



Highlights

Why OCA Did This Study

In accordance with the Office of the City Auditor's FY 2017 Work Plan, we conducted a performance audit of the City's Gas and Electric Utility Billing. Specifically, we evaluated the City's program to review utility account billing.

Our audit objectives were to:

- Determine whether the City is evaluating gas and electric utility accounts to obtain the lowest eligible rates and the accuracy of utility account invoices; and
- Assess electricity account management for street lights.

What OCA Recommends

- Implement an internal control framework for utility rate analysis and utility billing review that includes:
 - A written process establishing responsibility among departments;
 - Training for personnel responsible for reviewing utility rates and the accuracy of utility invoices; and
 - Oversight monitoring responsibility.
- Coordinate with SDG&E to establish a formal process clarifying roles and responsibilities related to utility rates and potential billing issues.
- Develop Citywide procedures for energizing street light accounts, including processes to ensure new lights are added to the appropriate account.
- Review street light bills to ensure lights are assigned to the correct account.

Management agreed to implement all of our recommendations.

For more information, contact Eduardo Luna, City Auditor at (619)533-3165 or cityauditor@sandiego.gov

City of San Diego, Office of the City Auditor

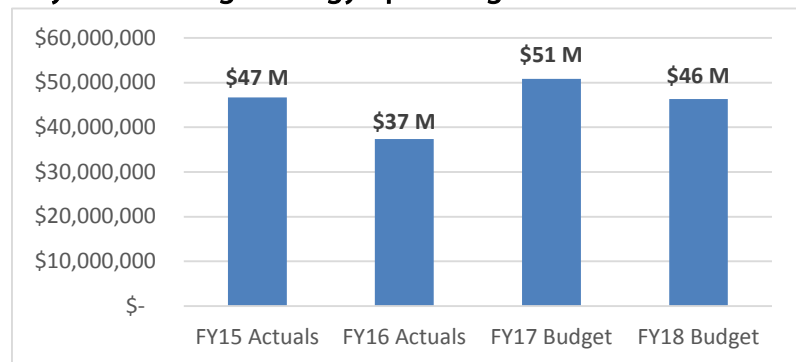
City Gas and Electric Utility Billing Audit

The City Needs to Develop a Comprehensive Control Environment for Managing Gas and Electric Utility Charges

The City of San Diego manages a vast real estate and infrastructure asset portfolio to provide essential services to San Diego residents. Managing the utility needs for the City's immense asset portfolio presents challenges.

The City has approximately 3,500 gas and electric utility accounts with SDG&E, which covers nearly every available utility rate type. Appropriate bill payment, billing dispute management, and consumption analysis is an important part of the City's efforts to manage utility accounts and energy efficiency.

City of San Diego Energy Spending



What OCA Found

We found that the City has not developed a sufficient internal control framework over gas and electric utility account management. We determined that the City does not have a program which provides assurance that the City is charged the lowest qualifying utility rate. Also, the City has not developed a comprehensive program to evaluate the accuracy of utility invoices prior to authorizing payment.

Without a comprehensive control framework for reviewing gas and electric utility account information, the City misses opportunities to identify potential cost savings and SDG&E invoice errors. We identified modest potential bill reductions totaling approximately \$17,000 in 19 of 48 City accounts that SDG&E said were eligible for lower rates.

SDG&E has billed the City incorrectly in the past. The Public Utilities Department identified an incorrect billing that overcharged the City by \$1.7 million. City management should establish a comprehensive control framework to ensure the City is not overpaying for gas and electric utility services.

We also identified utility account management concerns specific to street lights. The City has approximately 60,000 street lights providing illumination for the public right of way. The City has approximately 100 accounts for street lights, which are assigned one of two billing rate codes.

We determined that the City is not adequately review street light billing for accuracy. Furthermore, there is no established process to ensure that new streetlights are billed to the correct street light account.