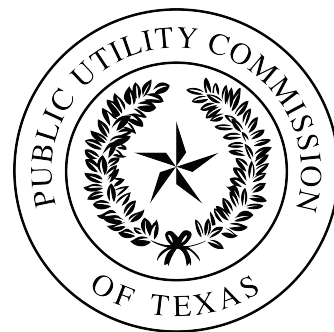


An Internal Audit Report

Central Records Division



September 2021

Executive Summary

The Central Records Division receives and processes filing submissions for cases before the Commission. Central Records staff members assist customers, utility representatives, the general public, and staff with filing documents on docketed cases and ongoing agency projects. Filed documents include pleadings, testimony and briefs, affidavits, requests for information, rulemakings, registrations, tariffs, certificates of convenience and necessity, sale, transfer, and mergers, interconnection agreements, automatic dial announcing devices, and annual reports. Adhering to PUC Procedural rules 22.71 and 22.72, staff reviews filings and also evaluates documents for compliance with Federal and State Privacy Laws prior to Central Records processing. Central Records also processes confidential materials, workshop and open meeting transcripts, and agency publications, and works with the Financial Resources division on billing and payments for registrations, copies and publications.

The audit focused on several operational aspects within Central Records that included the confidential filing process, payment processing, and adherence to both Public Utility Commission rules and specific state statutes affecting the division.

Testing identified two areas that should be addressed to increase the effectiveness of the division.

- Security for confidential filings should be strengthened.
- Public Utility Commission procedural rules should be updated to include electronic filings.

Overall, Central Records has controls in place and provided evidence that the division is operating as it should. The division was tasked with monumental changes to their procedures over the last year as a direct result of the Covid Pandemic and Winter Storm Uri. Even though the division was significantly impacted by the two events, the division found a way to excel and improve processes during this time. This did not go unnoticed during the audit and the division should be commended for how they handled these difficult events.

Summary of Audit Objectives, Scope, and Methodology

The objective of this audit is to determine whether Central Records has processes and related controls to help ensure the records function at the PUC is conducted in accordance with applicable requirements and ensures reasonable confidence in the process. The scope of this audit included activities from September 2018 through June 2021. The audit methodology included a review of applicable laws, statutes, and division policy and procedures. It also included a review of the physical security for confidential filings and monetary instruments as well as interviews and a review of support documentation maintained by the division.

Detailed Results

Chapter 1

Security for Confidential Filings Should be Strengthened

Testing looked at the physical security and the chain of custody for confidential filings checked out to authorized staff. Minimal lapses in the physical security of confidential filings were detected. In addition, items deemed confidential were noted to be checked out for extended periods of time without a clear indication if the files were still needed by staff. In at least one instance, confidential material received by staff five months ago appeared to be in the custody of an employee who no longer works at the agency. The item was eventually located within the confidential filing room.

Recommendation:

The physical security and chain of custody for confidential filings should be strengthened to ensure all confidential filings are stored in a secure location when not in use. The logbook used to track the chain of custody for confidential filings should be stored in a secure location. Procedures should be strengthened to include regular reviews of the logbook used to track the chain of custody for confidential filings and determine if items checked out for extended periods of time are still needed by staff or should be returned. Central Records should designate someone as the Confidential Coordinator to facilitate the process. In addition, the secured room for confidential materials should only be used for storing confidential and monetary instruments. Staff should not be in the secured room for any other reasons.

Response from Central Records Management:

Central Records agrees with the recommendations. We will include the recommendations in Central Record's Procedure Manual, which is currently being updated.

Additionally, I am in the process of reviewing and revising Central Record's staff job descriptions and titles. I will designate one staff member as the Confidential Coordinator as part of this process.

Target Implementation Date: October 2021

Procedural Rules should be Updated to Include Electronic Filings

Central Records moved to electronic filings (e-filings) for non-confidential items at the beginning of the Covid Pandemic in 2020. The e-filing process is an improvement over the previous paper filing process. Proper safeguards are in place and the process is working well and will continue to improve the efficiency of the filing process. The procedural rules regarding e-filings are currently being prepared but have not gone through the formal process to include electronic filings.

Recommendation:

The Rules and Projects Division should prioritize formalizing the changes the division has made to the procedural rules to reflect the current electronic filing process as soon as possible.

Response from Central Records Management:

Central Records agrees with the recommendation and is willing to do whatever can be done to expeditiously finalize the rule change/update. I brought up the need for these changes in November 2020, and I have been doing my best to keep them on the list of priorities for the PUC. I have made suggested edits and submitted them to the Rules and Projects Division Director.

I would like to get these rules updated and changed, but not without detailed input from a diverse set of perspectives at the PUC. Moving to (almost exclusively) e-filing will and already has affected how PUC staff accesses information, data, records, etc. I would like to better understand how these changes have and will affect staff before we finalize/formalize the changes in our rules.

Target Implementation Date: December 2021

Appendix

Objectives, Scope, and Methodology

Objective

The objective of this audit is to determine whether Central Records has processes and related controls to help ensure the records function at the PUC is conducted in accordance with applicable requirements and ensures reasonable confidence in the process.

Scope

The scope of this audit included activities from September 1, 2018, through June 2021.

Methodology

The audit methodology included a review of applicable laws, statutes, and division policy and procedures. It also included a review of the physical security for confidential filings and monetary instruments as well as staff interviews and a review of support documentation maintained by the division.

Sampling Methodology

Sampling was done using nonstatistical samples from databases, spreadsheets, and all means of data collection used for contract oversight included in the scope of this audit. The samples were used to determine if controls were operating effectively.

Information collected and reviewed includes:

- Confidential filing logbook
- A review of supporting documentation for daily receipts
- Previous division audits
- Mail logs

Testing

Testing included the following:

- A review of the filing process
- A review of the confidential filing process
- Electronic filing process
- Review of mail logs
- A review of payment processing
- A review of Commission procedural rules for the division

The criteria used during the audit was:

- Texas Administrative Code Title 16 -§22.71, §22.72, §21.31, §21.33, §21.35
- Commission Rule 27.71 and 27.72
- Division policies and procedures


Project Information

Audit fieldwork was conducted from August 2021 to September 2021. This was a performance audit conducted in accordance with Generally Accepted Government Auditing Standards. Internal Audit believes that the evidence obtained provides a reasonable basis for the conclusions based on the audit objectives.

PUBLIC UTILITY COMMISSION OF TEXAS

Internal Audit Project #2021-100

February 2021


Michael Sanford
Internal Auditor, Public Utility Commission

This report has been provided to the following:

Mr. Peter Lake, Chairman, Public Utility Commission
Mr. Will McAdams, Commissioner, Public Utility Commission
Ms. Lori Cobos, Commissioner, Public Utility Commission
Mr. Jimmy Glotfelty, Commissioner, Public Utility Commission
Mr. Thomas Gleeson, Executive Director, Public Utility Commission

Copies of this report have been distributed to the following in accordance with Government Code §2102.0091:

Office of the Governor
Ms. Sarah Hicks
Budget, Planning and Policy
Insurance Building, Suite 400.200
Austin, TX 78701

Legislative Budget Board
Mr. Christopher Mattsson
1501 N. Congress Ave., Suite 5.224
Austin, TX 78701

State Auditor's Office
Internal Audit Coordinator
Robert E. Johnson Bldg., Suite 4.224
1501 N. Congress Avenue
Austin, TX 78701