



Financial Services Audit Committee Communication

Date: January 19, 2018

To: Great Lakes Water Authority Audit Committee

From: Alicia Haskin, Management Professional – Intergovernmental Relations

Re: Update: GLWA and DWSD Shared Services True-Up Status

Background: As a result of the regional water and sewer system implementation, it was agreed by both Great Lakes Water Authority (GLWA) and Detroit Water and Sewerage Department (DWSD) that certain services would be provided by one agency to the other. These Shared Services were outlined in the Shared Services Agreement (the Agreement) on December 1, 2015, in order to facilitate and enhance the efficiency of the operation of both systems, as well as, to avoid duplication of services and functions by both parties.

For the fiscal year June 30, 2016 (FY 2016) there was a monthly invoice for each Shared Service based on an agreed upon budget, as provided in the Agreement. Per Section 5.1 of the Agreement, at the end of each fiscal year there is a requirement for a Cost Analysis to be completed (“True-up”) to determine the actual costs of providing such services compared to the originally budgeted amounts.

The Shared Service Agreement states that:

“Each invoice, whether for Services provided regularly or “as-needed,” shall itemize the costs and charges by Services provided under each Service Delivery Schedule, and shall provide sufficient detail to the Subscribing Party to identify the Services performed and the basis for the charges. A Performing Party may only charge the Service Costs for Services provided.” (Section 5.1)

The Shared Services Team for GLWA has diligently reviewed all costs for each service provided to DWSD in FY 2016. The FY 2016 True-up for each shared service provided by GLWA has been given to DWSD for analysis.

Analysis: The following is an update of the True-Up process.

Fiscal Year 2016 Update

The table below lists the status of each Shared Service based upon GLWA's staff analysis. Those items with "Outstanding Issue" will be further discussed below. As of the last meeting on January 12, 2018 between the GLWA and DWSD Shared Services Teams, there was no known issues identified by DWSD with the true-up materials submitted by GLWA for the items identified as "Resolved."

Shared Service	Description	Provider	GLWA Status
OPS-001	Fleet	DWSD	Outstanding Issue
OPS-002	MISS DIG	DWSD	Outstanding Issue
OPS-003	As Needed Field Service	DWSD	Outstanding Issue
OPS-004	Water Quality	GLWA	Resolved
OPS-005	Security and Integrity	GLWA	Resolved
OPS-006	Facilities	DWSD	Outstanding Issue
OPS-007	WWTP IWC Underground Storage Tank	N/A – not needed	
OPS-008	Systems Control	GLWA	Outstanding Issue
ITS-001	Retail AMR	GLWA	Resolved
ITS-002	Customer Service Tech Suite	GLWA	Resolved
ITS-003	See Click Fix	GLWA	Resolved
ITS-004	WAM	GLWA	Resolved
ITS-005	Mobile Workforce Management	GLWA	Resolved
ITS-006	ESRI-GIS	GLWA	Resolved
ITS-007	DADS	GLWA	Resolved
ITS-008	Tibco	GLWA	Resolved
ITS-009	Infrastructure	GLWA	Resolved
DoIT-001	Financial Information System	City of Detroit	Outstanding Issue
DoIT-002	Radios	City of Detroit	Outstanding Issue
DoIT-003	Customer Service Tech Suite	City of Detroit	Outstanding Issue
Training	Training	GLWA	Resolved
PRO-001	Applications Analyst	GLWA	Resolved
LS-001 - LS-003	Legal Services	Both	Resolved

The following list describes the nature of the outstanding issue for FY 2016 Shared Services.

OPS-006 – Facilities

- Although this service was to be provided by DWSD, DWSD was unable to provide the level of service as stated in the agreement due to staffing shortage. GLWA provided some of the service to DWSD on an interim basis.
- At this time, GLWA management is reviewing the information received and is submitting questions to DWSD as it relates to personnel costs and assignments.
 - Update: January 12, 2018 - DWSD informed GLWA Shared Services Team that additional staff hours needed to be added to the DWSD True-Up received at a prior date by GLWA.
 - Update: Due to DWSD's request to add staff hours GLWA Shared Services Team is meeting with Cheryl Porter and Paula Anderson on Friday, January 26, 2018 to discuss the addition of staff hours.
- OPS-008 – Systems Control
 - In the process of completing the True-up for this Shared Service the detail regarding the allocation of facilities and sites was not available. GLWA staff has recreated the allocation based on best available information.
 - DWSD has requested a meeting with GLWA management to discuss the proposed new allocation by GLWA.
 - Update: January 12, 2018 - DWSD has completed a written response by Deputy Director Palencia Mobley's team. DWSD is conducting an internal meeting on January 24, 2018 prior to submitting the information to GLWA for review.
 - DWSD also provided certain Shared Services to GLWA. All True-ups have been received by GLWA. There are outstanding questions with the provided information from DWSD as summarized below.
- OPS-001 – Fleet
 - GLWA has requested backup documentation to detail both the salary and other costs associated with this True-up.

- Update: On January 18, 2018 the payroll information was provided to GLWA Shared Service Team by DWSD.
- OPS-002 – MISS DIG
 - GLWA management is reviewing the True-up to determine if all charges are acceptable.
 - Update: GLWA Shared Services Team is meeting with Cheryl Porter and Paula Anderson on Friday, January 26, 2018 to get final approval of DWSD True-Up.
- OPS-003 – As Needed Field Services
 - GLWA management has reviewed the information provided and on November 13, 2017 submitted a detailed list of the disputed costs for DWSD's review.
- OPS-006 – Facilities
 - DWSD has requested a meeting to discuss a possible administrative fee for this Shared Service, rather than the actual costs of employee time.
 - Update: GLWA Shared Services Team is meeting with Cheryl Porter and Paula Anderson on Friday, January 26, 2018 to discuss this request.

There are three Shared Services that are provided by the City of Detroit. There are outstanding issues with each of these Shared Services as detailed below.

- DoIT-001 – Financial Information System
 - GLWA management is reviewing the information as received by the City of Detroit.
- DoIT-002 – Radios
 - This True-up has not been received to date.
 - Update: January 12, 2018 - DWSD informed GLWA Shared Services Team that this True-Up may never be received from the City of Detroit.
- DoIT-003 – Customer Service Tech Suite
 - This True-up has not been received to date.
 - Update: January 12, 2018 - DWSD informed GLWA Shared Services Team that DWSD is waiting for a report that will specify the breakout

of the costs for this service. There are some costs that are DWSD only and others that will be shared costs.

There were also transition costs that were associated with the bifurcation. The following list of transition costs paid by GLWA have no outstanding issues as of the last meeting with DWSD Shared Services Group.

- Lakeshore Invoices
- Bank/Credit Card Fees
- Invoices paid by GLWA on behalf of DWSD
- P-Card activity

The following is a list of transition costs paid by DWSD and the related status.

- Employee termination payouts (no outstanding issues)
- Fuel (currently being reviewed by GLWA management)
 - GLWA Shared Services Team is meeting with Cheryl Porter and Paula Anderson on Friday, January 26, 2018 to discuss the fuel charges by DWSD.
- Joint contract billing (currently being reviewed by GLWA management)

Next Steps FY 2016: There are several meetings that will be needed between GLWA and DWSD staff to come to an agreement on the outstanding issues.

- Update: Meetings have been scheduled with GLWA management to review FY16 outstanding issues and other meetings will be scheduled after DWSD provides the requested information.

Per Section 5.1 of the Agreement the parties shall engage, and share the costs of, a third-party to analyze the actual Service Costs. This will be the final step to complete the FY 2016 True-Up.

Fiscal Year 2017 Update

Below lists the status of each Shared Service for GLWA. Those items with “In progress” are currently being reviewed for all costs that are associated with providing the service to DWSD. There are several items that are “Complete” with the analysis of costs by the GLWA Shared Services Team.

Shared Service	Description	Provider	GLWA Status
OPS-001	Fleet	DWSD	Open
OPS-002	MISS DIG	DWSD	In progress
OPS-003	As Needed Field Service	DWSD	Open

Shared Service	Description	Provider	GLWA Status
OPS-004	Water Quality	GLWA	Complete
OPS-005	Security and Integrity	GLWA	In progress
OPS-006	Facilities	DWSD	Complete
OPS-007	WWTP IWC Underground Storage Tank	N/A – not needed	
OPS-008	Systems Control	GLWA	In progress
ITS-001	Retail AMR	GLWA	In progress
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ITS-005	Mobile Workforce Management	GLWA	In progress
ITS-006	ESRI-GIS	GLWA	In progress
ITS-007	DADS	GLWA	In progress
ITS-008	Tibco	GLWA	In progress
ITS-009	Infrastructure	GLWA	In progress
DoIT-001	Financial Information System	City of Detroit	Open
DoIT-002	Radios	City of Detroit	Open
DoIT-003	Customer Service Tech Suite	City of Detroit	Open
Training	Training	GLWA	Complete
PRO-001	Applications Analyst	N/A – not needed	
LS-001 - LS-003	Legal Services	Both	In progress

There is one major outstanding issues for FY 2017 True Up. This is the clarification needed for the allocation for OPS-008 – Systems Control. This issue is left over from the FY 2016 outstanding issues. When the meeting between management occurs and if an agreement can be reached for the allocation than FY 2017 True-up of OPS-008 will be calculated.

Next Steps FY 2017: The GLWA and DWSD Shared Services Teams will continue to meet to discuss any open issues for FY 2017. Once all Shared Services True-Ups are complete the information will be shared with the other party for review.

Per Section 5.1 of the Agreement the parties shall engage, and share the costs of, a third-party to analyze the actual Service Costs. This is a requirement for each fiscal year. This will be the final step to complete the FY 2017 True-Up.

Proposed Action: Receive and file report.