



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 4

Agenda Date: August 13, 2024

In Control: Audit Committee

DEPARTMENT: Office of the City Auditor

DEPARTMENT HEAD: Kevin Barthold

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Acceptance of the Office of the City Auditor Report AU24-011 Audit of Finance Public Utilities Monitoring.

SUMMARY:

Determine if required reporting and payments from City owned utilities are received, monitored, and accurate.

BACKGROUND INFORMATION:

Background

The Public Utilities Group, a division of Finance, provides recommendations and assistance to the Mayor and City Council regarding regulatory oversight of City Public Service Energy (CPS) and San Antonio Water System (SAWS). This includes the review and analysis of utility financial transactions. CPS and SAWS send a monthly payment to the City of San Antonio (COSA) General

Fund. The current payment percentage rate being paid by CPS is 14%. In addition, beginning in FY 2020, the payment percentage rate being paid by SAWS is 4%.

Each month, CPS and SAWS calculate their total revenues generated. From this amount, specific revenues are subtracted as allowed by City Ordinances, and this provides the revenue amount that is used to calculate the monthly payment. This revenue amount is multiplied by the appropriate percentage, and this provides the payment amount that is due to COSA. From this payment amount due, the charges for the monthly services provided to City departments are subtracted. The remaining amount is the monthly payment that is made by CPS and SAWS to the COSA General Fund.

CPS and SAWS provide the details of their revenues and the calculation of the payment amount due to COSA in a Payment Calculation Report. CPS and SAWS provide the details of all the meters assigned to COSA in a Monthly Billing Report. Every month, Finance reviews these reports for reasonableness and recalculates the payment amount to verify accuracy.

Scope and Methodology

The audit scope included revenue reporting and payments received from CPS and SAWS from FY 2022 through FY 2023. We reviewed Payment Calculation Reports and Monthly Billing Reports to determine if the monthly revenue reporting and calculated payments submitted by CPS and SAWS were accurate. We also reviewed utility payments for timely receipt. Additionally, we tested procedures to determine if utility payments were reviewed for discrepancies. Lastly, we reviewed a list of utility meters assigned to City departments to determine if the meters are still in use and are being adequately monitored.

Conclusions

Overall, required reporting and payments from City owned utilities are received, monitored, and accurate. Finance has effective procedures to verify monthly revenues reported and monthly payments received from CPS and SAWS are accurate.

Additionally, Finance has effective controls in place to verify monthly payments are received on time, untimely payments are communicated to CPS and SAWS, and variances between budget amounts and actual amounts are tracked. Lastly, Finance has adequate procedures for monitoring utility meters assigned to City departments.

We make no recommendations to the Finance Department.

ISSUE:

This item is presented for acceptance by the Audit Committee.

FISCAL IMPACT:

NA

ALTERNATIVES:

NA

RECOMMENDATION:

Staff recommends acceptance of this audit report.