

SAN FRANCISCO PUBLIC UTILITIES COMMISSION:

Expenditures of the Bay Division Pipeline Reliability Upgrade – Pipeline Project Appear Reasonable



November 22, 2011

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the San Francisco Charter (charter) that was approved by voters in November 2003. Under Appendix F to the charter, the CSA has broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improving the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

CSA conducts its audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office. These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Irella Blackwood, Audit Manager
Mary Soo, Associate Auditor



City and County of San Francisco

Office of the Controller - City Services Auditor

**San Francisco Public Utilities Commission:
Expenditures of the Bay Division Pipeline Reliability Upgrade – Pipeline Project
Appear Reasonable**

November 22, 2011

Purpose of the Audit

The objective of the audit was to determine whether the San Francisco Public Utilities Commission (SFPUC) used bond proceeds in accordance with bond resolutions, legislation, intended uses, and action of the Public Utilities Commission itself for the Water System Improvement Program's (WSIP) Bay Division Pipeline Reliability Upgrade – Pipeline Project (project). The audit period was July 1, 2010, through June 30, 2011.

Highlights

The project, part of SFPUC's WSIP, involves the construction of a 21-mile pipeline from near Mission Boulevard in Fremont, California, to the Pulgas Tunnel near Redwood City, California. The objective of the project is to improve the water delivery and seismic reliability of the water delivery system to meet water supply purchase requests of SFPUC customers. The project will allow SFPUC to maintain the flow of water should any of the existing pipelines become damaged or taken out of service.

The project's expenditures from fiscal years 2006-07 to 2010-11 totaled \$151,792,619.

The audit found that:

- The project's expenditures appear appropriate and in accordance with the bond resolutions. Of a population of 247 expenditure transactions worth \$89,773,935 paid to vendors for the project for fiscal year 2010-11, the audit selected and analyzed 33 (13.4 percent) of the transactions worth \$18,228,689 (20.3 percent). The expenditures reviewed were found to be appropriately used and in compliance with the bond resolutions.
- SFPUC erroneously attributed two expenditures, totaling \$37,769, or 0.2 percent of the amount tested, to the project which should have been attributed to another phase of the WSIP Bay Division Pipeline Reliability Upgrade.
- The project manager does not review certain SFPUC staff expenditures for services, materials, and labor. While expenditures for services, materials, and labor by SFPUC operations staff are reviewed by the operational manager for regional and local water systems, the project manager does not specifically review these types of expenditures.
- SFPUC should more frequently track the depletion of its bond proceeds. The most recent schedules on bond depletion and use of bond proceeds by project were prepared using March 2011 data on transfers of expenditures funded by bond proceeds expenditures, representing a lapse of seven months since the schedules were updated.

Recommendations

The audit report includes five recommendations for SFPUC to improve its monitoring of bond proceeds for the project. Specifically, SFPUC should:

- Eliminate incorrect accounting classifications of \$37,769 that were attributed to the incorrect phase of the WSIP Bay Division Pipeline Reliability Upgrade.
- Properly reflect information in the accounting and project management systems to correctly capture the amount of expenditures for the various phases of WSIP projects.
- Ensure that the project manager reviews all charges for services, materials, and labor by SFPUC operations staff.
- Maintain timely schedules on actual bond proceeds depletion according to SFPUC's formal policy.

Copies of the full report may be obtained at:

*Office of the Controller • City Hall, Room 316 • 1 Dr. Carlton B. Goodlett Place • San Francisco, CA 94102 • 415.554.7500
or on the Internet at <http://www.sfgov.org/controller>*

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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

November 22, 2011

Aimee Brown, Chair
San Francisco's Public Utilities
Revenue Bond Oversight Committee
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Brown:

The Office of the Controller, City Services Auditor Division (CSA), presents its audit report of the San Francisco Public Utilities Commission (SFPUC) Bay Division Pipeline Reliability Upgrade – Pipeline Project (project). The audit objective was to determine whether bond proceeds were used in accordance with bond resolutions, intended use, and action of the Public Utilities Commission (commission) itself for the project.

CSA found that the project's expenditures were in accordance with the bond resolution, intended use, and commission action for the project. The audit also identified three areas in which SFPUC should improve the monitoring of its expenditures from bond proceeds. The audit report includes five recommendations for SFPUC to further strengthen its procedures on expenditure monitoring.

SFPUC's response to the audit report is attached as an appendix. CSA will work with SFPUC to follow up on the status of the recommendations in the report. We appreciate the assistance and cooperation that SFPUC staff and staff of other city departments provided to us during the audit.

Respectfully,

A handwritten signature in black ink, appearing to read "Tonia Lediju". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tonia Lediju
Director of Audits

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LIST OF ABBREVIATIONS AND ACRONYMS

BDPL	Bay Division Pipelines
BDPRU	Bay Division Pipeline Reliability Upgrade
CAB	Contract Administration Bureau of SFPUC
City	City and County of San Francisco
charter	San Francisco Charter
Controller	Office of the Controller
commission	Public Utilities Commission
CSA	City Services Auditor Division, Office of the Controller
FAMIS	Financial Accounting and Management Information System
IBAS	Infrastructure Budget & Administrative Services of SFPUC
P6	Primavera
project	Bay Division Pipeline Reliability Upgrade - Pipeline Project
RBOC	San Francisco's Public Utilities Revenue Bond Oversight Committee
SFPUC	San Francisco Public Utilities Commission
WSIP	Water System Improvement Program

INTRODUCTION

Audit Authority

This audit was conducted under the authority of the charter of the City and County of San Francisco (City), which requires that the City Services Auditor Division (CSA) of the Office of the Controller (Controller) conduct periodic, comprehensive financial and performance audits of city departments, services, and activities.

CSA established an agreement with the San Francisco's Public Utilities Revenue Bond Oversight Committee (RBOC), to perform a series of five audits. RBOC was formed in November 2003 to monitor the bond expenditures of the San Francisco Public Utilities Commission (SFPUC). At the request of RBOC, CSA evaluated the bond-funded expenditures of the Bay Division Pipeline Reliability Upgrade – Pipeline Project (project) to determine if bond proceeds were used in accordance with bond resolutions, legislation, intended use, and Public Utilities Commission (commission) action. The commission consists of five members, nominated by the Mayor and approved by the Board of Supervisors to provide operational oversight in areas such as rates and charges for services, approval of contracts, and organizational policy.

Background on Water System Improvement Program

SFPUC initiated the Water System Improvement Program (WSIP), a multi-billion dollar November 2002 voter-approved bond measure, in May 2002. WSIP is intended to repair, replace, and seismically upgrade the system's deteriorating pipelines, tunnels, reservoirs, pump stations, storage tanks, and dams. WSIP is divided into five large regions (San Joaquin, Sunol Valley, Bay Division, Peninsula, and San Francisco), with each region encompassing smaller projects. All 46 projects are scheduled to be complete by 2016. The costs to complete these projects are allocated proportionally according to the quantities of water delivered among San Francisco and its regional customers in Alameda, Santa Clara, and San Mateo counties. WSIP's total budget is \$4.6 billion, which is funded through SFPUC revenue bonds.

Approximately 800,000 retail customers in the City need safe and clean water. They and others depend on SFPUC's regional water system, many parts of which are 75 to 100

years old and do not meet today’s seismic codes, although major pipelines cross active earthquake faults.

WSIP will benefit SFPUC’s 26 wholesale customers and regional retail customers located in Alameda, Santa Clara, and San Mateo counties.

Background on SFPUC Bonds and Intended Uses

The San Francisco Charter (charter), Section 8B.124, authorizes SFPUC to issue revenue bonds, subject to the approval of the Board of Supervisors, for reconstructing, replacing, expanding, repairing, or improving water facilities under the jurisdiction of SFPUC. From 2006 through 2010, SFPUC issued a series of water and wastewater revenue bonds, each of which is designated for a specific purpose, as described in Exhibit 1.

EXHIBIT 1 Summary of SFPUC Revenue Bonds Issued from 2006 Through 2010

Bond Series	Used to Finance and Refinance...
2006 Series A Water Revenue Bonds	improvements to the City’s water system under Proposition A. The improvements are defined as those that will restore, rehabilitate, and enhance the ability of SFPUC to deliver water to its customers.
2009 Series A/B 2010 Series D/E/F/G Water Revenue Bonds	a portion of the design, acquisition, and construction of various capital projects in furtherance of the WSIP.
2010 Series A/B/C Water Revenue Bonds	a portion of the design, acquisition, and construction of various capital projects in furtherance of WSIP, and to finance the acquisition and installation of automated digital water meters in furtherance of SFPUC’s Advanced Metering Infrastructure system.
2010 Series A/B Bonds Wastewater Revenue Bonds	a portion of the costs of planning, design, construction and improvement of various capital projects in furtherance of the Capital Improvement Program and the proposed Sewer System Improvement Program of SFPUC’s Wastewater Enterprise.

Source: Official statements of each bond series.

The project was funded by the following SFPUC Water Revenue Bonds:

- 2006 Water Revenue Bond Series A
- 2009 Water Revenue Bond Series A/B
- 2010 Water Revenue Bond Series B

Background on the Project

The project involves the construction of a 21-mile pipeline from approximately 100 feet east of Mission Boulevard in Fremont in Alameda County to the Pulgas Tunnel in unincorporated San Mateo County near Redwood City. A five-mile portion of the project will be tunneled under San Francisco Bay and is referred to as the Bay Tunnel. The four existing Bay Division Pipelines (BDPL), built between 1925 and 1973, transport water from the Irvington Portal in Fremont to customers in the East Bay, South Bay, and on the San Francisco Peninsula, also refilling the San Andreas and Crystal Springs reservoirs in San Mateo County.

SFPUC determined that the four existing BDPL were built using outdated construction materials and could fail as they approach the end of their useful lives. The objective of the project is to improve the water delivery and seismic reliability of the BDPL system by allowing the existing BDPL facilities to meet water supply purchase requests of SFPUC customers under the conditions of one planned shutdown of a major facility for maintenance concurrent with one unplanned facility outage due to natural disaster, emergency, or facility failure/upset. Without the project, there would be no other supply of water to offset the loss of any of the existing pipelines if they were damaged or otherwise taken out of service.

The project is expected to be completed under budget and ahead of schedule.

According to a monthly project management report and WSIP cost breakdown reports, the project is anticipated to be completed under budget and ahead of schedule. The project was originally estimated to finish on December 4, 2013, but, as of July 1, 2011, was expected to finish on March 5, 2013. As of July 2011, the project was anticipated to be completed under its original budget by \$52,742,298.

The Budget Division establishes the structure to track funds in a project.

SFPUC's Budget Division establishes accounting index codes in the Financial Accounting and Management Information System (FAMIS), the City's accounting system, for SFPUC. To create the structure to track projects' expenditures, each project is assigned a project number, project phases, and accounting index codes in FAMIS. The Budget Division works with the project managers to establish project budgets and put them into FAMIS. When

the project managers need to either re-allocate funds between project phases or increase or decrease their budget, project managers contact the Budget Division. Exhibit 2 shows the project’s expenditure transactions by fiscal year.

EXHIBIT 2 Expenditure Transactions from Fiscal Year 2006-07 to 2010-11

Fiscal Year	Amount
2006-07	\$6,797,323
2007-08	9,845,769
2008-09	5,263,147
2009-10	32,629,032
2010-11	97,257,348
Total	\$151,792,619

Source: FAMIS data for fiscal years 2006-07 through 2010-11 as of November 1, 2011.

There are six types of project expenditures.

According to SFPUC, there are six types of project expenditures:

- Labor charges of SFPUC infrastructure staff
- Material, service, and labor expenses by other city departments
- Professional service charges
- Construction charges
- Material, service, and labor expenses by SFPUC operations
- Other expenses

Objective

The main objective of the audit was to determine whether bond proceeds were used in accordance with bond resolutions, legislation, intended use, and commission action for the project. Specifically, the objectives were to ensure that SFPUC:

- Appropriately authorized the project’s expenditures.
- Adequately allocated bond proceeds to allowable expenditures.
- Established adequate procedures and controls over the project’s expenditures.
- Maintained evidence of the project’s expenditures.

Scope and Methodology

The scope of the audit included the project’s expenditures in fiscal year 2010-11 because this fiscal year had the

majority of project expenditures as shown in Exhibit 2. Using a risk-based approach, this audit focused on vendor expenditure transactions in transaction categories 3-6 in Exhibit 4.

The audit team:

- Reviewed charter provisions, bond indenture agreements, official statements, use of proceeds certificates, and SFPUC resolutions.
- Interviewed staff and managers to understand SFPUC's project management processes and expenditure approval processes.
- Interviewed staff regarding project expenditures in FAMIS.
- Assessed the project's internal controls for expenditure processing and review.
- Tested \$18,228,689 out of \$89,773,935 in vendor expenditure transactions. The audit team judgmentally selected 33 out of 247 vendor expenditure transactions to include a wide range of vendors, at least one large expenditure per vendor selected, potential duplicate payments, unusual transaction descriptions, and a range of time periods. The audit team also reduced the amount of retention payments sampled.
- Evaluated the Primavera (P6) project management tool and traced transactions from FAMIS to P6 to assess the data integrity of P6.

Statement of Auditing Standards

This performance audit was conducted in accordance with generally accepted government auditing standards. These standards require planning and performing the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

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AUDIT RESULTS

Summary

Based on the expenditures reviewed, SFPUC uses bond proceeds appropriately. However, SFPUC incorrectly attributed \$37,769 of expenditures to the project that were related to another phase of the WSIP Bay Division Pipeline Reliability Upgrade, also funded by Water Revenue Bonds. Although many types of the project's expenditures undergo a multi-level review process, the project manager should regularly review material, service, and labor expenses incurred by SFPUC operations staff. In addition, SFPUC should more frequently track the depletion of bond proceeds.

Finding 1

The project's expenditures appear appropriate and in accordance with the bond resolution.

SFPUC's expenditures for the project were appropriate under the bond criteria.

Expenditure transactions for the project were in accordance with bond resolutions, legislation, intended use, and action of the commission. Of a population of 247 expenditure transactions worth \$89,773,935 paid to vendors for the project for fiscal year 2010-11, the audit selected and analyzed 33 (13.4 percent) of the transactions worth \$18,228,689 (20.3 percent). Exhibit 3 details the transaction categories of audit project expenditures. No evidence of any unallowable costs funded through the project was found.

EXHIBIT 3 Audited Project Expenditure Transactions for Fiscal Year 2010-11

Transaction category	Total of Selected Transactions
Construction charges	\$16,270,395
Professional service charges	1,261,442
Other expenses	659,547
Material, service, and labor expenses by SFPUC operations	37,305
Total	\$18,228,689

Source: Interview with SFPUC staff and auditor's evaluation of FAMIS data for fiscal year 2010-11.

Finding 2

SFPUC erroneously attributed \$37,769 in expenditures to the project, which should have been attributed to another phase of the WSIP Bay Division Pipeline Reliability Upgrade.

Two expenditures were inaccurately attributed to the project.

SFPUC incorrectly attributed in FAMIS and P6 two expenditures for a different phase of the WSIP Bay Division Pipeline Reliability Upgrade (BDPRU), totaling \$37,769, or 0.2 percent of the amount tested, to the project. The index code was originally incorrectly associated to the project in FAMIS for a temporary period. Instead of appropriately closing out the index code and reassigning the expenditures already charged to the correct phase of the WSIP BDPRU, an SFPUC accounting employee forced the index code to be associated to the appropriate phase of BDPRU. The rest of the expenditures charged to the index code were correctly charged to the correct phase of the WSIP BDPRU. However, the \$37,769 already incorrectly charged continued to be associated with the project. As these transactions still relate to a Water Revenue Bond funded project, these errors do not appear to have affected the WSIP projects' budget overall. However, the errors put SFPUC at risk of inaccurately attributing expenditures to projects, which provides the opportunity for individual project budget manipulation.

Recommendations

SFPUC should:

1. Eliminate incorrect accounting classifications of \$37,769 that were attributed to the incorrect phase of the Water System Improvement Program Bay Division Pipeline Reliability Upgrade.
2. Properly reflect information in the accounting and project management systems to correctly capture the amount of expenditures for the various phases of Water System Improvement Program projects.
3. Augment existing policies and enforce procedures related to the correction of mispostings to accurately account for costs by project. These expanded procedures should consider whether adjustments to index codes will adversely affect the project or other Water System Improvement Program projects before any changes are made in the Financial Accounting and Management Information System.

Finding 3

The project manager does not review certain SFPUC staff expenditures for materials, services, and labor.

The project manager should regularly review all expenses, including material, service,

While expenditures for services, materials, and labor by SFPUC operations staff are reviewed by the operational manager for regional and local water systems, the WSIP

Office of the Controller, City Services Auditor
Expenditures of the Bay Division Pipeline Reliability Upgrade – Pipeline Project Appear Reasonable

and labor expenses by SFPUC operations staff.

project manager does not specifically review these types of expenditures. After assigning index codes and allocating budgets, the project manager does not monitor these expenses unless there is an expense overrun. By not regularly monitoring these types of expenses, the project manager is not fully informed about what is happening in the field. The project manager is generally responsible for managing all phases of the project. There is the possibility that expenses are not used in accordance with the bond proceeds or the potential for misuse of funds by employees. While the audit did not find this to be the case in the expenditures selected for review, these risks should be mitigated and controlled by a thorough review of expenses.

Exhibit 4 lists the frequency and levels of review for each expenditure type before approval by the SFPUC Accounting unit:

EXHIBIT 4		Review Process for the Six Project Expense Types	
	Expense Type	Reviewed By	Frequency
1	SFPUC infrastructure staff labor	Project Manager Project Controls	Monthly
2	Material, service, and labor expenses by other city departments	Project Manager Project Controls	As Needed
3	Professional service charges*	Infrastructure Budget & Administrative Services (IBAS) Contract Administration Bureau (CAB) Technical Lead Project Manager Contract Manager	Monthly
4	Construction charges	IBAS Technical Lead Project Manager Contract Manager	Monthly
5	Material, service, and labor expenses by SFPUC operations	Operational Manager for Regional and Local Water Systems	As Needed
6	Other expenses	Project Manager Department Head Assistant General Manager of Infrastructure	As Needed

Note: *WSIP program management costs are only reviewed by IBAS and CAB.

Sources: SFPUC policies and procedures and interviews with SFPUC staff

Recommendation

SFPUC should:

4. Ensure that the Water System Improvement Program project managers reviews, on at least a quarterly basis, all expenses, including material, service, and labor expenditures that San Francisco Public Utilities Commission operations staff charge to the project.

Finding 4

SFPUC should more frequently track the depletion of its bond proceeds.

SFPUC did not update its schedules on bond depletion and use of bond proceeds by project on a timely basis.

SFPUC periodically transfers actual expenditures funded by bond proceeds upon completion of the posting of incurred expenses. According to its formal policy, SFPUC should update its related schedules on bond depletion and use of bond proceeds monthly or quarterly. At the time of the audit, the most recent schedule of depleted bonds was prepared with March 2011 data on transfers of expenditures funded by bond proceeds. Seven months had elapsed since the schedule was updated. It is a best practice to update these schedules more frequently. Infrequently updated schedules can cause SFPUC to be unaware of when bond proceeds are depleted, thereby causing a delay of information that could result in misinformed decisions.

Recommendation

SFPUC should:

5. Maintain a timely bond depletion schedule, consistent with its formal standard of tracking actual bond expenses monthly or quarterly.

APPENDIX: SAN FRANCISCO PUBLIC UTILITIES COMMISSION RESPONSE



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

1155 Market Street, 11th Floor
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November 4, 2011

Tonia Lediju, Audit Director
Office of the Controller, City Services Auditor Division
City Hall, Room 476
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Management's Responses to Results of the Audit of the Fiscal Year
2010-2011 Bay Division Pipeline Reliability Upgrade – Pipeline Project
Expenditures

Dear Ms. Lediju,

Thank you for providing us the opportunity to respond to your Audit of the
Fiscal Year 2010-2011 Bay Division Pipeline Reliability Upgrade – Pipeline
Project Expenditures, prepared for the Revenue Bond Oversight Committee by
the Controller's Office, City Services Auditor. We appreciate the time and
effort that you and your staff have dedicated to the completion of this audit.

Attached for your review and consideration are SFPUC Management's
responses to the recommendations detailed in the audit report. If you have any
questions or need additional information, please do not hesitate to contact me at
(415) 554-1600.

Sincerely,

A handwritten signature in blue ink that reads "Ed Harrington" followed by a vertical line and the letters "for".

ED HARRINGTON
General Manager

cc: Aimee Brown, Chair, Revenue Bond Oversight Committee
Michael Carlin, Deputy General Manager
Todd L. Rydstrom, AGM Business Services & Chief Financial Officer
Charles Perl, Deputy CFO
Nancy L. Hom, Director, Assurance & Internal Controls

Edwin M. Lee
Mayor

Anson Moran
President

Art Torres
Vice President

Ann Moller Caen
Commissioner

Francesca Vietor
Commissioner

Vince Courtney
Commissioner

Ed Harrington
General Manager



AUDIT RECOMMENDATIONS AND RESPONSES

Recommendation	Responsible Agency	Response
<p>The San Francisco Public Utilities Commission should:</p> <ol style="list-style-type: none"> 1. Eliminate incorrect accounting classifications of \$37,769 that were attributed to the incorrect phase of the Water System Improvement Program Bay Division Pipeline Reliability Upgrade. 	SFPUC	Concur. Project costs have been charged to the correct phase of the Bay Division Pipeline Reliability Upgrade project, code CUW36802.
<ol style="list-style-type: none"> 2. Properly reflect information in the accounting and project management systems to correctly capture the amount of expenditures for the various phases of Water System Improvement Program projects. 	SFPUC	Concur. The corrected information is now properly reflected in the financial system and Primavera.
<ol style="list-style-type: none"> 3. Augment existing policies and enforce procedures related to the correction of mispostings to accurately account for costs by project. These expanded procedures should consider whether adjustments to index codes will adversely affect the project or other Water System Improvement Program projects before any changes are made in the Financial Accounting and Management Information System. 	SFPUC	Concur. Existing policies will be augmented and enforced to include a process to create new index codes when required, rather than change or amend an existing index code.

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Recommendation	Responsible Agency	Response
4. Ensure that the Water System Improvement Program project managers reviews, on at least a quarterly basis, all expenses, including material, service, and labor expenditures that San Francisco Public Utilities Commission operations staff charge to the project.	SFPUC	Concur. Project Managers will review operations expenses charged to their projects on a monthly basis to ensure that they match the planned schedule and budgeted expenditures prepared by the Operations staff.
5. Maintain a timely bond depletion schedule, consistent with its formal standard of tracking actual bond expenses monthly or quarterly.	SFPUC	Concur. In Fiscal Year 2010-11, 11 bond expenditure transfers were completed accurately, timely, and properly. Bond expenditure transfers are unable to be made during fiscal year-end as fiscal month June is not closed in FAMIS until the end of September. The SFPUC will update its procedures to address this systemic limitation and develop an approach to best work around this constraint. For the purpose of tracking and monitoring bond proceeds, there are also other tools used by SFPUC Finance. The on-demand 'Summary of Uses by Project' report is generated through EIS to prepare a summary analysis of expenditures by project and fund. This analysis in turn is used by staff to prepare the monthly/quarterly transfers, also reviewed by management. Other on-demand reports from EIS are prepared daily, weekly; monthly and quarterly as part of monitoring project expenditure levels against the availability of bond proceeds. The Water Supply Agreement with the wholesale customers also requires the monitoring of bond proceeds. By contract, the SFPUC reports annually to the wholesale customers (through BAWSCA) project expenditure by bond detail.