





Date: August 25, 2020

To: Commissioner Ann Moller Caen, President
 Commissioner Francesca Vietor, Vice President
 Commissioner Anson Moran
 Commissioner Sophie Maxwell
 Commissioner Tim Paulson

Through: Harlan L. Kelly Jr., General Manager 

From: Eric Sandler, CFO and AGM Business Services 

Subject: SFPUC FY 2019-20 Fourth Quarter Audit and Performance Review Report through June 30, 2020

This memorandum provides the SFPUC Quarterly Audit and Performance Review (QAPR) report, as of the fourth quarter for FY 2019-20 ending June 30, 2020. As the finance staff responsible for preparing this report have been deployed to the citywide Command Center in response to the COVID-19 emergency, the quarterly report information has been consolidated into this streamlined memo format.

The impact of COVID-19 and the shelter-in-place order on audit and performance review work has been significant with audit timelines being extended due to city staff reassignments as well as audit work shifting to remote worksites. Nine of the twenty-five audits scheduled for completion in the fourth quarter have been moved into the FY 2020-21 audit plan. Attached is a summary reflecting the status of the FY 2019-20 audit plan and also the FY 2020-21 audit plan.

Report Summary:

- 2 performance assessments completed during the quarter
- 4 of 5 open audit recommendations closed during the quarter, with remaining audit recommendation to be closed before year-end
- FY 2020-21 audit plan will consist of 21 audits (see attachment). Nine of these audits were incomplete from FY 2019-20 and an additional 12 audits have been scheduled during the year.

London N. Breed
 Mayor

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 President

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 Commissioner

Sophie Maxwell
 Commissioner

Tim Paulson
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Harlan L. Kelly, Jr.
 General Manager



Performance Assessments Completed

Two performance assessments were completed during the fourth quarter, including:

- SFPUC Human Resource Services (HRS) Lean Hiring Process Improvement: A Lean improvement review was completed in HRS to evaluate internal personnel hiring processes. This assessment will improve and shorten the hiring process at the SFPUC.
- Confidential Cybersecurity Maturity Assessment and Interconnection Security Agreement (2 parts): Mandated by the Committee on Information Technology (COIT), Citywide cybersecurity policy as well as the San Francisco Charter, this assessment was based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework and allows for the identification and prioritization of opportunities for cyber risk management improvements. Recommendations are being implemented.

Audit Recommendation Status

Of the five open audit recommendations, 4 have been closed and 1 remains open:

- Real Estate Services: Oliver De Silva, Inc. – strengthen lease administration
 1. Closed: Review products sold annually to ensure product list reported reflects actual product sales.
 2. Closed: Clarify the calculation for low sales data to ensure accurate reporting of revenues and submittal of royalty payments.
 3. Closed: Revise annual review process to include a year-end true-up of low sales calculations, sale reversals, adjustments, or other anomalies.
 4. Closed: Review the Lease with ODS by September 30, 2019 to ensure terms reflect current business practices and product offerings.
- Infrastructure: Crystal Springs/San Andreas Transmission System Upgrade Contract
 5. Open: Follow close-out procedures by ensuring all required close-out activities are documented. To be completed by 12/1/2020.

FY 2020-21 Audit Plan

The FY 2020-21 audit plan will consist of 21 audits (see attached). Nine audits were incomplete as of June 30, 2020 and will be completed this year. 12 new audits have been added to the audit plan, and 13 of the 21 audits are already underway.

Here is a summary of the 12 new audits that have been added to the FY 2020-21 audit plan:

- 1-3. Water, Wastewater, Hetch Hetchy Water & Power-Annual Physical Inventory Count, FY 2019-20: Estimated complete Q1 FY 2020-21
- 4-6. Water, Wastewater, Hetchy Hetchy Water & Power-Financial Statements Audit, FY 2019-20: Estimated complete Q2 FY 2020-21
7. Infrastructure-Proposition 1E Grant Audit: Stormwater Flood Management
8. Business Services-SFPUC Comprehensive Annual Financial Report, FY 2019-20: Anticipated start date: Q2 FY 2020-21
9. Business Services-Popular Annual Financial Report, FY 2019-20: Anticipated start date: Q2 FY 2020-21
10. Water-Wholesale Revenue Requirement, Statement of Changes in the Balancing Account, FY 2019-20: Anticipated start date: Q2 FY 2020-21
11. Power-Reliability Standards Compliance Audit (WECC/NERC): Anticipated start date: Q1 FY 2020-21
12. Power-California Independent System Operator, Scheduling Coordinators Self-Audit: Anticipated start date: Q1 FY 2020-21

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

CC: Michael Carlin, Deputy General Manager, SFPUC

Attachment: Quarterly Audit & Performance Review Report



Quarterly Audit & Performance Review Report FY 2019-20 Audit Plan, By Status As of Quarter 4, Ending June 30, 2020

By status, as of June 30, 2020	
Completed:	16
In Progress:	6
Upcoming:	3
Total:	25

#	Quarter Status	Audit Type	Enterprise / Bureau	Audit Name	Oversight Body
1	Completed	Financial	Water	Annual Physical Inventory Count, FY 2018-19	SFPUC, Finance
2	Completed	Financial	Wastewater		
3	Completed	Financial	Hetch Hetchy Water & Power		
4	Completed	Financial	Power	2018 CleanPowerSF Power Source Disclosure	California Energy Commission
5	Completed	Financial	Water	Financial Statements Audit, FY 2018-19	Controller
6	Completed	Financial	Wastewater		
7	Completed	Financial	Hetch Hetchy Water & Power & CleanPowerSF		
8	Completed	Financial	Infrastructure	Crystal Springs Construction Contract Close-out Audit	CSA, Controller
9	Completed	Financial	Business Services, Finance	Wholesale Revenue Requirement: Statement of Changes in Balancing Account, FY 2017-18	BAWSCA
10	Completed	Financial	All SFPUC	Political Activity Fund Compliance Assessment, FY 2016-17	CSA, Controller
11	Completed	Financial	Business Services, Finance	SFPUC Comprehensive Annual Financial Report, FY 2018-19	SFPUC
12	Completed	Financial	Business Services, Finance	Popular Annual Financial Report, FY 2018-19	SFPUC
13	Completed	Performance	Business Services, ITS	Confidential Report: Internal/External Network Penetration Test and Vulnerability Assessment	CSA, Controller
14	[Updated] Completed	Performance	Human Resource Services (HRS)	Lean Hiring Process Improvement	SFPUC
15	[Updated] Completed	Performance	Business Services, ITS	Confidential Cybersecurity Maturity Assessment and Interconnection Security Agreement, FY 2018-19	CSA, Controller
16	[Updated] Completed	Performance	Business Services, ITS	Confidential Cybersecurity Maturity Assessment and Interconnection Security Agreement, FY 2019-20	CSA, Controller
17	In Progress	Financial	Business Services, Finance	Sales and Use Tax Audit	CA Board of Equalization
18	[Updated] In Progress	Financial	Business Services, Finance	Wholesale Revenue Requirement: Statement of Changes in Balancing Account, FY 2018-19	BAWSCA
19	[Updated] In Progress	Financial	Power	2019 Center for Resource Solutions Green-e Verification Audit	SFPUC Audit & Compliance
20	In Progress	Performance	Power	Pacific Gas and Electric Interconnection Cost Audit	CSA, Controller
21	[Updated] In Progress	Performance	Power	Pacific Gas and Electric Franchise Fee Audit	CSA, Controller
22	In Progress	Performance	Infrastructure/External Affairs/HRS	Workforce Development Programs Audit	Board of Supervisors
23	[Updated] 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



Quarterly Audit & Performance Review Report FY 2020-21 Audit Plan, By Status As of July 1, 2020

By status, as of July 1, 2020	
Completed:	0
In Progress:	13
Upcoming:	8
Total:	21

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