the many U.S. cities where auditors have significantly improved government transparency, accountability, and effectiveness. Examples from peer cities demonstrate that independent audit functions not only strengthen accountability and transparency, but also often produce measurable operational and financial benefits through process improvements and enhanced organizational efficiency.

How This Would Differ from Boulder's Current Approach

Boulder's current auditing approach focuses exclusively on financial compliance rather than on independent evaluation of operational performance and program outcomes. A City Auditor's Office would fill this gap by assessing whether City programs are delivering the results they were designed to achieve, and by reporting directly to City Council to ensure independence.

Currently, the City contracts with independent firms for annual financial audits, as required under Colorado's Local Government Audit Law. An Audit Committee of Council members plus one community member with financial expertise oversees this function, and a separate Financial Strategy Committee advises on budget and long-term financial policy. An internal audit function also exists within the City's Finance Department, but it reports through the City Manager rather than directly to Council, with no public record of regular Council review. The City's Budgeting for Resilience and Equity (BRE) initiative also tracks program outcomes against Sustainability, Equity and Resilience (SER) framework goals as part of an “outcome-based budgeting” approach. But since departments generate and evaluate their own metrics, even this tool relies on self-reporting, not independent verification.

	Current Approach	Independent City Auditor's Office
Focus	Financial compliance	Operational performance and program outcomes
Reporting line	City Manager (internal audit)	Directly to City Council
Verification	Departmental self-reporting (BRE)	Independent, data-driven review
Access to records	Subject to department approval	Guaranteed, unrestricted access

2. What Would an Independent City Auditor's Office Do?

An independent City Auditor's Office would provide essential information to City Council, the City Manager, and the public by conducting objective performance reviews of programs, processes, and systems. It would:

- Conduct departmental operational and performance evaluations
- Measure the effectiveness of major City initiatives and capital improvement projects
- Identify opportunities for efficiency and improvement
- Evaluate stewardship of long-term public assets
- Issue public reports

The auditor would rely on rigorous, data-driven performance metrics to objectively evaluate outcomes against established benchmarks and best practices.

Supporting Continuous Improvement

The City Auditor's Office would support continuous improvement in City operations by issuing recommendations and following up on their implementation. The audit process would involve constructive engagement with City staff, with the ultimate goal of improving programs, services, and practices. Audit reports would include recommendations for operational changes, based on objective research and field work, and City staff would be expected to provide regular updates on whether and how audit recommendations have been addressed.

A Risk-Based Annual Audit Plan

The City Auditor's Office would propose an annual audit plan based on risk assessments informed by input from City Council, City staff, and the public, as well as professional expertise. The plan could prioritize City functions, departments, or activities that pose the highest risk to the City, based on factors such as financial exposure, complexity, impact on core services, or strategic importance, while remaining flexible enough to respond to newly identified emergencies or changes in policy.

Experience from other jurisdictions demonstrates the value of this risk-based approach. Many City Auditor's Offices have documented savings, recovered revenue, or identified significant financial and operational risks that meet or exceed their own operating costs. These benefits are often realized through audits of procurement, fee and revenue collection, payroll and benefits administration, grants management, and other high-risk functions.

Professional Standards and Peer Review

To ensure objectivity and integrity, the City Auditor's Office would adhere to professional standards and undergo regular peer review. The ordinance establishing the office should require that audits be conducted in accordance with benchmarks such as the Generally Accepted Government Auditing Standards or the Global Internal Audit Standards, and that the office participate in a peer review quality assurance process every three to five years. The office would also adhere to the best practices set by the Association of Local Government Auditors (ALGA).

Scope of the Role

The role of the City Auditor would be analytical and advisory. The City Auditor's Office would not set policy, manage programs, provide planning analysis, advocate for specific outcomes, or replace the authority of City Council or City staff.

3. Reporting Structure and Working Relationships

The City Auditor's Office would report directly to City Council, with an audit committee composed of City Council members and community members overseeing its work. City Council would have the authority to hire, evaluate, and remove the auditor by a high vote threshold.

The Audit Committee would review the annual audit plan and budget, ensure completed audit reports are clear and balanced, help communicate findings to City Council and the public, and help monitor whether audit recommendations are implemented. Giving community members a majority vote on the committee, and having the committee elect a community chair, would help insulate the City Auditor's Office from undue influence. Community members would be expected to have relevant expertise in areas such as public finance, internal auditing, accounting, and program evaluation.

> **Common practice:** *a five-member audit committee, composed of two council members and three community members with relevant expertise.*

Access to Records and Staff

The City Auditor's Office would have guaranteed access to City records, data systems, and staff for audit purposes. An ordinance creating the office would ensure it has the authority to review any relevant information, independent of department head approval — an unrestricted access that would create a strong foundation for the auditor's independence and be a key distinction from the current internal audit model.

Coordination with City Management

The City Auditor's Office would coordinate with City management to complete audits and review recommendations. The audit process would pair independent assessment with constructive engagement, rather than adversarial oversight. Audits would typically include planning meetings with department leadership, fieldwork involving staff interviews and data review, and a draft report shared with the department for factual review and a formal written response before the report is finalized. Final reports, including department responses, would be released publicly and tracked until recommendations are implemented.

4. What Would It Cost, and How Could It Be Funded?

The cost to operate a City Auditor's Office would depend on the scope of its work and the number of personnel. Sufficient funding, allocated by City Council, is important to the office's success. We estimate that a City Auditor's Office could operate effectively with a budget of less than $1 million, representing a small percentage of the budget. Based on comparable cities, such an office could be expected to complete full performance audits and shorter reviews, such as compliance audits, advisory engagements, and follow-up reviews.

An Office That Should Pay for Itself

In other cities, the auditor's office budget typically represents well under 1 percent of the total city budget. For example, Portland's Office of the City Auditor totals $13.4 million against an $8.27 billion citywide budget — 0.2 percent of the total.

Many audit offices have documented savings, revenue recovery, or risk exposure findings that meet or exceed their own operating costs, often surfaced through audits of procurement, fee and revenue collection, payroll and benefits administration, and grants compliance — results that could help offset, or completely defray, the cost of operating a City Auditor's Office:

Examples of Documented Return on Investment (ROI)

City	Documented ROI / Impact
Vancouver	$16.9 million in documented savings against $5.2 million in office cost since inception — a 328% return on investment, with a projected $78 million in cumulative benefit by 2029.
Kansas City	Approximately $336.2 million in potential financial impact reported in its most recent annual report.
San Diego	A consistent record of identified revenue increases, efficiency gains, and cost avoidance across its audit portfolio.

City	Documented ROI / Impact
Atlanta	A 2023 audit uncovered $197.8 million in uncollected water utility revenue tied to inconsistent shutoff enforcement.

The following table lists specific audit findings from individual jurisdictions, each tied to a single reported finding — distinct from the summary Return on Investment examples highlighted above. Amounts represent identified savings, questioned costs, recoveries, or financial exposure, not annual office budgets.

Jurisdiction	What the Audit Found	Category	Financial Impact
Portland, OR	Infrastructure maintenance backlog went unfunded	DEFERRED MAINTENANCE	$1.4B
Austin, TX	Consultant overspending on outside contracts	OVERSPENDING	$279M
Houston, TX	Unrealized operational efficiency savings	SAVINGS OPPORTUNITY	$113M
Kansas City, MO	City budget significantly understated actual costs	BUDGET ERROR	$67M
San Diego, CA	Excessive police overtime spending	OVERSPENDING	$50.8M
Seattle/King County	Idle cash produced below-market returns	REVENUE OPPORTUNITY	$44.7M
Berkeley, CA	Contracts awarded without competitive bidding	PROCUREMENT VIOLATION	$43M
Denver, CO	Homelessness spending went undisclosed to the public	TRANSPARENCY GAP	$20M
Rocky Mount, NC	Improper handling of a casino land acquisition	IMPROPER TRANSACTION	$17.2M
Kansas City, MO	Additional unrealized cost savings identified	SAVINGS OPPORTUNITY	$17M
Atlanta, GA	Improper pension payments were issued	IMPROPER PAYMENT	$1.8M
Tennessee (municipal)	Health insurance plan was overpaying claims	OVERSPENDING	$1.0M
Multnomah County, OR	Unnecessary spending on cell phone plans	OVERSPENDING	$300K

5. Next Steps for City Council

City Council has a pathway to creating a City Auditor's Office based on authority already provided in the City Charter. Boulder's Charter empowers Council to appoint "an auditor for such independent audits as are in this charter required or authorized to be made by order of the council." Council's annual authorization of audits would take the form of approving the audit work plan proposed by the City Auditor's Office each year.

City Council should adopt an ordinance establishing the City Auditor's Office and ensuring its independence. This ordinance should address the office's responsibilities; qualifications required of the City Auditor; the Auditor's authority to access City records; and other provisions needed to protect the office's independence and objectivity.

6. Available Resources: The Association of Local Government Auditors

The Association of Local Government Auditors (ALGA) is the leading professional organization for local government auditors. It provides model legislation, best practices, implementation guidance, training, professional standards, technical resources, peer reviews, and mentoring to help local governments establish and maintain independent audit functions.

ALGA's support spans several areas relevant to Boulder's efforts:

- Establishing authority and independence – ALGA guidance addresses mandate, reporting structure, and access to information necessary to protect an auditor's independence and objectivity. https://algaonline.org/
- Drafting ordinances and charter language – ALGA provides model legislation to assist local governments in establishing independent audit functions. https://algaonline.org/
- Setting professional standards – ALGA maintains audit manual templates, risk-based planning tools, and best-practice guidance for local government auditors. https://algaonline.org/
- Peer review and mentoring – ALGA provides a peer review program to assure local officials and the public that auditors maintain competence, integrity, objectivity, and independence in planning, conducting, and reporting their work, along with a mentorship program pairing new offices with experienced auditors. https://algaonline.org/
- Measuring and communicating impact – ALGA's advocacy work and annual reporting highlight how member offices track and report savings, risk reduction, and the implementation status of audit recommendations. https://algaonline.org/

More information is available at algaonline.org.

Conclusion

Establishing an independent City Auditor's Office represents a well-established best practice among cities across North America, and Boulder has a clear opportunity to adopt it. Peer cities that have made this investment consistently build their auditor's offices around the same core purpose: strengthening public trust through independent oversight, sharper operational performance, and rigorous accountability and transparency over public resources. Independent performance auditing is a proven model that leads to better decisions, stronger governance, and public confidence that taxpayer dollars are being managed well. By establishing this office, Boulder would be aligning itself with the standard that leading municipalities have already set, rather than falling behind it.

Key Takeaways

- Boulder proposes a modest 3–4 FTE office.
- Most peer cities use an appointed auditor reporting independently of city management.
- Audit committees are a common governance model.
- Specifics such as the number of reports issued per year, staffing levels, and audit prioritization would be determined by the City Auditor through the office's risk-based planning process.

See Addendum A for Audit ROI & Financial Findings.

SUPPLEMENTARY DATA

Addendum A: Peer City Auditor Office Comparison

Key features of independent city auditor offices in cities comparable to Boulder, Colorado

City	Population	City Budget (all funds)	Audit Office Type & Scope	Elected or Appointed	Office Size (FTE)	Auditor Office Budget (% of city budget)	Notes
Berkeley, CA	~125,000	$728M (FY2026)	Office of the City Auditor — Performance audits, payroll audits, whistleblower investigations	Elected (4-yr term, Charter)	16 FTE (FY2025)	~$3M est. (FY2025) — ~0.41% of city budget	Most independent model in the comparison. Two formal divisions: performance audit and payroll audit. Auditor elected citywide and operates independently of City Council and City Manager.
Gainesville, FL	~148,000	$467M (FY2026, all funds)	Office of the City Auditor — Risk-based performance audits, advisory services, fraud/waste/abuse hotline	Appointed by City Commission	6 FTE (FY2026)	$741K (FY2026) — 0.16% of city budget	Commission-manager government (similar to Boulder). Auditor is a Charter officer reporting to an Audit Committee of the Commission. Closest structural match to the proposed Boulder model.
College Station, TX	~125,000	$492M (FY2024, all funds)	Office of the City Internal Auditor — Performance, compliance, fraud audits	Appointed by City Council	2 FTE plus interns	Not publicly itemized — % not calculable	Audit Committee: mayor + 2 council members + 2 citizen members with finance/audit expertise. Office established 2007; 200+ recommendations issued. Auditor holds CIA, CFE, CGAP credentials.
Aurora, CO	~394,000	$1.4B (FY2025, all funds)	Office of Internal Audit — Performance, financial, compliance audits; fraud/ethics hotline	Appointed by City Manager (functionally reports to Council Mgmt & Finance Committee)	~4-6 FTE (estimated)	Not publicly itemized — % not calculable	In 2024, a council member proposed enhancing independence by having the auditor report directly to council. Audit code updated Sept. 2024 (Ord. 2024-43). Closest in-state peer by structure to current Boulder gap.
Colorado Springs, CO	~480,000	~$1.1B (all funds, est.)	Office of the City Auditor — Performance, financial, IT, compliance audits; fraud hotline	Appointed by City Council	~8-12 FTE (estimated)	~$1.5-2M (estimated) — ~0.14–0.18% of city budget	Colorado's largest comparable; broader scope and larger budget than what Boulder would need initially. Strong in-state peer for benchmarking structure and charter language.
Boulder, CO (PROPOSED)	~108,000	$590M (FY2025, all funds)	Proposed Office of the City Auditor — Performance reviews, risk-based audits, advisory services, fraud hotline	To be established — Proposed: Appointed by City Council / Audit Commission	3-4 FTE (proposed)	$800K-$1M (estimated) — ~0.14–0.17% of city budget	Currently no independent audit function reporting to Council. Internal audit sits in Finance Dept. and reports to City Manager. Charter authority to appoint an independent auditor already exists (Art. II, Sec. 12).

Sources: city budget documents, official city websites, ALGA, government job postings (2023-2026). FTE and budget figures are for the auditor's office only. "Est." = estimated based on comparable cities or org structure; figures not publicly itemized are noted. City budgets reflect most recent available adopted figures across all funds. Percentages calculated as auditor office budget divided by total city budget (all funds); where auditor budget is estimated, percentage range is shown.

Gold row = Boulder, CO (proposed). *Boulder's current internal audit function sits within the Finance Department and reports to the City Manager. The City Charter already authorizes appointment of an independent auditor.*

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