



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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22-09 Colorado Springs Utilities Southern Delivery System Partner Billing - 2021

April 2022

Purpose

The purpose of this audit was to verify the accuracy of partner cost allocations related to operation of the Southern Delivery System (SDS). Per the Intergovernmental Agreement among the City of Colorado Springs, City of Fountain, Security Water District, and Pueblo West Metropolitan District for operations, maintenance, replacement and expansion of the SDS; "A review of the accuracy of the participant's cost allocation shall be included in the City of Colorado Springs City Auditor's audit of SDS operations following their normal audit schedule and procedures."

Highlights

Based on our review, we conclude the operations and maintenance partner cost allocations for the Southern Delivery System (SDS) were accurate and met the guidelines in the Intergovernmental Agreement (IGA).

To evaluate operating cost allocations, we reviewed Colorado Springs Utilities (Utilities) 2021 billed invoices against supporting documentation as well as the IGA for both fixed and variable costs. The audit included the detailed review of a single month in 2021, an overview of the remaining months for that year, and a review of the SDS Flows report. During this step, we reviewed the SDS Flows report for reasonableness. We also inquired of Utilities if there were any changes to the IGA or partnership participation for 2021. Utilities indicated there were no changes.

We would like to thank Colorado Springs Utilities for their assistance during this audit.

SDS Partner Cost Allocations

2021 SUMMARY	SECURITY	FOUNTAIN	PUEBLO WEST	TOTAL
FIXED COSTS	\$ 41,522.52	\$ 117,330.70	\$ 281.25	\$ 159,134.47
CHEMICAL USAGE	\$ 39,433.37	\$ 31,682.70	\$ -	\$ 71,116.07
POWER FOR PUMPING	\$ 189,053.32	\$ 142,418.86	\$ -	\$ 331,472.18
CONTRACTED ADDITIONAL CAPACITY (CAC)	\$ 332,406.41	\$ 495.47	\$ -	\$ 332,901.88
ADMINISTRATION	\$ 15,218.40	\$ 28,135.92	\$ -	\$ 43,354.32
TOTAL	\$ 617,634.02	\$ 320,063.65	\$ 281.25	\$ 937,978.92

Background on SDS

The Southern Delivery System (SDS) was a Colorado Springs Utilities multi-year construction project, bringing water from the Pueblo Reservoir to Colorado Springs and its partners. An IGA was executed between Colorado Springs, Fountain, Security, and Pueblo West to establish ongoing operating protocols and cost sharing. The partners have an ongoing responsibility to pay operations and maintenance costs based on usage of SDS water and relative involvement with the pump stations and treatment plant per the IGA.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.