



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 2

Agenda Date: March 29, 2023

In Control: Audit and Accountability 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 AU22-013 Audit of SWMD City Fees Billed by CPS Energy.

SUMMARY:

Determine if City fees billed by CPS Energy are accurate and processed per the relevant agreements.

BACKGROUND INFORMATION:

Background

In order for the Solid Waste Department (SWMD) and Parks and Recreation Department (Parks) to deliver their services, fees are charged to City residents in the form of Solid Waste Fees and Environmental Fees. The fees are charged to City residents via their monthly CPS Energy (CPS) bill and are then allocated to the Solid Waste Operating and Maintenance Fund and the Parks

Environmental Fund.

SWMD is responsible for providing customer cart data to CPS twice a week. CPS then utilizes this data to calculate customer bills based on cart quantity/size and applicable monthly service fees. CPS then bills customer via their CPS electric bill in exchange for an annual administrative fee, which totaled \$3.6 and \$3.2 million for FY 2021 and FY 2022, respectively. In addition, SWMD reviews CPS billing files for accuracy. As part of their administrative role, the Finance Department is responsible for reviewing, developing, and approving the annual agreement between SWMD and CPS.

Scope and Methodology

The audit scope was FY 2022. As part of our testing procedures, we performed data analysis to verify if properties were being charged for services in accordance with established fees. We also reviewed the customer cart data and financial reconciliation processes for accuracy. Furthermore, we reviewed the bad debt component of solid waste services. Lastly, we reviewed user access listings for relevant systems to confirm access was appropriate.

Conclusions

The administration of City fees billed to customers by CPS is coordinated by the SWMD. SWMD has controls in place to confirm City Fees billed by CPS are processed per the relevant agreements and reconciliations are performed. SWMD confirms the annual administrative fees paid and bad debt expense recorded are accurate and consistent with agreements. Additionally, SWMD has controls in place to complete both customer cart data and financial reconciliations.

However, improvements can be made by SWMD in developing a process to confirm the accuracy of individual customer billing calculations.

We made recommendations to improve these opportunities. Management agreed with the recommendations and developed positive corrective action plans.

ISSUE:

This item is presented for acceptance by the Audit and Accountability Committee

FISCAL IMPACT:

None

ALTERNATIVES:

N/A

RECOMMENDATION:

Staff recommends acceptance of this audit report.