



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Internal Audit

CITY AUDITOR: Madison Rorschach

DATE: November 14, 2023

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding Audit Project 021 – Water System Operations: Rate Structure, Distribution, and Production Follow-Up Review.

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Pursue Organizational Excellence and Collaborative and Respectful Leadership.

BACKGROUND

City of Denton Charter Article VI, Section 6.04 states, the City Internal Auditor is responsible for providing an independent appraisal of City operations as directed by the City Council. These audits are conducted in accordance with *Generally Accepted Government Auditing Standards* promulgated by the US Government Accountability Office.

Per *Government Auditing Standards*, internal auditors should make audit reports available to the public and should communicate results to the parties who can ensure that the results are given due consideration. In order to meet these *Government Auditing Standards*, the City of Denton's Internal Audit Procedures Manual requires finalized audit reports to be presented to the City Council. Once presented, all published reports can be found on the City of Denton's [Internal Audit Webpage](#).

DISCUSSION

This follow-up review is intended to provide a progress update on recommendations from the Audits of Water System Operations: Rate Structure, Water System Operations: Distribution, and Water System Operations: Production originally issued in June, July, and September 2021 respectively. The water system operations audit evaluated the effectiveness of controls over the City's water demand management strategies, water distribution infrastructure construction and maintenance, and water production quality and capacity.

RECOMMENDATION

Staff recommends Audit Project 021 – Water System Operations be closed until a second follow-up review can be completed in about two to three years.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Jun. 22, 2021:	Original Audit Phase 1 Rate Structure Presented During Work Session
Jul. 27, 2021:	Original Audit Phase 2 Distribution Presented During Work Session
Sep. 14, 2021:	Original Audit Phase 3 Production Presented During Work Session

Sep. 19, 2023: Fiscal Year 2023-24 Annual Internal Audit Plan Adopted

EXHIBITS

1. Agenda Information Sheet
2. Follow-Up Review of the Audit of Water System Operations: Rate Structure, Distribution, and Production
3. Presentation

Respectfully submitted:
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City Auditor