



Date: February 23, 2021

To: Commissioner Sophie Maxwell, President
 Commissioner Anson Moran, Vice President
 Commissioner Tim Paulson
 Commissioner Ed Harrington
 Commissioner Newsha Ajami

Through: Michael Carlin, Acting General Manager 

From: Eric Sandler, CFO and AGM Business Services 

Subject: SFPUC FY 2020-21 Second Quarter Audit and Performance Review Report through December 31, 2020

This memorandum provides the SFPUC Quarterly Audit and Performance Review (QAPR) report, as of the second quarter for FY 2020-21, ending December 31, 2020. As requested by this Commission, we have provided links to the completed audit reports from our website in lieu of Commission agenda attachments.

Report Summary:

Two audit reports were completed this quarter:

- FY 2018-19 Audited Wholesale Revenue Requirement, October 15, 2020
 - Audit report can be found at this link: [FY 2018-19 WRR Report](#)

Report Summary: an annual audit required by the Water Supply Agreement with Wholesale Water Customers, reviewing the allocation of operating and capital costs to retail and wholesale water customers.

Audit Findings Summary: This report had 2 findings; the SFPUC concurred and has agreed to improve internal controls to avoid similar issues in the future.

1. An employee’s labor cost was incorrectly classified as Regional instead of Retail. The impact of the adjustment was approximately \$208,000 increase to the balancing account.
2. Gross debt service expense on the 2010 Series F bonds was incorrect. The impact of the adjustment was approximately \$109,000 increase to the balancing account.

The recommendation is for SFPUC to ensure expenditures are properly classified so that proper amounts are included in allocation calculations. Management concurs with these findings and will enhance the schedule review process. In addition, staff will identify new employees during review of payroll data to ensure their expenditures are classified properly.

- 2018-20 CA Independent System Operator (CAISO) Scheduling Coordinators Audit, October 26, 2020

Report Summary: The biannual audit report reviewed SFPUC Power’s procedures and processes for 2018-2020 to confirm that there are reasonable

London N. Breed
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controls in place to ensure the accuracy and integrity of the Settlement Quality Meter Data (SQMD) provided to the CAISO through SFPUC's Scheduling Coordinator, APX, Inc. (APX). There were no exceptions or findings for the period of August 1, 2018 through July 31, 2020 (the compliance period).

Audit Recommendation Status

All audit recommendations are currently closed.

If you have questions, please contact me at (415) 934-5707.

Attachment: Quarterly Audit & Performance Review Report



Quarterly Audit & Performance Review Report FY 2020-21 Audit Plan, By Status As of December 31, 2020

By status, as of Dec 31, 2020	
Completed:	8
In Progress:	9
Canceled:	1
Upcoming:	7
Total:	25

#	Quarter Status	Audit Type	Enterprise / Bureau	Audit Name	Oversight Body
1	Completed	Financial	Water	Annual Physical Inventory Count, FY 2019-20	SFPUC, Finance
2	Completed	Financial	Wastewater		
3	Completed	Financial	Hetch Hetchy Water & Power		
4	Completed	Financial	Power	2019 Center for Resource Solutions Green-e Verification Audit	Center for Resource Solutions
5	Completed	Financial	Infrastructure	Proposition 1E Grant Audit: Stormwater Flood Management	CA Department of Finance
6	Completed	Performance	Infrastructure/External Affairs/HRS	Workforce Development Programs Audit	Board of Supervisors
7	Canceled	Performance	Power	Pacific Gas and Electric Interconnection Cost Audit	CSA, Controller
8	In Progress	Financial	Water	Financial Statements Audit, FY 2019-20	Controller
9	In Progress	Financial	Wastewater		
10	In Progress	Financial	Hetch Hetchy Water & Power & CleanPowerSF		
11	In Progress	Financial	Business Services, Finance	Sales and Use Tax Audit	CA Board of Equalization
12	[Updated] Completed	Financial	Business Services, Finance	Wholesale Revenue Requirement: Statement of Changes in the Balancing Account, FY 2018-19	BAWSCA
13	In Progress	Performance	Wastewater	Sewer Repair and Maintenance Performance Audit	CCSF Board of Supervisors
14	In Progress	Performance	Hetch Hetchy Water & Power	Reliability Standards Compliance Audit	WECC / NERC
15	In Progress	Performance	Power	Pacific Gas and Electric Franchise Fee Audit	CSA, Controller
16	In Progress	Performance	Power	Energy Center San Francisco Franchise Fee Audit	CSA, Controller
17	[Updated] Completed	Performance	Power	2018-20 CA Independent System Operator (CAISO), Scheduling Coordinators Audit	CAISO
18	In Progress	Performance	Business Services, ITS	FY 2020-21 Web Application Security Assessment	CSA, Controller
19	Upcoming	Financial	Power	2020 Center for Resource Solutions Green-e Verification Audit	Center for Resource Solutions
20	Upcoming	Financial	Business Services, Finance	Comprehensive Annual Financial Report, FY 2019-20	SFPUC
21	Upcoming	Financial	Business Services, Finance	Popular Annual Financial Report, FY 2019-20	SFPUC
22	Upcoming	Financial	Business Services, Finance	Wholesale Revenue Requirement: Statement of Changes in Balancing Account, FY 2019-20	BAWSCA
23	Upcoming	Financial	All SFPUC	Political Activity Fund Compliance Assessment, FY 2017-18	CSA, Controller
24	Upcoming	Performance	External Affairs	External Affairs Divisional Audit	CSA, Controller
25	Upcoming	Revenue Bond Oversight Committee	RBOC	SFPUC Bond Expenditure Audit	RBOC