



January 15, 2019

## Blue Plains Operations and Maintenance Billings Audit – Fiscal Year's 2015 and 2016

Project # 17-BP-01

A Report to:

**Commissioners:**

Chair, T. Eloise Foster  
Vice Chair, Chris Lawson  
Fausto R. Bayonet  
Omar M. Boulware  
Howard A. Denis  
Thomasina V. Rogers

**General Manager/CEO:**

Carla A. Reid

**Corporate Secretary:**

Sheila R. Finlayson, Esq.



**Washington Suburban  
Sanitary Commission**

Office of the Inspector General  
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Laurel, MD 20707  
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COMMISSIONERS

T. Eloise Foster, Chair  
Chris Lawson, Vice Chair  
Fausto R. Bayonet  
Omar M. Boulware  
Howard A. Denis  
Thomasina V. Rogers

GENERAL MANAGER  
Carla A. Reid

January 15, 2019


Mr. David Gadis, General Manager and CEO  
District of Columbia Water and Sewer Authority  
5000 Overlook Avenue, S.W.  
Washington, DC 20032

Dear Mr. Gadis,

As provided for in the Blue Plains Intermunicipal Agreement (IMA), we have completed our audit of the Fiscal Year's 2015 and 2016 Operations and Maintenance (O&M) Billings.

As we finalized IMA adjustments, we discussed them with the personnel in the Financial Reporting and Billing Unit, District of Columbia Water and Sewer Authority (DC Water), provided supporting documents, and obtained their agreement. We appreciate the cooperation and assistance provided by DC Water staff throughout our audit. Please find enclosed a summarization of the IMA billing adjustments for the years indicated, which total **\$1,962,678.58** in overbilling to the Washington Suburban Sanitary Commission (WSSC).

Sincerely,



Arthur A. Elkins, Jr.  
Inspector General

Enclosures

cc: General Manager/CEO, (C. Reid), w/o enclosures  
DGM of Administration (J. Beach), w/o enclosures  
General Counsel, (A. Conn), w/o enclosures  
Chief of Staff, (J. Vincent), w/o enclosures  
Chief Financial Officer (P. Colihan), w/o enclosures  
DC Water, Chief Financial Officer, (M. Brown), w/ enclosures

bcc: DC Water, Controller, (J. Madrid) via email  
DC Water, Financial Reporting and Billing Manager, (G. Malasy) via email  
DC Water, Senior Financial Analyst, (Y. Gautam) via email

# WASHINGTON SUBURBAN SANITARY COMMISSION

## Interoffice Memorandum

**TO:** CHAIR FOSTER, VICE CHAIR LAWSON,  
COMMISSIONER BAYONET, COMMISSIONER BOULWARE,  
COMMISSIONER DENIS, COMMISSIONER ROGERS  
GENERAL MANAGER REID

**THRU:** ARTHUR A. ELKINS, JR., INSPECTOR GENERAL *AE*  
OFFICE OF THE INSPECTOR GENERAL

**THRU:** MAXENE M. BARDWELL, AUDIT DIRECTOR *MB*  
OFFICE OF THE INSPECTOR GENERAL

**FROM:** ANGELA MAKLE FORTUNE, SENIOR AUDITOR *AMF*  
JANICE HICKS, AUDITOR *JH*  
DEE TOK, AUDITOR *DT*  
OFFICE OF THE INSPECTOR GENERAL

**DATE:** JANUARY 15, 2019

**SUBJECT:** **OFFICE OF THE INSPECTOR GENERAL REPORT  
REVIEW OF WSSC'S SHARE OF FISCAL YEAR'S 2015 AND 2016  
OPERATIONS AND MAINTENANCE BILLINGS**

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As provided for in the Blue Plains Intermunicipal Agreement (IMA), we have completed our audit of Fiscal Years' 2015 and 2016 Operations and Maintenance (O&M) Billings.

As we finalized each audit adjustment, we discussed it with personnel in the Finance Department, District of Columbia Water and Sewer Authority, provided supporting documents, and obtained their agreement. In addition, this audit includes WSSC Planning Division's Rock Creek Meter flow adjustment for fiscal year 2016.

Please find attached, a summarization of the IMA billing adjustments for the years indicated, which total **\$1,962,678.58** in overbilling to WSSC.

Attachment

cc: Corporate Secretary, (S. Finlayson)  
DGM for Administration (J. Beach)  
DGM for Operations (J. Price, Jr.)  
General Counsel, (A. Conn)  
Chief of Staff, (J. Vincent)  
Acting Chief Engineer, (T. Grojean)  
Chief Financial Officer, (P. Colihan)  
Chief of Plant Operations, (J.C. Langley)  
Accounting Division Manager, (K. Luquette)  
Budget Division Manager, (L. Carolina-Powell)  
Planning Division Manager, (T. Hilton)  
Planning Manager II, (C. Mojica)

OFFICE OF THE INSPECTOR GENERAL  
 FY 2015 & FY 2016 O&M Bills Audit  
 Adjustments for WSSC

Adj. No.	Title	Description	Worksheet(s) Modified	FY 2015 Under (Over) Payment	FY 2016 Under (Over) Payment
1	Adjustment of the User Fee Allocation	Include Loudoun Water in the User Fee Allocation per the 2012 IMA.	Worksheet 29 Calculation of the Annual User's Fee and Worksheet 8 Loudoun_Recap	\$ (127,194.00)	\$ -
2	Adjustment of the Job Codes	Adjust the job codes for alignment with the job descriptions.	Worksheet - Job List	\$ (65,452.00)	\$ (40,005.00)
3	Adjustment of Natural Gas Worksheet	Adjust worksheet to incorporate the IMA share %.	Worksheet 26 - Natural Gas Detail	\$ (25,221.00)	\$ -
4	Adjustment of Fleet Costs	Adjust the fleet allocation and align with process in the FY16 O&M Bill.	Worksheet 91 - Expenditure Data Worksheet-Fleet Allocation Worksheet 86-Indirect Cost Statistics	\$ (155,570.00)	\$ -
5	Adjustment of Finance Costs	Adjust the Finance cost to exclude unallowable non-IMA costs.	Worksheet 74 Finance Costs	\$ (34,335.00)	\$ (30,934.00)
6	Adjustment of Electricity Credit	Incorporate additional credit into the Electricity Credit Worksheet.	Worksheet 28 - Electricity Credit for the IMA Bill	\$ (258,046.00)	\$ -
7	Adjustment of Water Costs	Revise the Water Bills Table: a) consumption difference for Potomac Pump in FY15 and b) water bill adjustments not included in the O&M Bill for FY16.	Worksheet 27 - Water Bills Table	\$ (10,850.00)	\$ (5,454.00)
8	Adjustment of Litigation Costs	Revise the Expenditure Database for non-IMA Litigation costs.	Worksheet 91 - Expenditure Data	\$ (291,799.00)	\$ (248,598.00)
9	Adjustment of Security Costs	Revise the Security costs for Allied Barton invoices and allocation correction.	Worksheet 91 - Expenditure Data Worksheet 83-Security Allocation 1 Worksheet 84-Security Allocation 2 Worksheet 86-Indirect Cost Statistics	\$ 182,215.00	\$ 146,526.00
10	Adjustment of Indirect Costs and Worksheet Allocations	Adjust SCADA costs, and the Indirect Allocations for IT, Risk, Pretreatment, and Materials Mgmt.	Worksheet 91 - Expenditure Data Worksheet 87-Indirect Cost Results Percentage Worksheet 86-Indirect Cost Statistics	\$ 130,742.00	\$ (10,043.00)

OFFICE OF THE INSPECTOR GENERAL  
 FY 2015 & FY 2016 O&M Bills Audit  
 Adjustments for WSSC

Adj. No.	Title	Description	Worksheet(s) Modified	FY 2015 Under (Over) Payment	FY 2016 Under (Over) Payment
11	Adjustment of BMS	Incorporate supervisory allocation and revise accrual transaction.	Worksheet 91 - Expenditure Data	\$ (17,643.00)	\$ (51,434.00)
12	Adjustment of WWTP	Adjust pretreatment and non-IMA costs.	Worksheet 91 - Expenditure Data	\$ (147,999.00)	\$ (63,649.00)
13	Adjustment of Flow	WSSC Planning Division (C. Mojica)- flow correction adjustment. Revised flow calculated and agreed by DC Water & WSSC.	Worksheet 25-Annual Flow Input Table	\$ -	\$ (750,871.00)
			Total Adjustment Before Interest	\$ (821,152.00)	\$ (1,054,462.00)
			Interest (Calculated to 01/31/19)	\$ (43,355.68)	\$ (43,708.90)
			Total Refund to WSSC including Interest	\$ (864,507.68)	\$ (1,098,170.90)
			Total Refund to WSSC FY2015 & FY2016	\$	\$ (1,962,678.58)