



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: City Auditor

Meeting Date: March 20, 2023

Report #: 2303-1082

TITLE

Approval of Office of the City Auditor's Utility Work Order Process and Control Review Report

RECOMMENDATION

The Policy and Services Committee, City Auditor, and Staff recommend that the City Council approve the Utility Work Order Process and Control Review report.

BACKGROUND

Baker Tilly, in its capacity serving as the Office of the City Auditor (OCA), performed a citywide risk assessment that assessed a wide range of risk areas, including strategic, financial, operational, compliance, technological, and reputation risks. The purpose of the assessment was to identify and prioritize risks to develop the annual audit plan.

During the FY2021 risk assessment¹, the OCA identified a utility risk related to work order processes. With customers' utility needs, it is vital that work order processes operate optimally.

DISCUSSION

The City of Palo Alto Utilities (CPAU) offers its residents and businesses a suite of utility services, including electricity, natural gas, water, and sanitary sewer (wastewater). All four utilities have a similar organizational structure around the work order process which includes designers, engineers, project utility coordinators, operations crew, and accountants who all play a vital role in ensuring that utility services are provided in a manner consistent with CPAU's mission. Utility work orders include capital and customer work orders as well as maintenance jobs. The electric utility follows a slightly different process and uses different software systems than the water, gas, and wastewater utilities.

¹ FY2021 risk assessment <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-11952.pdf>

The objectives of the Utility Work Order Process Review were to:

- 1) Determine whether adequate controls around the work order process are in place and working effectively
- 2) Assess the work order process against best practices

To evaluate work order controls, audit testing was conducted on a sample of electric, water, gas and wastewater work orders.

The attached report summarizes the analysis, audit findings, and recommendations.

FISCAL/RESOURCE IMPACT

The corrective action plans and the timeline for implementation are identified within the attached report.

STAKEHOLDER ENGAGEMENT

The Office of the City Auditor worked primarily with Utilities Department and engaged with additional stakeholders, including the City Manager's Office and the City Attorney's Office, as necessary.

ATTACHMENTS

Attachment A: OCA - Utility Work Order Process and Control Review Report