



City of San Antonio

Agenda Memorandum

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AUDIT COMMITTEE SUMMARY

April 17, 2018

Audit of Office of Sustainability Energy Efficiency Fund

Report Issued October 20, 2017

Audit Objective

Determine if oversight of the Energy Efficiency Fund is adequate to include allocation of funds and monitoring of performance metrics.

Background

The Office of Sustainability (OS) is responsible for optimizing utility efficiency and savings at City-owned properties. Properties include office buildings, warehouses, recreation centers, health clinics, and police and fire stations. OS created the Energy Retrofit Program (Program) to be an ongoing energy conservation effort that would yield long-term energy and water savings to City-owned property.

The main financial mechanism designed to capture savings from all energy efficiency projects is the “Energy Efficiency Fund” (Fund). The Fund was seeded by using \$4.6 million of a federal stimulus program and designed to receive utility savings from completed conservation projects as well as any incentives and rebates from CPS Energy or SAWS. The utility savings is recognized from a reduction in departmental energy consumption due to more efficient equipment installation.

The Fund is monitored by OS staff to ensure savings from conservation projects are reinvested in future projects. The completed projects have included HVAC units, lighting, pool pumps, and transformers. OS provided oversight of 29 projects in fiscal year 2015 and 13 projects in fiscal year 2016, with approximate savings of \$298,000 and \$102,000 respectively.

Audit Scope and Methodology

The audit scope included projects in fiscal years 2015 and 2016. We reviewed completed sustainability projects to determine if projects were allowable, supported and properly approved. We verified project cost savings were accurately allocated. Finally, we reviewed performance metrics were documented and accurately reported.

Audit Conclusions

Oversight of the Energy Efficiency Fund is adequate to include the allocation of funds and monitoring of performance metrics. Controls were in place to ensure sustainability projects were allowable, adequately supported, and properly approved. In addition, Fund expenditures were appropriately used for sustainability initiatives.

However, the methodology to allocate costs savings from departments to the Fund was inconsistent. Departments were allocating costs savings prior to project completion and delaying allocation to the Fund for other projects resulting in an over allocation of \$45,000. In addition, consultant assessments did not match the cost savings being transferred to the Fund. We also identified \$10,000 allocated for a project that was cancelled.

We made recommendations to address the issues identified. Management concurred with the recommendations and developed a positive corrective action plan.