



Financial Services Audit Committee Communication

Date: June 21, 2019

To: Great Lakes Water Authority Audit Committee

From: Alicia Haskin, Management Professional – Intergovernmental Relations

Re: FY 2017 Shared Services True-Up Completion

Background: The Great Lakes Water Authority (GLWA) and the Detroit Water and Sewerage Department (DWSD) are parties to a Shared Services Agreement (the Agreement) dated December 1, 2015. This agreement provides the framework for shared services for the efficient operation of both entities.

On a monthly basis, an invoice is prepared based on an agreed upon annual budget. While the intent is for the monthly invoice to represent actual costs, the reality is that the timing of certain vendor invoices and accumulation of internal charges requires a “true-up” process. That being said, the intent is to condense the true-up timeline each fiscal year.

The Shared Service Agreement (Section 5.1) 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.”

In addition, the parties have come to realize that an exact itemization generates a level of detailed analysis that is not cost effective to produce. The data and experience garnered from the first three years of the program are leading a more efficient method of calculating costs while staying true to the intent of Section 5.1 above.

Analysis: The Fiscal Year 2017 (FY 2017) Shared Services True-Up has been finalized. GLWA and DWSD teams have reviewed all costs for each Shared Service and an agreement has been reached.

Per the Agreement each team prepared a true-up analysis to calculate the proposed billings. For those Shared Services where there were differences, an amount was

negotiated to settle on a billing that was reasonable based on the documentation available and agreeable to by both parties.

In addition to the Shared Services outlined in the Agreement, there have been transition costs that continue. These are costs that were not stated in the Agreement, but the costs are shared by both entities. The DWSD and GLWA teams have reviewed all transition costs and have also come to an agreement.

There were two shared services where information was not available for either DWSD or GLWA from the City of Detroit when the exchange of true up information occurred. Attempts to obtain this information remain unanswered. The two services are DoIT-001 – Financial Information Services and DoIT-002 – Radios. For the FY 2016 true-up (6 months) this information was also not available. As part of the FY 2016 true-up GLWA paid DWSD \$75,000 for each service. If information becomes available for FY 2017, GLWA will pay the appropriate costs associated for these two shared services. Every attempt will be made to see if this matter can be resolved with the FY 2018 true-up in process.

In Summary:

GLWA Provider True-Up Billings \$12,455,776

DWSD Provider True-Up Billings \$3,644,780

The following are the details of the Provider billing proposals, the Subscriber proposals and the final agreement to the actual true-up costs.

GLWA as the Provider:

GLWA Provider Shared Service Description	GLWA Total Billings to DWSD	DWSD Disputes- Increase/ (Decrease)	Adjusted billing
OPS-002 Miss Dig	\$ 18,122	\$ (18,122)	\$ 0
OPS-004 Water Quality	208,117		\$ 208,117
OPS-005 Security	2,692,014	(2,857)	\$ 2,689,157
OPS-005 Security Training	7,990		\$ 7,990
OPS-006 Facilities	4,337	(4,337)	\$ (0)
OPS-008 Systems Control Center	955,850	(223,812)	\$ 732,038
ITS-001 Retail AMR	387,408	(5,685)	\$ 381,722
ITS-002 Customer Service Tech Suite	41,179	(7,074)	\$ 34,105
ITS-003 See Click Fix	200,789	(5,685)	\$ 195,104
ITS-004 WAM	1,473,943	(1,563)	\$ 1,472,379
ITS-005 Mobile Work Force	320,994	(3,980)	\$ 317,015
ITS-006 ESRI-GIS	1,201,056	(3,411)	\$ 1,197,645
ITS-007 DADS	94,754	(2,843)	\$ 91,911
ITS-008 TIBCO	122,874	(2,274)	\$ 120,599
ITS-009 IT Infrastructure	3,678,906	(294,935)	\$ 3,383,971
PRO-001 Application Analyst	-		\$ -
LS-001-A Joint Litigation and Defense, LS-001-B Environment, LS-002 Environment, LS-003 Contract Drafting	8,043		\$ 8,043
Subtotals	\$ 11,416,375	\$ (576,579)	\$ 10,839,797
Other items to bill not a defined shared service code			
DWSD-R Staff Training by GLWA	\$ 14,395	\$ (627)	\$ 13,768
Bank Fees	907,832		\$ 907,832
Lakeshore Invoices	676,875		\$ 676,875
Public Finance	19,121	(1,615)	\$ 17,506
Subtotal	1,618,222	(2,242)	\$ 1,615,980
Grand Total	\$ 13,034,597	\$ (578,821)	\$ 12,455,776

DWSD as Provider:

DWSD/City of Detroit Provider Shared Service Description	DWSD Total Billings to GLWA	GLWA Disputes- Increase/ (Decrease)	Adjusted billing
OPS-001 Fleet	\$ 1,205,739	\$ (210,785)	\$ 994,954
OPS-002 Miss Dig	52,233	(6,384)	\$ 45,849
OPS-003 As Needed Field Services	66,644	(45,091)	\$ 21,553
OPS-006 Facilities	2,220,936	(101,886)	\$ 2,119,049
DoIT-001 Financial Information Services *	-		\$ -
DoIT-002 Radios *	-		\$ -
DoIT-003 Customer Service Technology Suite	65,601		\$ 65,601
Subtotals	\$ 3,611,152	\$ (364,146)	\$ 3,247,006
Other items to bill not a defined shared service code			
Fuel	\$ 72,300		\$ 72,300
WAM Invoices	230,532		\$ 230,532
DWSD Help Desk Staff FY17		94,941	\$ 94,941
			\$ -
Subtotal	302,832	94,941	\$ 397,773
Grand Total	\$ 3,913,985	\$ (269,205)	\$ 3,644,780

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve the payment of the FY 2017 Shared Services True Up.