Riverside Public Utilities Performance Audit and Organizational Review

Audit Item #	Observation	Recommendation	Implementation Plan	Responsible Executive/AGM	Other Management Involvement	Due Date	In Budget $'s	Not in Budget $'s	Priority	Date Completed	Planning / Research	In progress	Complete
BTF1	The City's policies for processes covered under the scope of this expenditure review are located in the following documents: - Purchasing Policies (Administrative Handbook); - Accounts Payable Policies Administrative Handbook); - Purchasing Resolution R-22576; - Internal Audit Reports. It was also noted that there is currently no formal documented policy for wire transfers. The RFP policy in the Administrative Handbook indicates that refunds and utility rebates paid by the City to customers fall under a request for payment. In practice, a RFP form is not used for rebates, the Rebate Application Form is utilized instead.

Additionally, two discrepancies are noted between documented policies and practice, including the following: The RFP policy in the Administrative Handbook requires a RFP or Rebate Form to be issued, regardless of value. In practice, Finance review of RFPs and Rebates under $1,000 is by exception only. This practice is based on a recommendation in Internal Audit Report AU 06-07 to reduce the manual 100% verification and improve efficiencies. | The City is currently in the process of updating its policies and procedures. Baker Tilly recommends that this includes a comprehensive policy covering the various purchasing processes, including: ● Purchase Requisition / Purchase Order ● Competitive Bidding Procedures & Exceptions ● Contracting & Legal Review ● Receipt of Goods & Services ● Invoice Processing & 3-Way Match ● Request for Payments & Rebates ● Wire Transfers ● Check Approvals ● Use of the SPL and IFAS systems in the purchasing process ● Authorization Limits The Policy should be distributed to City personnel across all departments and reviewed, and updated as necessary annually. Note: The City anticipates completion of the policy and procedure updates by the end of calendar year 2016. | A Purchasing Task Force has been established with a representative from every department and the Finance Department's AP Section to address many of these issues along with other identified concerns and the results and recommendations will be forwarded to City Management and eventually the City Council for resolution within the parameters of the current City Charter and Municipal Codes. | Scott Miller | Edward Enriquez | 12/01/2017 | $0 | $0 | 1 | | | 1 | |
| BTF2 | Invoices are received at the department level instead of by Accounts Payable, which leaves Accounts Payable unaware of invoices that have been received but not yet entered/approved by the departments. This process is a material weakness in internal controls as it puts the City and RPU at risk for materially misstating outstanding liabilities at year-end, as well as late penalties or loss of potential discounts. Refer also to recommendation #5 in the City Internal Audit report "AU 06-07 Accounts Payable." | Baker Tilly recommends that the City require a purchase order for all invoiced expenditures, and that a request be made to have vendors send a second invoice copy to Accounts Payable. In addition, Accounts Payable should monitor the status of invoices and follow up with RPU as necessary to ensure timely processing and payment of invoices. | Currently being implemented, the Finance Department is developing or revising current policies to 1) require vendors and/or departments to send Accounts Payable Section copies of submitted invoices and 2) set up a system to more closely monitor RPU invoices including any needed follow-up; need Council approval to add additional accountant to AR to fully implement this recommendation. | Scott Miller | Edward Enriquez | Dec-17 | $0 | $0 | 2 | | | 1 | |

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BTF3	Invoice payments are required to be entered against an existing PO. Policy prohibits processing of invoice amounts that differ from the PO by more than 10% and states that a change order should be processed. Currently, SPL will produce an error message to notify that there is a variance above this threshold; however, it does not restrict the user from entering and approving the invoice.	The City should review capabilities for enforcing system controls to restrict users from entering invoice payments when a variance greater than 10% of the PO exists. Controls should be implemented to not allow processing of payments for invoices that are over a stated percentage of the original PO without higher level manager approval.	Current financial system cannot be used to enforce various thresholds in purchasing/AR system. While policies are in place with tolerance thresholds established, departmental supervisors are supposed to enforce these thresholds on a signature review basis, until an updated system is provided to add an automated control for finance to use effectively.	Scott Miller	Edward Enriquez	Dec-21	$0	$75,000	2		1		
BTF4	Baker Tilly noted at the time of the audit that there is no formally established numbering convention for entering invoices that do not have invoice numbers from the vendor.	Baker Tilly recommends that the City begin to use automated number functionality, if available within the system, and/or establish and document a policy for invoice numbering conventions for consistency and to avoid the risk of duplicate payments. Although the current system, SPL, does not allow an invoice to be entered when the same invoice number exists, without a defined numbering convention there is greater risk for duplicate payments. City Finance and RPU are in the process evaluating if enhancements can be made to SPL or if a new system needs to be purchased. This automated numbering capability should be explored with either enhancements to the existing system or a new system and implemented at that time.	Because there are three different ways among two different systems to begin the purchase order/invoice payment creation system and seven different ways to pay an invoice, Finance has no ability to establish a singular, stable and enforceable numbering system. However, as part of the new Purchasing Task Force, this problem will hopefully be resolved with a single policy agreed by all and the replacement of our current financial system with one that everyone can use for this purpose.	Scott Miller	Edward Enriquez	Dec-17	$0	$0	3		1		
BTF5	During check printing, signatures are automatically printed on the checks. Outgoing checks are not consistently reviewed by authorized check signers. During the expenditure review period, the check register was being reviewed by a few designated individuals, one of whom is an authorized check signer, however not for all check registers reviewed. A total of 75 samples and 24 check registers were not reviewed by an authorized signer.	Baker Tilly recommends that the check register be reviewed and signed by an authorized check signer for every check run.	Consultant agreed with Finance's Disagreement with their recommendation and the reasons why and have withdrawn this issue.	Scott Miller	Edward Enriquez	-	$0	$0	1				1

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BTF6	Per the Request for Payment (RFP) policy in the Administrative Manual, Finance approval is required for all RFP transactions. Baker Tilly noted several RFP forms under $1,000 that were not approved by the Finance Department. Per City Finance, the current procedure is to review RFP forms under $1,000 by exception only, implemented as a result of a City Internal Audit recommendation from report AU 06-07 Accounts Payable. Process improvement opportunity noted.	The City provided Internal Audit Report AU 06-07, in which the Internal Audit function recommended review of RFPs under $1,000 by exception only, in order to reduce the manual 100% verification and improve efficiencies. Refer also to recommendation #3 above.	Revise Council Purchasing Resolution to align with Internal Auditor Recommendation	Scott Miller	Edward Enriquez	Jun-17	$0	$0	2			1	
BTF7	A Request for Payment (RFP) form greater than $1,000 was not approved by the Finance Department, as required. One exception noted.	Baker Tilly recommends that the City explore options within SharePoint or similar systems to move RFP and RFWT processes away from a manual paper process and implement an electronic form utilizing workflow- for approvals.	While an automated system is what Finance also recommends, the City would need to provide additional funds to purchase such a system and Finance is exploring possible system solutions. However, one example out of 45 does not conclude a significantly significant event.	Scott Miller	Edward Enriquez	Dec-21	$0	$0	3			1	
BTF8	In one (1) instance, the department approver for a Request for Payment (RFP) was not an authorized signer. One finding noted.	Baker Tilly recommends that the City explore options within SharePoint or similar systems to move RFP and RFWT processes away from a manual paper process and implement an electronic from utilizing workflow for approvals.	While an automated system is what Finance also recommends, the City would need to provide additional funds to purchase such a system and Finance is exploring possible system solutions. However, one example out of 35 or 1 out of 200 does not conclude a significantly significant event.	Scott Miller	Edward Enriquez	Dec-21	$0	$0	3			1	
BTF9	In one (1) instance, the vendor invoice pre-dated a purchase order. The transaction did not relate to an annual purchase order, meaning that the invoice should not have predated purchase order approval. Specifically, invoice #14958 from Hilltop Geotechnical was dated on April 30, 2015. The purchase order was approved in SPL on June 1, 2015. One exception noted.	The individual who made the purchase did not follow City policy. The City should implement stronger monitoring controls to ensure that the City personnel do not enter into purchasing agreements until proper approval has been obtained as required in the City's policies and procedures.	This is a training issue that needs to be addressed through coaching and disciplinary action by the employee's supervisor. Both in-person and on-line training resources are provided by Finance for employee and supervisor needs.	Scott Miller	Edward Enriquez		$0	$0	3				1
BTF10	For one (1) transaction, Treasury could not provide documentation indicating which individual initiated the wire transfer. As a result, Baker Tilly was unable to verify that the wire was initiated and released by two different individuals with proper authority. One exception noted.	Baker Tilly recommends that Treasury ensure wire transfer reports are consistently retained and filed in a designated location.	While again, 1 in 200 transactions does not conclude a significantly significant event, and the one in 12 was a fluke, the wire transfer form has been updated to prevent this issue in the future.	Scott Miller	Edward Enriquez		$0	$0	3				1

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BTP1	1.2.1 Processing of miscellaneous accounts receivable is highly paper intensive and requires triple-entry of data into multiple systems.	The City should determine if the Integrated Financial and Administrative Solution (IFAS) has the capability to route approvals or set up workflow for miscellaneous accounts receivable. This would enable divisions to enter receivable information directly into IFAS and route to the appropriate people, including Finance for approval and further processing. This would eliminate paper processing and triple-entry of data into multiple systems, which makes greater possibilities for control weaknesses.	IFAS cannot do what the consultant is recommending without significant modifications to the system. Finance has determined it is more cost efficient and practical to wait until there is a significant upgrade to IFAS or it is replaced with newer system that can easily achieve the recommendation. The first action will be evaluation and assessment of system needs. RPU staff will work with City staff to develop a plan.	Scott Miller	Edward Enriquez, Lea Deesing, Mujib Lodhi	Dec-21	$0	$350,000	1		1		
BTP2	1.2.2 Aging reports for years prior to 2014 were unable to be provided from IFAS, the City's financial software.	The City's financial data should be accessible for any year in which data was stored in the system. Consider troubleshooting this issue with the vendor or investing in a system that allows for more robust reporting.	IFAS cannot do what the consultant is recommending without significant modifications to the system. Excel is used but it is not a substitute for a modern Finance system. City has already purchased a better report writing tool, but must wait until IFAS is replaced with newer system that can easily achieve the recommendation. The first action will be evaluation and assessment of system needs. RPU staff will work with City staff to develop a plan.	Scott Miller	Edward Enriquez	Dec-21	$0	$0	2		1		
BTP3	2.2.1 Review of access rights for specific purchase requisition actions in UWAM (Utilities Work & Asset Management System, formerly referred to as SPL) is done on an ad hoc basis by Information Technology (IT) and access rights are confirmed with managers.	Access rights should be reviewed quarterly and documentation should be maintained for each review.	IT will develop a report that displays access rights for specific purchase requisition actions as defined in the UWAM system. The UWAM Admin Team or other power users will be granted access to run the report, or it can be scheduled to run on a quarterly basis and notify them. Based on the findings of the quarterly review departments will utilize the Innovation and Technology Department's self-service form called the Move, Adds, Changes (MAC) form that will allow these users to terminate or change access rights in and efficient and automated manner.	Lea Deesing / Laura Nomura	Chris Tilden, Mujib Lodhi	Jul-17	$0	$0	1			1	
BTP4	2.2.2 Although interfaced, purchasing information entered in UWAM does not get recorded in the general ledger module of IFAS until a PO number is assigned to the requisition. Therefore, funds are not encumbered at the point of requisition approval. RPU relies on management reporting to check fund balances at the time of requisition. This could potentially lead to budget overages if there are large gaps of time between requisition and PO issuance.	The City should explore the opportunity for a tighter interface between UWAM and IFAS so that funds can be pre-encumbered at the point of requisition.	UWAM and IFAS are as integrated as it can be with the current IFAS System. RPU requires the use of UWAM for work order processing and other system issues. While IFAS has a decent requisition system, it cannot encumber funds or check fund balances automatically pre-requisition. Finance has determined it is more cost efficient and practical to wait until IFAS is replaced with newer system that can easily achieve the recommendation.	Lea Deesing / Scott Miller / Laura Nomura	Chris Tilden, Mujib Lodhi	Dec-21	$0	$0	2		1		

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BTP5	2.2.3 Commodity codes are not being used for business intelligence purposes and are only used to assign processing tasks to staff within the Purchasing department.	The City should consider using NIGP commodity codes and conducting regular spend analyses to not only provide further insight into purchasing behaviors but identify opportunities for economies of scale and cost savings. Tools such as a "Spend Cube" analysis can provide information into vendors used across multiple cost centers for identified products and services leading to opportunities for combining contracts for more efficiencies and competitive pricing.	While these techniques can work in very large organizations or agencies with diverse functions across large areas such as counties, states or even federal agencies, Finance does not believe these techniques, for the work effort and systems involved, will save significant funds for the City as a whole. We have simpler methods, such as our P-Card analysis and our per vendor analysis reports that do some of what the consultant is recommending at this time. Once we finish the Purchasing Task Force and implement a more sophisticated purchasing system, we may consider what the consultants recommend in the future.	Scott Miller	Adam Raymond	-	$0	$0	2				1
BTP6	2.2.4 The City's purchasing software, UWAM, allows users entering requisitions to pick from a list of people who can approve their requisition, even if that person is in a different department. Most purchasing systems would automatically route the requisition to the appropriate approver based on the person making the requisition and the dollar value of the requisition. This allows for stronger internal controls, reduced mistakes and enhanced efficiencies.	The City should explore whether or not UWAM can be configured to automatically route requisitions instead of users choosing an approver from a drop down list.	This configuration is possible. IT will work with the UWAM Admin Team and Purchasing Division to define business rules and configuration. This will provide configuration and code to automatically route requisitions, or to implement filters which only allow a user to select from their authorized approval routes within the UWAM system. This effort will take at least 80 hours to plan, implement, and test. The results of this plan did not resolve the issue. Further analysis of the required approval processes is necessary and will require research and development.	Lea Deesing / Laura Nomura	Chris Tilden / William Obeid / Adam Raymond	Mar-17	$25,000	$0	1			1	
BTP7	2.2.5 Baker Tilly was asked to review purchases through SCPPA. We had no findings related to the appropriateness of making purchases through SCPPA. However, we did observe that prior to FY16, documentation of approvals of purchases through SCPPA was only documented through letters and emails. Currently, RPU uses an authorization form for SCPPA purchases.	The City should continue to use the SCPPA purchase authorization form as it provides more thorough documentation of and justification for SCPPA purchases.	The City will continue to utilize of the SCPPA purchases authorization form to document justification for use of SCPPA purchases.	Laura Nomura	All AGMs	-	$0	$0	3	Dec-15			1
BTP8	3.2.1 RPU has a strong reserve balance and bond rating.	RPU should continue to meet the requirements of its reserve policy in order to cover necessary operation and capital costs in the future, especially given the aging infrastructure at RPU.	Reserve balances are evaluated and reported on a quarterly basis. Minimum and maximum thresholds will be calculated as outlined in the Reserve Policy on an annual basis.	Laura Nomura	Aileen Ma	-	$0	$0	3	Sep-16			1
BTP9	4.2.1 RPU's Debt to Total Asset ratio and Debt Service Coverage ratios are comparable to peer utilities.	RPU should continue to monitor its Debt to Total Asset ratio and Debt Service Coverage to ensure it meets internal goals overall strategy.	Debt to Total Asset Ratio and Debt Service Coverage are calculated and reported on a quarterly basis.	Laura Nomura	Aileen Ma	-	$0	$0	3	Sep-16			1

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BTP10	5.2.1 RPU does not have a formal asset management policy that establishes standard operating procedures, roles and responsibilities, and key controls. Cost data that is fed into financial management system (IFAS) does not agree to cost data within the asset management system (UWAM), particularly as it relates to the completion of work orders	RPU should document a formal written policy that, at a minimum, covers the fol3 - Lowing topics: • Asset purchase • Inventory • Inspection • Preventative maintenance • Work order execution • Reporting (internal & compliance) • Retirement, sale, and disposal • Use of the Asset Management System (UWAM) In each of the areas above, the policy should convey the applicable policies, procedures, roles and responsibilities, and key controls related to asset management.	RPU has retained a consultant that is currently performing an Asset Management organizational assessment. Prepare a joint Water/Electric asset management policy based on this assessment.	George Hanson, Todd Jorgensen	Mujib Lodhi	Aug-19	$0	$0	2			1	
BTP11	5.2.2 Asset management is currently handled by each respective division within RPU (Electric Operations, Electric Field, Water Operations, and Water Field). Historically, each division developed business practices that best suit its needs and leverage the asset management system (UWAM) as needed. At the time of fieldwork, the OToffice was in the process of addressing this concern. In February 2016, the OT office led the effort to standardize and improve the use of the UWAM system for Water Operations assets. RPU intends to address similar concerns for Water Field assets and all Electric Field and Operations assets thereafter.	RPU should develop a method of ensuring that each of the divisions leverages the asset management system in a way that enables RPU to achieve its overarching strategic objectives. To achieve this goal, RPU, led by the OT office, should continue to re-implement UWAM to standardize and improve system use. During that process, RPU should consider both implementing improved system functionality and re-engineering business processes. In addition to re-implementing the UWAM system, RPU should document and communicate comprehensive asset management policies that cover all functional areas and divisions utilizing the UWAM system. Lastly, RPU must implement a process to monitor compliance with the asset management policies. There are multiple means of accomplishing this, including but not limited to: • Creating an Asset Management and Work Order Control group that provides independent oversight and management of the various asset management processes • Assigning responsibility of monitoring activities to existing RPU personnel. NOTE: RPU must take into account proper segregation of duties when developing monitoring controls.	RPU has retained a consultant that is currently performing an Asset Management organizational assessment. Prepare a joint Water/Electric asset management policy based on this assessment.	George Hanson, Todd Jorgensen	Mujib Lodhi	Aug-19	$0	$250,000	2			1	

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BTP12	5.2.3 Certain electric utility transmission and distribution (T&D) assets were added to the asset management system through the inspection process in the past (i.e., inspected into existence). However, inspection of T&D assets has not taken place since 2012. Thus, certain assets are not captured in the asset management system, and there is no process for capturing them until the inspection program is reinstated.	As indicated in Observation 5.2.1, RPU should document a formal asset management policy. The asset management policy should identify standards of care for asset management, inspection, and reporting. Although the standards may not legally apply to public utilities, RPU should consider implementing policies that recognize GO 165 as the standard for asset management and inspection. Once a standard has been adopted through formal policy, RPU should reinstate the T&D inspection and reporting processes. In addition to benefiting from having complete asset records and being in compliance with applicable regulations, RPU will be able to attribute work orders to those assets and forecast workload.	Prepare an intermediate Inspection Plan to inspect T&D assets for safety and reliability. Coordinate with the Asset Management Policy.	George Hanson	Mujib Lodhi	Jun-17	$0	$250,000	2			1	
BTP13	5.2.4 Currently, RPU does not leverage the work management functionality in the asset management system (UWAM). Not only does this create challenges when assigning and prioritizing work, but it also creates challenges when planning future work. In the current state, the Central Stores checkout of stock items is generated on the same day that work is to be completed. As a result, the personnel responsible for completing the work may have to wait for items to be pulled (i.e., there can be a queue in the morning). In an ideal state, work orders could be scheduled in advance, allowing Central Stores to pick inventory items in advance. This would enable personnel to begin work earlier in the day and lessen the likelihood of waiting for inventory to be pulled, ultimately improving efficiency of RPU Crew and Field Personnel.	According to the RPU Strategic Technology Plan, RPU intends to implement a work management tool between 2018 and 2020. In consideration of the potential time savings and reduced costs, RPU should consider expediting the implementation of the system. If that is not feasible, RPU should create a work around that enables Central Stores to pull inventory items and stage jobs the day prior to work being completed.	RPU has retained a consultant that is currently performing an Asset Life-Cycle assessment. Evaluate opportunities to streamline material ordering based on the this assessment	Mujib Lodhi		Aug-19	$0	$500,000	2			1	

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BTP14	5.2.5 RPU has developed an aggressive plan to enhance its asset management function, particularly through the implementation of improved use of the asset management system (i.e., UWAM) for functions including, warehouse inventory and work management. To achieve RPU's goals, Leidos Engineering, RPU's technology planning consultant, recommended the fol3 - Lowing in the June 2015 Strategic Technology Plan: "To ensure successful adoption of the proposed technology investments and realize their anticipated benefits, RPU must create a new organizational structure, add new resources, and provide training for existing staff to use and maintain newly implemented technologies." To address this concern, RPU created the OT function. It is possible that OT will not be sufficient to meet all of RPU's staffing needs including both day-to-day operations (work order control, scheduling, asset managers) as well as IT support (both day-to-day and implementation support).	RPU should consider conducting an organizational assessment of its asset management function. The assessment should consider overall staffing, workload, and organizational structure of RPU and the asset management function. RPU should request, as a result of the organizational assessment, estimates of the costs and benefits associated with the recommended organizational alternatives.	RPU has retained a consultant that is currently performing an Asset Management assessment.	George Hanson, Todd Jorgensen	Mujib Lodhi	Aug-19	$0	$250,000	1			1	
BTP15	5.2.6 RPU personnel expressed concern over various accounting processes related to asset management including the following: ● Integration of the financial system (IFAS) to the asset management system (UWAM) ● Recording of the sale of an asset ● Recording of asset disposal ● Documenting the costs associated with work order completion including coding of costs as either O&M or Capital costs RPU expressed that the concerns resulted from the following: ● Cost data that is fed into financial management system (IFAS) does not agree to cost data within the asset management system (UWAM), particularly as it relates to the completion of work orders	RPU should assess the lifecycle of asset accounting. Where appropriate the assessment should take into consideration Government Accounting Standards Board (GASB) and Federal Energy Regulatory Commission (FERC) standards.	This is a system integration issue whereby our current financial management system (IFAS) and our work order/asset management system (Oracle/SPL) are not integrated in order to track asset accounting therefore information can be inconsistent. The City is currently evaluating replacement of the IFAS system to an Enterprise Resource Planning System that encompasses all technology needs of the City. This was also addressed in the IT Strategic Plan. This action overall will take several years to implement to include evaluation, selection and implementation of systems. The first action will be evaluation and assessment of system needs. RPU staff will work with City staff to develop a plan. Four phase project - first phase to begin Spring 2017, other phases to follow with total project timeline in the 3-4 year range.	Laura Nomura	Aileen Ma, Mujib Lodhi	Dec-21	$0	$0	2			1	

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BTP16	5.2.7 Assets are removed from use in the field through the use of a Transformer/Equipment Removal form. However, there is no process to reconcile the removal of assets to updates within the IFAS system and to the UWAM system.	RPU should implement a control in which the assets that are removed from the field are reconciled to assets retired in the UWAM and IFAS systems. This control should be performed by an individual who is not involved in the initiation or approval of the Transformer/Equipment Removal forms.	The Fixed Asset System in IFAS was balanced and up to date to almost the dollar several years ago. However, this took the efforts of 1.75FTE, which were eliminated due to budget cuts over the last several years. We hope a new Finance System, with an additional shared FTE with RPU, will have a more sophisticated fixed asset module that will allow greater flexibility with the UWAM system and requires less dedicated FTE to keep fixed assets updated and accounted for. Four phase project - first phase to begin Spring 2017, other phases to follow with total project timeline in the 3-4 year range.	Scott Miller / Laura Nomura	Edward Enriquez / Aileen Ma	Dec-21	$0	$0	3		1		
BTP17	5.2.8 Currently, a Utility Analyst reviews outstanding work orders to verify that they have been complete and marked as such within the UWAM system for its Water Field assets. This process has also been partially implemented for RPU's Water Operations assets. For Electric Field and Operations assets, however, the frequency of this control is annual, which is not adequate to ensure that work orders, particularly those that may prevent a safety issue, are addressed in a timely manner.	We recommend that this control be performed on a monthly, quarterly, and annual basis for all assets moving forward.	RPU has retained a consultant that is currently performing an Asset Life-Cycle assessment. We will evaluate the impacts and resource requirements to track work order completion on assets.	Todd Jorgensen	Mujib Lodhi	Aug-19	$0	$0	2		1		
BTP18	6.2.1 Most departments do not have formal policies and procedures in place for the creation of management reports.	RPU should develop formal written policies and procedures for the creation of management reports. This will ensure that the reports are created on time and in a consistent manner. In addition, having desktop procedures will allow for a smooth transition when a new employee is responsible for creating the reports.	Staff is developing Goals, Objectives, KPIs and dashboards for management reporting to Board and City Council. Policies and Procedures are being developed. For all other reporting see item 19 below.	All AGMs	Staff as assigned	Mar-17	$0	$0	2			1	
BTP19	6.2.2 The report creation process is very manual and labor intensive.	RPU should consider acquiring a new report writing tool and/or train individuals on how to use IBM Cognos. This will reduce the amount of manual data manipulation needed and make the report creation process more effective.	This is a much bigger issue than merely financial reporting. Financial and other operational reporting is necessary. In our IT Strategic Plan and outline for Utility 2.0, systems are planned that will help with reporting issues which include: Operational Data Management System, Outage Management System with integration to GIS and Asset Management Systems. Estimated cost by auditor is very low since they were only referring to an IBM Cognos product. Estimated costs for systems is outlined in IT Strategic Plan and Utility 2.0 plan.	Kevin Milligan	Workforce Development Staff - Training	Dec-19	$0	$75,000	2		1		

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BTP20	6.2.3 Although RPU reports some KPI's to the Board of Public Utilities, there are many that are not provided to the Board including the reliability metrics (SAIDI, SAIFI, CAIDI).	RPU should provide more KPI's to the Board of Public Utilities. See Appendix C for example KPI's/Dashboards that should be considered.	See item 18 above.	Girish Balachandran / Kevin Milligan	All AGMs	Mar-17	$0	$0	2			1	
BTP21	6.2.4 RPU currently uses IFAS, an integrated financial and administrative solution which does not have the ability to run necessary reports.	RPU should consider acquiring financial statement software that will al3 - Low the export of data and creation of reports with minimal data manipulation.	As indicated in Item # 1 and #2, the IFAS system has reached its end of life and while the City has purchased a new report writer, the IFAS system is so out of date that the new report writer can do little to help fashion the type of reports needed by RPU and the City outside of the reports developed now using IFAS and excel. We don't agree we should have RPU or any other Department keep purchasing different third party modules or systems to try and "assist" IFAS, we need to update and replace IFAS with a more modern centralized finance system that provides necessary reporting capabilities. Four phase project - first phase to begin Spring 2017, other phases to follow with total project timeline in the 3-4 year range.	Scot Miler / Laura Nomura	Edward Enriquez / Aileen Ma	Dec-21	$0	$0	1		1		
BTP22	6.2.5 RPU does not have an Outage Management System (OMS). As such, all outage information must be manually logged into Excel.	RPU should consider acquiring an OMS system. This will reduce the amount of labor needed to manually log all outage information and make the process more efficient.	Evaluate potential interim Outage Management solutions leveraging GIS and ODMS capabilities while establishing requirements definition for a full Outage Management System	George Hanson, Mujib Lodhi	Jennifer Tavaliogne	Sep-19	$0	$0	2		1		
BTP23	6.2.6 Although the Water department has water maintenance software (WaterTrax), it has been stated in interviews that this software is archaic and the data is extracted into in a non-usable format.	RPU should consider acquiring new water maintenance software that can provide data in a more user-friendly format to allow RPU employees to be more efficient in creating necessary reports.	After further evaluation, the Water Trax System is working as intended. RPU will continue to maintain the Water Trax System and will link its data base to the ODMS system in the future for more efficient review and analysis.	Todd Jorgensen		-	$0	$0	2				1
BTP24	6.2.7 During interviews with RPU personnel, it was noted that the City Human Resources department does not have the same information available as RPU. The HR department and RPU show different numbers for hiring needs, available positions, etc. It was noted in interviews that RPU hiring needs are not always met due to lack of dedicated HR resources and information availability.	RPU and the Human Resource function need to share common databases of relevant information. To meet service needs service level agreements between RPU and HR should be considered.	RPU and HR is working together to evaluate the current NeoGov system to determine capabilities relating to sharing information relating to hiring needs, available positions, etc. Should this system not accommodate this need, we will need to evaluate other systems available. In addition, the recruitment for a new City Human Resources Director is underway. At that point, the RPU General Manager will begin discussions regarding service level agreements between RPU and HR.	Pia Rose / Kevin Milligan	Miriana Gonzalez / Jolene Church??	Dec-17	$0	$0	1			1	

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BTP25	6.2.8 The City of Riverside's IT department is used to help with creating queries and solving issues that RPU has in creating reports. The IT department serves many employees throughout the City of Riverside which can cause delays in providing the service needed.	RPU and the City should consider several options in providing IT services for RPU: • Service level agreements for City IT services to be provided to RPU • RPU dedicated IT personnel to provide services to RPU • Enhanced reporting tools for data extraction and report writing • Training for RPU managers in developing reports through reporting tools	IT recommends RPU contract a trainer to provide report writer training for various systems such as EnQuesta and Oracle UWAM. IT will attend the trainings and provide support for specific table queries, etc. For IFAS reports, departments will work with Finance and Human Resources departments to define and develop their reporting needs. For operational technology data, RPU and IT are currently working on an Operational Data Management System (ODMS) that will be the central hub for all operational information and thus will serve as the basis for management dashboards and reporting for the department. The initial phase of this project kicks-off in September 2016 and completes on Q3 2017. The project will deliver test and production OSI Pi environments, connections to up to 10 data sources, and 24 dashboards. The OSI Pi production provides many self-service capabilities and RPU is planning to hire analysts to build additional reports after launch. Once all this is implemented, RPU should be self-sufficient and will no longer need support from IT in this area.	Lea Deesing / Kevin Milligan	Chris Tilden / Jennifer Tavaliogne	Dec-17	$75,000	$0	2		1		
BTP26	6.2.9 Most of the managers we interviewed were satisfied with the reporting information they received. There were a few instances, however, where managers expressed a desire for more information. Examples include : • Energy cost for delivering water • The actionable wasted time due to policies, processes, procedures • More KPI's (information vs. data)	We recommend that RPU management determine information needs of managers. Tools that can facilitate this process include surveys, group discussions and direct input from managers. Management should then evaluate these needs on a sensitivity of information basis to ensure that both appropriate reports are developed and distributed and sensitive information is only accessed by appropriate managers and personnel. Information to be distributed should be documented in formal policies and procedures. A formal information distribution schedule should be maintained.	See items 18 and 19 above which address this recommendation.	Kevin Milligan	Workforce Development Staff	Dec-19	$0	$0	2		1		
BTP27	6.2.10 Many reports are prepared through manual manipulation of data. This results in a loss of data integrity.	From an internal controls standpoint, this results in a weakness in the integrity of information and a potential significant deficiency or material weakness in internal controls.	See item 19 above.	All AGMs	Assigned by AGM	Dec-19	$0	$0	1		1		

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BTP28	7.2.1 Three of the six leases selected for detailed testing, indicated that the Lease Report from the Microsoft Database had the incorrect lease amount. The proper amount was received from the lessees, however.	For proper controls and segregation of duties, after the Microsoft Database has been updated with new lease information, it should be reviewed by another individual for accuracy.	From this point forward, monthly Lease/License reports from both the Microsoft Database and IFAS Accounts Receivable will be prepared for review by the Deputy General Manager.	Kevin Milligan		-	$0	$0	2	Dec-16			1
BTP29	7.2.2 Although there is 1 - High-level documentation at the City-wide level for the process of entering into leases, there is not specific utility documentation or procedures in place that shows the proper steps to enter into and monitor leases.	RPU should create detailed procedures (desktop checklist) for the steps in entering into and monitoring leases. This will ensure that approved procedures are followed when entering into and monitoring leases.	Preparing a procedures manual for entering and monitoring leases. In the processing of interviewing several entities that provide property inventory, lease management software.	Kevin Milligan		-	$0	$0	2	Dec-16			1
BTP30	8.2.1 In its Organizational Assessment report of RPU, Hometown Connections recommended that RPU "develop a more proactive economic development recruitment process for new business customers. While RPU does provide incentives for ED rates and is proactive in working with potential customers, it does not appear that certain industries or business types other than ones designated as "Research, Development, or Technology" are targeted.	Similar to Hometown Connections' recommendation, Baker Tilly would recommend that RPU consider looking at current and previous ED customers and consider recruiting other business types more proactively.	Staff has investigated and will make recommendations based on best practices for other publicly owned utilities now that rate discount levers have been eliminated through legislation.	Mike Bacich	Kevin Palmer	Dec-17	$0	$0	3			1	
BTP31	9.2.1 Currently, there are many pallets of water meters that upon receipt from the vendor are placed in an uncaged/unsecured upstairs area of the Water Meter Shop.	To improve internal controls over physical meter access, RPU should consider creating a caged space for these meters.	Water Staff is reviewing means and methods to secure water meters.	George Hanson, Todd Jorgenson		Mar-17	$0	$0	1			1	
BTP32	9.2.2 Purchases for water meters are largely based on visual check or purchasing meters as approved in the annual water meter budget. This encourages purchasing of meters as long as there is available budget. In relation to the physical inventory evaluation, a sample purchase receipt indicated purchases of 100 construction meters occurred in 2009, but 90 construction meters still remained in the Water Meter Shop.	RPU should use a Min/Max Inventory feature in enQuesta or other system to set thresholds for various sizes of water meters instead of relying on available funds in the water meter budget to make purchases. The system Min/Max Inventory feature can be updated periodically to coincide with major projects (e.g., meter replacement program).	Evaluate the use of a UWAM "storeroom" to manage Water meters similar to the current management of electric meters.	George Hanson, Todd Jorgenson, Laura Nomura	Mujib Lodhi	Dec-17		$75,000	2		1		
BTP33	9.2.3 Currently, there is no tracking of water meter inventory location until they are entered in enQuesta when installed on a customer's premise.	RPU should consider tracking water meters upon receipt from vendor through their installation.	Evaluate the use of a UWAM "storeroom" to manage Water meters similar to the current management of electric meters.	George Hanson, Todd Jorgensen	Mujib Lodhi	Dec-17	$0	$0	1		1		

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BTP34	9.2.4 While water meters are initiated and checked out through enQuesta for work orders, the quantity of meters located on trucks aren't always accounted for.	While water meters are checked out through enQesta for work orders, the Water Meter Shop Utility Supervisor or Utility Data Control Clerk should review quantities of meters in meter shops and on various trucks on a periodic basis (i.e., weekly, biweekly) to account for meters that are out on trucks.	Evaluate the use of a UWAM "storeroom" to manage Water meters similar to the current management of electric meters.	George Hanson, Todd Jorgenson, Laura Nomura	Mujib Lodhi	Dec-17	$0	$0	2		1		
BTP35	9.2.5 Baker Tilly performed reconciliation of book values to physical inventory for a select sample of electric meters and water meters. Baker Tilly noted no exceptions related to electric meters to the sample quantity of electric meters that were counted. In regards to the water physical inventory evaluation, there was a slight discrepancy in quantity of meters that were on record from a sample purchase receipt (100) and actual quantity counted (90). The discrepancy was due to the fact that these were construction meters that are not installed permanently on customer premises, so their locations could not be accounted for (i.e., these meters could have been recycled or scrapped after being used).	RPU should consider tracking water meters upon receipt from vendor through their installation either through an existing system or through Excel.	Evaluate the use of a UWAM "storeroom" to manage Water meters similar to the current management of electric meters.	George Hanson, Todd Jorgenson, Laura Nomura	Mujib Lodhi	Dec-17	$0	$0	1		1		
BTP36	9.2.6 While the individuals creating work orders can see the min/max inventory levels in UWAM, the Central Stores Warehouseman is not able to see meters listed on work order pick lists, so he has to rush to release the meters from the Central Stores for jobs. RPU is currently in the process of creating compatible units (CUs) for meters and CTs to integrate this equipment into the work order process.	RPU should consider integrating the meter check-out process into the Work Order process to provide appropriate alerts to Central Stores Warehouseman to reduce lag time with staging jobs. Additionally, usage of CUs will increase planning efficiency.	Evaluate the use of a UWAM "storeroom" to manage Water meters similar to the current management of electric meters.	George Hanson, Todd Jorgenson, Laura Nomura	Mujib Lodhi	Dec-17	$0	$0	1				
BTP37	9.2.7 Currently, the meters and CTs that get transferred from Central Stores to the UOC Tool Room (Caged Inventory) are tracked through a spreadsheet, which is updated weekly by the assigned Electric Meter Tech.	While the Meter Tech is diligent about tracking meters that are in the Caged Inventory, RPU should consider using location ("EM2" for the electric meter warehouse) within UWAM to track meters' location.	Evaluate the impacts, requirements, and cost/benefits of tracking the electric meters in caged inventory using an EM2 "storeroom" location in UWAM and formulate recommendations.	George Hanson	Mujib Lodhi	Dec-17	$0	$0	3			1	
BTP38	9.2.8 Currently, Current Transformers (CTs) are purchased with P-Cards by an assigned Sr. Electric Meter Tech.	RPU should consider procuring CTs through the purchase requisition process instead of purchasing with P-Cards. This would allow for more visibility of the purchases and more competitive pricing on CTs.	Consider the quantities of various ratio CT's utilized and procurement practices of neighboring municipal utilities to determine if there is sufficient cost savings to justify modifying the current procedure and formulate recommendations.	George Hanson, Laura Nomura	Ron Cox, Scott Miller	-	$0	$0	2	Dec-16			1

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BTP39	10.2.1 Currently multiple vendors are being used for recycling scrap metals for Central Stores, UOC Tool Room meter shops, and Distribution Transformers.	RPU should consider competitive solicitations for one vendor to handle/oversee the recycling of multiple scrap metal bins.	Consider completive solicitations to determine if there is sufficient cost savings to justify modifying the current procedure and formulate recommendations	George Hanson, Laura Nomura	Ron Cox, Scott Miller	Dec-17	$0	$0	2		1		
BTP40	10.2.2 Currently, the scrap metal bins that are recycled by various vendors do not appear to be weighed on-site or inspected.	RPU should consider occasionally weighing on-site at Central Stores/UOC or inspecting the vendors' weighing of scrap metals to ensure proper weight being recorded with proper payment.	Evaluate how to audit the documented weights and formulate recommendations.	George Hanson, Laura Nomura	Ron Cox, Scott Miller	Dec-17	$0	$0	2		1		
BTP41	10.2.3 In relation to there being multiple vendors used for recycling of scrap metals, there does not appear to be a consistent approach of how to deal with recycling vendors in their process of emptying bins and providing manifests of the scrap metals.	RPU should consider developing a formal policy for scrap metals that a minimum lays out: ● What items are covered (i.e., distribution transformers, electric meters/CTs, water meters) ● Thresholds of what constitutes a "pass"/"fail" of items when they are tested ● List of items that recycling vendor should provide (i.e., manifest, receipt)	Adopt a formal Scrap Material Policy.	George Hanson, Laura Nomura	Ron Cox, Scott Miller	Dec-17	$0	$0	2		1		
BTP42	10.2.4 Disbursement allocation percentages to different departmental accounts for recycled metals are pre-determined amounts that have not changed since the early 2000s.	Given the variation in weight and price of different metals being recycled by different departments, RPU should track check amounts that are received currently by recycling vendors and allocate the recycled metal checks in accordance with the metals that are recycled by various departments.	Audit the departmental use patterns for recycled materials and formulate recommendations to document the weights and associated value allocations.	George Hanson, Laura Nomura	Ron Cox, Scott Miller	Dec-17	$0	$0	2		1		
BTP43	11.2.1 Formal reporting requirements for the Utility 2.0 Strategic Plan and RPU commitments in Riverside 2.0 have not been established.	A plan for what type of progress reporting, the frequency of reporting and any key performance indicators that will be tracked should be developed. City Council and Board input should be gathered to help develop the progress reporting plan.	In process of implementing a tracking database utilizing the City's project management tool "The Hive" as the tracking mechanism for all Utility 2.0 capital projects. Quarterly reporting, including dashboards, will be provided to executive management on a quarterly basis when projects are implemented. Progress reports will be provided to the Board and City Council.	Kevin Milligan	Staci Sullivan	Jul-17	$0	$0	2			1	

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