



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 18-34 Colorado Springs Utilities Southern Delivery System Partners

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### Purpose

The purpose of this audit was to verify the accuracy of partner cost allocations related to 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, "A review of the accuracy of the Participants' 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 concluded the operations and maintenance partner cost allocations for the Southern Delivery System (SDS) were accurate and met the guidelines in the Inter-governmental Agreement (IGA). No issues were identified during the audit.

The Southern Delivery System (SDS) was a Colorado Springs Utilities (Utilities) multi-year construction project, bringing water from the Pueblo Reservoir to Colorado Springs and its partners. An IGA was executed to establish ongoing operating protocols and cost sharing. The partners contributed approximately 5% of the total SDS construction costs. The partners also have an ongoing responsibility to pay certain operations and maintenance costs per the IGA. Each partner's cost is based on usage of SDS water and relative involvement with the pump stations and treatment plant.

To evaluate operating cost allocations, we reviewed 2017 Utilities' 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 2017 and an overview of the remaining months for that year. We found no discrepancies in the data. We also inquired of Utilities if there were any changes to the IGA or partnership participation for 2017. Utilities indicated there were no changes.

2017 SUMMARY	SECURITY	FOUNTAIN	PUEBLO WEST	TOTAL
FIXED COSTS	\$ 38,113.45	\$ 106,736.59	\$ 167.17	\$ 145,017.21
CHEMICAL USAGE	\$ 53,710.09	\$ 31,707.35	\$ -	\$ 85,417.44
POWER FOR PUMPING	\$ 214,503.68	\$ 163,017.04	\$ -	\$ 377,520.72
CONTRACTED ADDITIONAL CAPACITY	\$ 493,476.30	\$ 368.89	\$ -	\$ 493,845.19
MOUNTAIN VIEW ELECTRIC	\$ 180.24	\$ 28.49	\$ -	\$ 208.73
ADMINISTRATION	\$ 7,874.89	\$ 13,749.67	\$ -	\$ 21,624.56
<b>TOTAL</b>	<b>\$ 807,858.65</b>	<b>\$ 315,608.03</b>	<b>\$ 167.17</b>	<b>\$ 1,123,633.85</b>

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.