December 14, 2022

To: Chairman Doug Chaffee, Supervisor, 4th District  
   Vice Chairman Donald P. Wagner, Supervisor, 3rd District  
   Supervisor Andrew Do, 1st District  
   Supervisor Katrina Foley, 2nd District  
   Supervisor Lisa A. Bartlett, 5th District

From: Aggie Alonso, CPA, CIA, CRMA  
   Internal Audit Department Director

Subject: Orange County Power Authority Limited Business Process and Withdrawal Cost Review

On August 23, 2022, the Board of Supervisors approved a motion related to a comprehensive audit of the Orange County Power Authority’s (OCPA) operations. As part of the motion, the Board of Supervisors requested a review of the effectiveness of OCPA’s internal controls, policies, and procedures, and of any costs incurred by OCPA on behalf of Orange County (County).

**Background and Purpose**

OCPA is a Community Choice Aggregation (CCA) Joint Powers Authority (JPA) that offers services within the cities of Buena Park, Fullerton, Huntington Beach, Irvine, and unincorporated areas of the County. A CCA allows local governments to procure power from alternative suppliers while still receiving transmission and distribution services from their existing utility provider. OCPA began serving commercial customers for the cities of Buena Park, Fullerton, Huntington Beach, and Irvine in April 2022 and residential customers in October 2022. Service for commercial and residential customers in unincorporated areas of the County is scheduled to begin in November 2023.

The purpose of our engagement was to review business processes covering contracting, disbursements, human resources, payroll, invoicing, and analyze financial data and costs incurred by OCPA on behalf of the County. We reviewed and evaluated OCPA’s policies, procedures, and controls over these key business processes, obtained information related to costs attributable to the County if they were to withdraw from the OCPA, and analyzed financial data.

Our review did not include electricity procurement, the JPA agreement, load forecasting, schedule coordination, or any of the areas covered by the performance audit, which was conducted by Local Power, under contract with the County Executive Office. Our review was not an investigation or examination intended to detect fraud, waste, or abuse. For a complete list of exclusions, please see Attachment A.
Summary of Findings

OCPA did not provide us the documentation necessary to evaluate whether controls over the disbursements and human resources processes were adequate. Specifically, $21.6 million (96%) of the $22.5 million in disbursements reviewed were energy-related and OCPA indicated they could not provide us with supporting documentation due to sensitive market information. Regarding human resources, OCPA indicated they could not provide job application information or background screening results due to privacy laws.

Our review noted opportunities for OCPA to strengthen their contracting process. Specifically, OCPA should ensure the most qualified vendors are selected to provide services by reducing the $125,000 threshold required for formal solicitations. OCPA should also remove or revise contracting provisions that allow the CEO subjective discretion to bypass existing OCPA contracting requirements and/or utilize sole source contracting. We also noted that OCPA did not always:

- Maintain documentation to support that formal or informal solicitations were conducted, that proposals were reviewed and evaluated, or the use of sole source contracting.
- Maintain documentation to support the vendor selection or that Board approval was obtained.
- Ensure requisitions were completed for all contracts and purchases, and as result, we could not evaluate whether purchasing duties were adequately segregated.
- Include sufficient cost details to clearly support the services being procured and establish a maximum obligation amount.

In addition, OCPA indicated they were unable to provide a specific withdrawal cost amount due to various unknown factors. However, OCPA estimated a maximum withdrawal cost amount that would likely be applicable if the County withdrew from OCPA. Specifically, OCPA estimated the withdrawal cost amount to be approximately $65 million, with 96% of that amount ($62.77 million) attributed to the County’s share of energy purchase costs. The withdrawal cost estimate provided by OCPA does not include any mitigation measures that could dramatically impact the final amount, such as selling the excess energy that is no longer needed to serve the County. Determining the County’s cost to withdraw requires understanding both estimated costs and estimated mitigation figures.

If the County opts to withdraw from OCPA, we recommend an audit of any amounts assessed to the County be performed. The County should also consider consulting with County Counsel on the validity of the continuing liability. If the County does not opt out from OCPA, the County should ensure OCPA takes corrective action to address the findings and recommendations in this report.

Details of our review are included in the attached report.

Review of Report

We provided OCPA management with the results of our review, including the detailed findings. On December 13, 2022, OCPA responded with additional information and documentation, most of which we had already reviewed and considered. However, we encourage OCPA to formally respond to the Board of Supervisors with any corrective actions taken to address the findings and recommendations noted in our review. We thank OCPA management and staff for their
cooperation and assistance during our review. If you have any questions, please contact me at 714.834.5442.

Attachments

Other Recipients of this report:
   Members, OCPA Board
   OCPA Management
   Members, Audit Oversight Committee
   County Executive Office Distribution
   County Counsel Distribution
   Foreperson, Grand Jury
   Robin Stieler, Clerk of the Board of Supervisors
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Withdrawal Cost Review

**Objective**
Our objective was to identify the amount of the County’s responsibility, under Section 6.3 of the Joint Powers Agreement (Agreement), if the County were to provide 180-day notice to withdraw from OCPA. The potential withdrawal cost includes any liabilities attributable to the County through the effective date of its withdrawal, actual costs or damages incurred by OCPA as a direct result of the County’s withdrawal, or costs or obligations associated with the County’s participation in a particular program.

**Unknown Factors**
OCPA indicated they were unable to provide a specific withdrawal cost amount due to various unknown factors including:

- Recouping of monies through selling off excess energy products. OCPA is required to mitigate any costs or obligations incurred by a withdrawing party. This includes selling off any excess energy purchased for the County’s unincorporated areas.
- Variations in procurement costs related to renewable energy as a result of withdrawal and forward procurement obligations\(^1\), which are highly volatile.
- Potential costs associated with resource adequacy\(^2\) that was purchased under the assumption that the County was a participant in OCPA.
- Hedging for system energy.\(^3\)
- Potential financial security deposit requirement to Southern California Edison (SCE). The deposit would be required if the County’s withdrawal is enacted prior to one year’s notice to SCE and would be used to offset any expenses incurred by SCE to quickly onboard customers back from OCPA and meet regulatory requirements.
- County may be responsible for costs associated with OCPA, SCE, San Diego Gas & Electric, and CA Public Utilities Commission working together to discuss changes to Service Agreements, removing County’s share of load from load forecasts, and other potential regulatory requirements.
- County may be a party to potential non-contractual liabilities and program costs even after withdrawal from OCPA.

**Maximum Withdrawal Amount**
OCPA estimated a maximum withdrawal cost amount that would likely be applicable if the County withdrew as of November 18, 2022 (the date of this analysis). Specifically, OCPA estimated the withdrawal cost amount to be approximately $65 million, with approximately 96% of that amount ($62.77 million) attributed to the County’s share of energy purchase costs. Outside of staffing costs at $1.02 million (representing 1.6% of the estimated cost), all other cost components provided individually represented less than 1% each of that total amount. See table 1 below.

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1 Withdrawal obligations allow for backing out of a bid prior to time and date of the closing of the tender. Forward procurement obligations represent an agreement to purchase a product or service that currently does not exist at a specified future date such as future solar energy that will be generated but is not yet available as of today.

2 Resource adequacy is the ability of providers’ supply to meet customers’ demands.

3 Hedging is a strategy of investing with the intention of reducing the risk of adverse price changes in the asset.
Table 1. Estimated Maximum Withdrawal Cost

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Projected UOC Portion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCPA Cost of Energy</td>
<td>349,349</td>
<td>62,769</td>
<td>96.2%</td>
</tr>
<tr>
<td>OCPA Overhead</td>
<td>13,769</td>
<td>2,478</td>
<td>3.8%</td>
</tr>
<tr>
<td>Total Expenditures and Other Uses</td>
<td>363,145</td>
<td>65,247</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

SOURCE: OCPA

1 Where the projected number of OCPA accounts is 275,673 and unincorporated Orange County (UOC) accounts is 49,531, resulting in an approximate 18% allocation to the County.

**Required Mitigation**

Under the Agreement, OCPA is required to mitigate any costs and obligations incurred by a withdrawing party. The withdrawal cost estimate provided by OCPA does not include any mitigation measures that could dramatically impact the final amount, such as selling the excess energy that is no longer needed to serve the County. Determining the County’s cost to withdraw requires understanding both estimated costs and estimated mitigation figures. However, OCPA has not provided estimated mitigation figures at this time.

**Validation**

With respect to validating and confirming the accuracy of the approximately $65 million estimated cost to withdraw, a review of the source documentation relevant to the cost of energy would be required. The source documentation includes power agreements that OCPA entered into to purchase energy. While OCPA has provided such power agreements, they were heavily redacted and included redactions of the total energy costs. As a result, we could not validate the $62.77 million in energy costs. In addition, all the other cost components were immaterial to the overall withdrawal cost.

If the County opts to withdraw from OCPA, we recommend an audit of any amounts assessed to the County be performed. The County should also consider consulting with County Counsel on the validity of the continuing liability.

**Contracting**

**Background**

From October 2021 to September 2022, OCPA reported they issued 20 non-energy contracts, totaling at least $2.7 million, consisting of consultant and professional services. OCPA enters into contracts for various services such as energy load forecasting, schedule coordination, data analysis, rate strategies, marketing, printing, accounting, and human resources consulting. For a listing of contracts, including a summary of our observations, see Attachment B.

**Objective**

Determine whether OCPA’s internal control over the non-energy contracting process is effective to ensure the procurement of services are executed in accordance with OCPA’s policies and procedures, adequately supported, and properly authorized.
Work Performed
We interviewed OCPA management, reviewed relevant contracting policies and procedures, performed walk-throughs of the contracting process, and researched purchasing practices by other entities. We also reviewed a sample of nine contracts totaling at least $1.9 million to ensure:

- Required solicitations were conducted, proposals were obtained, and vendor selection was appropriately documented and authorized.
- Sole source contracts were sufficiently documented.
- Purchase requisitions were appropriately authorized.
- Adequate cost/price details of the procurement were included in the contracts.

Results
We noted opportunities for OCPA to strengthen their contracting process in the areas of policies and procedures, solicitations, Board notification, requisitions, and cost/pricing details. The details of our contracting review are discussed below.

Policies and Procedures
Generally, OCPA’s contracting process involves prior written authorization, sourcing for vendors, selection of vendors, and contract awarding. OCPA’s contracting process is governed by several policies and procedures, including Implementation Plan Amendment No. 1, Procurement Policy, Delegated Contract Authority Policy, and Procure-to-Pay Process.

OCPA requires formal proposals for contracts over $125,000 and informal proposals for those between $10,000 and $124,999. Sole source contracting is authorized when the goods or services are only available from a sole provider, there is a demonstrated need for compatibility with an existing item or service, it is apparent that a needed product or service is uniquely available from the sole source, or for all practical purposes, it is justifiably in the best interest of OCPA to utilize sole source procurement.

Contracts valued under $50,000 must be signed by the Chief Financial Officer (CFO) and any over $50,000 must be signed by the CEO. Any contract valued over $125,000 is subject to OCPA Board approval before execution. Any new contracts valued over $50,000 shall be reported at the next regular OCPA Board meeting but do not require OCPA Board approval.

OCPA should strengthen their contracting policies and procedures to improve the contracting process to ensure the most qualified vendors are selected. For example, we noted:

- Contracts between $10,000 and $125,000 require no formal bidding. Comparatively, Orange County’s contracting policy requires formal written solicitations for all service contracts over $50,000 and at least one written quote/proposal for all service contracts.
- OCPA’s policy and procedures include a provision that allows the CEO, after consultation with the General Counsel, to waive one or more purchasing procedures in their policies and/or use sole source procurement if the CEO determines the best interests of OCPA are served. This provision gives the CEO subjective discretion to procure services bypassing OCPA’s purchasing requirements.
OCPA should reduce the dollar threshold required for formal solicitations and remove the provisions that allow the CEO to bypass existing OCPA purchasing requirements or revise the provisions to only allow such bypass in emergencies with appropriately documented justification.

**Solicitations**

We reviewed nine contracts to evaluate whether solicitations were conducted in accordance with OCPA contracting policies and procedures. Our review noted that OCPA did not always maintain documentation to support that formal or informal solicitations were conducted, proposals were reviewed and evaluated, or the use of sole source contracting. OCPA also did not have documentation to support the vendor selection or that Board approval was obtained.

For the four contracts reviewed that were over $125,000 and required formal solicitations, we noted one (25%) contract did not have documentation to support that a solicitation was conducted, that proposals were received and evaluated, or to support the vendor selection. OCPA indicated that the contract was a sole source, but the contract was for accounting and auditing services, and OCPA did not provide any documentation justifying the use of a sole source. For the remaining three contracts reviewed, OCPA provided solicitation documents and vendor proposals. However, OCPA did not maintain documentation to support the vendor selection for two of the four (50%) reviewed contracts.

For the five contracts reviewed that were valued between $10,000 and $125,000 and required informal solicitations, we noted:

- OCPA did not provide documentation to support the vendor selection for three (60%) contracts or documentation to support that informal solicitations were conducted for two (40%) contracts. Subsequent to the completion of our test work, on December 13th, OCPA indicated that one of three contracts was procured by OCPA General Counsel and notice was provided to the OCPA Board. However, OCPA did not provide any supporting documentation and we did not have time to investigate further.

- Two (40%) contracts were valued at exactly $125,000, just under the threshold for formal solicitation and Board approval requirements. We noted both contracts were solicited under the same Request for Qualifications (RFQ) and, as a result, were for the same strategic marketing, branding, and public relations services. While the RFQ acknowledges that OCPA reserved the right to select more than one vendor, since the combined contracts totaled $250,000, double the OCPA CEO’s authority for entering into contracts, OCPA Board approval should have been obtained. In addition, we noted OCPA did not maintain documentation to support the vendor selection for both contracts. We did note that approximately one year later, OCPA obtained OCPA Board approval for new contracts with both vendors totaling $590,000 and $260,000.

To ensure OCPA enters into contracts with the most qualified and cost-effective vendors, OCPA should ensure contracts are competitively bid, proposals are received and evaluated, sole source procurements are adequately justified, vendor selection is adequately documented, and contracts are not split to circumvent existing OCPA Board approval requirements.

**Board Notification**

As mentioned above, contracts between $50,000 and $125,000 are do not required to be approved by the OCPA Board approval, but OCPA is required to report the contracts at the next regularly scheduled OCPA Board meeting. We noted that none of the 11 contracts between
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$50,000 and $125,000 during our sample period were appropriately reported to the OCPA Board at their next regularly scheduled meeting, as required. In fact, we did not see any contracts within this threshold reported to the OCPA Board until the October 25, 2022 meeting.

OCPA should ensure that new contracts between $50,000 and $125,000 are appropriately reported to the OCPA Board as required by OCPA contracting policy and procedures.

Requisitions

Purchase requisitions should be completed for all contracts to document: the business need for goods and services, that sufficient budget is available, the procurement methodology used (e.g., Request for Proposals), and whether a vendor solicitation process will be required.

We reviewed nine contracts to ensure a requisition was appropriately completed and noted none were supported by a purchase requisition. As a result, we could not evaluate whether purchasing duties were adequately segregated.

OCPA should ensure that requisitions are completed for all contracts to document purchasing duties are adequately segregated.

Costing/Pricing

Seven of nine contracts (78%) reviewed did not have adequate costing/pricing details in the contract to support the awarded amount or lacked a not-to-exceed amount. Specifically, we noted:

- Two contracts did not include a not-to-exceed or maximum obligation amount. For example, one contract for energy load forecasting, schedule coordination, and other consulting services has a term that runs through September of 2026 and only includes a monthly fee plus hourly billing rates for the consultant providing services under the agreement. From the date of contract inception in October 2021 through September 2022, we noted OCPA paid the consultant a total of approximately $118,000.

- Five contracts did not include specific costing/pricing details. For example, we noted one contract included hourly billing rates but did not specify the work required to be performed. We also noted other contracts that did not provide costing details to adequately support the total contract amount.

Lack of adequate costing/pricing details, including not-to-exceed amounts, could lead to inconsistencies and errors in billing, contract overruns, misappropriated funds, and could circumvent existing OCPA purchasing and payment requirements.

OCPA should ensure that all contracts include sufficient cost details to clearly support the services being procured and establish a maximum obligation amount.

Disbursements

Background

OCPA disbursements are categorized into power supply (energy) and non-power supply. Power supply is comprised of power purchases from third-party electric suppliers and, in the longer term, may also include renewable generation assets owned or controlled by OCPA. Non-power disbursements include, but are not limited to, staffing costs, contract services, and legal services.
When the associated invoice arrives, it is matched by the CFO with the purchase requisition and submitted to Maher Accountancy (OCPA’s accounting services provider) for disbursement processing. Maher Accountancy enters the invoice into an accounting application, the CFO and CEO approve the payment, and Maher Accountancy makes the payment.

**Objective**
Determine whether OCPA's disbursements were accurate, complete, and valid, and that duties in the disbursements process were properly segregated.

**Work Performed**
We obtained an understanding of OCPA’s disbursement process by reviewing Implementation Plan Amendment No. 1, the procure-to-pay workflow, Purchasing Policy, Delegated Contract Authority Policy, and Manual Check Policy. In addition, we met with OCPA management and Maher Accountancy and walked through the disbursements process.

We obtained a listing of all payments issued by OCPA for the 12 months ended September 30, 2022, which included 547 transactions totaling approximately $79 million. From this listing, we selected 30 transactions totaling approximately $22.5 million and reviewed to ensure:

- A valid purchase requisition related to the disbursement was completed.
- The disbursement was properly approved.
- Confirmation of receipt of goods/completion of services was obtained, when applicable.
- The disbursement was properly recorded in the accounting system, including the appropriate amount, vendor name, address, and account coding.
- Transfer of accountability was properly documented for manual checks.
- Duties were properly segregated between the disbursement requestor, authorizer, recorder, and recipient of a manual check (when applicable).

**Results**
Sixteen of 30 disbursements totaling approximately $21.6 million (96%) were energy related, and OCPA indicated they could not provide us with supporting documentation (e.g., purchase requisitions, invoices) due to sensitive market information. As a result, we were unable to evaluate whether the payments were appropriate.

For the remaining 14 non-power disbursements totaling approximately $846,299 (4%), we noted the disbursements had authorization and the disbursements were properly entered into the accounting system. However, for the 14 disbursements reviewed:

- Thirteen disbursements (93%) totaling $827,479 were not supported by a purchase requisition. As a result, we could not evaluate if there was authority to pay or adequate segregation of purchasing duties.
- One disbursement (7%) totaling $250,000 in the form of a manual check to the City of Irvine was not recorded in a log to document the recipient. OCPA does not have a log to document who receives manual checks. As a result, there was no record establishing accountability as to who had custody of the manual check.
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- OCPA does not require large checks (i.e., over a certain amount) to be counter-signed by senior management. It is a common practice for checks greater than a certain amount to be counter-signed.

OCPA should ensure that requisitions are completed for all purchases to document duties are adequately segregated. OCPA should also maintain a log to document who receives a manual check to establish accountability, and require large checks to be counter-signed by senior management.

Human Resources

Background

OCPA uses both in-house resources and an external contractor to perform Human Resources services. With respect to hiring, OCPA follows a typical process, including recruiting only for budgeted and approved positions that have a position description, posting an opening for public viewing, reviewing job applications, conducting interviews, and selection.

Objective

Determine whether OCPA’s employees were hired in accordance with OCPA policy and procedures.

Work Performed

We obtained an understanding of OCPA’s hiring process by reviewing OCPA’s Personnel Policy. In addition, we met with OCPA management and walked through the hiring process.

We reviewed the OCPA organizational chart showing seven full-time employees. From this, we selected three employees (CFO, controller, and management analyst) to review hiring procedures for. We then reviewed/attempted to review the job posting, OCPA staff involved in the hiring process, background screenings, and job interview documentation.

Results

While OCPA provided job postings, we were unable to evaluate OCPA’s hiring process because OCPA indicated they could not provide job application information or background screening results due to privacy laws. In addition, OCPA indicated they did not retain interview documentation for two (67%) of the three employees reviewed.

Payroll

Background

OCPA outsources its payroll processing to Maher Accountancy, who utilizes a payroll solution provider. OCPA pays its employees twice per month. All seven OCPA employees are exempt, and timecards are not utilized. OCPA has developed and invested in a comprehensive employee benefits program that may include retirement, health, dental, and vision coverage, and life insurance. Eligibility to participate in these programs is determined by employee classification and length of continued service with OCPA. OCPA Board members are authorized to be compensated $212.50 for attending each Board meeting or providing a day of service to OCPA.
**Objective**

Determine whether OCPA’s internal control over the payroll process is effective to ensure compensation and fringe benefits paid was accurate and in accordance with OCPA policies and procedures.

**Work Performed**

We obtained an understanding of OCPA’s payroll process by reviewing the Compensation and Payroll Practices Policy, Board of Directors’ Compensation & Expense Reimbursement Policy, employment agreements, salary adjustment memos, and offer letters. In addition, we met with OCPA management and walked through the payroll process.

From October 20, 2021 to October 5, 2022, OCPA’s payroll expenses totaled $1,044,161, according to the OCPA Master Payroll file provided. We reviewed eight employee pay transactions totaling $53,987, eight fringe benefit transactions totaling $11,974, and eight payments to OCPA Board members totaling $8,713 and performed the following:

- Validated whether OCPA employee pay and merit adjustments matched to employee agreements, offer letters, or other supporting documentation.
- Validated whether OCPA Board compensation matched to supporting documentation.
- Validated selected OCPA fringe benefit cash payments such as interim medical cash-outs, interim retirement cash-outs, medical cash-outs, and wellness reimbursements.
- Reviewed OCPA Master Payroll file to reconcile with the Payroll Disbursement report and the Payroll Summary Report for the 26 pay periods ending October 5, 2022.

**Results**

OCPA’s employee pay appropriately matched supporting documentation, and the master payroll file reconciled to the Payroll Disbursement report. However, we noted the following:

- An employee received a merit increase contrary to their employment agreement. Specifically, the employee received a merit increase of 7% of their annual base salary after being employed with OCPA for six months. The employment agreement indicates they are only eligible for merit adjustments upon one year of employment.
- In one instance, Board member meeting attendance could not be verified based on available documentation because it was incomplete (i.e., lacking meeting date and description).

OCPA should ensure merit increases conform to employment agreements and OCPA policy, or OCPA Board approval should be sought for an exception. OCPA should also ensure that OCPA Board member meeting payment claims contain complete information regarding the date and meeting type attended.

**Invoicing**

**Background**

OCPA utilizes a contractor to perform data management functions (data manager), such as retail customer services, including billing and customer account services (e.g., electronic data
interchange with Southern California Edison/San Diego Gas & Electric (incumbent utilities), billing, remittance processing, and account management). The data manager and OCPA provide the incumbent utilities with billing elements (e.g., plan, rate), and the incumbent utility generates billing for the customer. The incumbent utility also collects customer payments and transmits OCPA’s portion to OCPA. OCPA’s current rates are published on their website.

**Objective**
Determine whether OCPA’s rates agreed to customer invoicing.

**Work Performed**
We interviewed OCPA management and reviewed the OCPA Implementation Plan, Amendment No. 1. In addition, we researched OCPA program rates, OCPA product offerings, and reviewed a sample of 15 customer invoices to ensure OCPA’s rates agreed to what customers were billed.

**Results**
OCPA’s rates agreed to customer invoicing for all 15 customer invoices reviewed.

**Financial Analysis**
During our review, OCPA provided information related to customer opt-outs. We provided that information to Local Power, who reported their conclusions in their performance audit report. We also conducted a trend and ratio analysis for the year ended June 30, 2022, such as calculating liquidity and solvency ratios. However, our analysis revealed that the results were inconclusive and could be misleading and/or taken out of context. Specifically, certain key financial data, such as revenues, were dependent on the commencement of service to customers and did not begin until April 2022 (and only for commercial customers), covering the last three months of the period.

We did note that on November 28, 2022, Pisenti & Brinker LLP issued their financial audit of OCPA’s financial statements for the year ended June 30, 2022, and their audit reported an unqualified opinion. An unqualified opinion is reported if the financial statements are presumed free from material misstatement.
Attachment A: Exclusions

We did not perform work in the following areas that are explicitly excluded from our review:

- Start-up activities including but not limited to staffing, financing, marketing/customer communications (including accuracy of data marketed), and contractors.
- Electricity procurement including but not limited to effectiveness (whether OCPA met forecasted needs/not speculative) and economy of purchases made by OCPA, effectiveness of portfolio purchased (what is purchased agrees to OCPA marketed plans), and OCPA’s proficiency in mitigating risks to customers.
- Cost-recovery performance including but not limited to ensuring rates recover costs incurred and long-term viability of OCPA.
- Risk management including but not limited to effectiveness of techniques used to reduce exposure to energy and credit market volatility; Risk Oversight Committee activities.
- Load forecasting including but not limited to effectiveness of load forecasting (long- and short-term).
- Schedule coordination including but not limited to effectiveness of scheduling and settling electric supply transactions with the California Independent System Operator.
- Information technology including but not limited to operations, applications, networks, and security.
- OCPA governance structure, roles and responsibilities of OCPA staff, conflicts of interest, staff proficiency, appropriateness of policy & procedures, and Community Action Committee.
- Compliance with the JPA agreement.
## Attachment B: Listing of Non-Energy Consultant/Professional Services Contracts from October 2021 to September 2022

<table>
<thead>
<tr>
<th>#</th>
<th>Vendor</th>
<th>Term</th>
<th>Contract Amount</th>
<th>Brief Service Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GDS Associates</td>
<td>10/1/2021-9/30/2022</td>
<td>$100,000</td>
<td>OCPA’s Amended Implementation Plan and Consulting for Renewable Portfolio Standard (RPS) Compliance</td>
<td>5</td>
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<tr>
<td>2</td>
<td>Golden Communications</td>
<td>3/1/2022-2/29/2024</td>
<td>$120,000</td>
<td>Digital Services: Strategic Marketing, Branding, Communications, and Public Education and Outreach Campaign/Program; Website Development Services</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Hana by Industrious</td>
<td>2/2/2022-8/31/2022</td>
<td>Estimated Total $84,000 (based on $12,000/mo)</td>
<td>Office Lease</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Hana by Industrious</td>
<td>Starting 9/1/2022</td>
<td>Total unavailable $12,000/mo</td>
<td>Office Lease</td>
<td>5</td>
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<tr>
<td>5</td>
<td>Maher Accountancy</td>
<td>1/1/2022-12/31/2022</td>
<td>$162,500</td>
<td>Accounting Service and Audit Support</td>
<td>1, 6</td>
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<tr>
<td>6</td>
<td>Management Partners</td>
<td>7/1/2021-6/30/2022</td>
<td>$100,000</td>
<td>Human Resources Consulting and OCPA Board Clerk Support</td>
<td>2, 3, 5, 6, 7</td>
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<tr>
<td>7</td>
<td>Method Technologies</td>
<td>3/1/2022-2/28/2023</td>
<td>$25,000</td>
<td>Information Technology Support</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>NewGen Strategies &amp; Solutions</td>
<td>10/20/2021-6/30/2022</td>
<td>$123,135</td>
<td>Rate Strategies, Budget Modeling, Account Services Data Analysis, and Financial Planning &amp; Analysis</td>
<td>2, 5, 6, 7</td>
</tr>
<tr>
<td>9</td>
<td>NewGen Strategies &amp; Solutions</td>
<td>7/1/2022-6/30/2023</td>
<td>$121,525</td>
<td>Rate Strategies, Budget Modeling, and Financial Planning &amp; Analysis</td>
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<td>10</td>
<td>Orange County Printing Company</td>
<td>7/1/2022-6/30/2023</td>
<td>$657,202</td>
<td>Print House Services</td>
<td>6</td>
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<td>11</td>
<td>Public Financial Management Advisors</td>
<td>1/19/2021 - 1/18/2022</td>
<td>$35,000</td>
<td>Banking and Credit Facility Consulting Services</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Pisenti &amp; Brinker</td>
<td>Multi-Year</td>
<td>$79,400</td>
<td>Annual Financial Audit from FY21/22 to FY23/24</td>
<td>5</td>
</tr>
<tr>
<td>13</td>
<td>Reveille</td>
<td>4/22/2021-6/30/2022</td>
<td>$125,000</td>
<td>Strategic Marketing, Branding, Public Relations, and Social Media Support</td>
<td>2, 4, 5, 6, 7</td>
</tr>
<tr>
<td>14</td>
<td>Reveille</td>
<td>3/1/2022-2/29/2024</td>
<td>$590,000</td>
<td>Strategic Marketing, Branding, Public Relations, and Social Media Support</td>
<td>2, 6, 7</td>
</tr>
<tr>
<td>15</td>
<td>Seyfarth Shaw</td>
<td>Ongoing</td>
<td>$5,000 retainer + $870/hr</td>
<td>Labor Related Investigation</td>
<td>2, 3, 6, 7, 8</td>
</tr>
<tr>
<td>16</td>
<td>The Energy Authority</td>
<td>10/1/2021 - 9/3/2026</td>
<td>Start-up fee + monthly fees</td>
<td>Schedule Coordinator, Day-Ahead Load Forecasting, and Contemporary Resorts &amp; Residents Management Services</td>
<td>2, 6, 7</td>
</tr>
<tr>
<td>17</td>
<td>The Energy Authority</td>
<td>7/1/2022 - 6/30/2023</td>
<td>Start-up fee + monthly fees</td>
<td>Mid-Term Load Forecasting Service for Annual Budget Purposes for FY22/23</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>The Energy Coalition</td>
<td>5/1/2021-6/30/2023</td>
<td>$99,000</td>
<td>Development of Energy Efficiency Program Proposal to California Public Utilities Commission</td>
<td>5</td>
</tr>
<tr>
<td>19</td>
<td>Zodiac Solutions</td>
<td>5/1/2021-6/30/2023</td>
<td>$125,000</td>
<td>Project Management: Strategic Marketing, Branding, Communications, and Public Education and Outreach Campaign/Program</td>
<td>2, 4, 5, 6, 7</td>
</tr>
<tr>
<td>20</td>
<td>Zodiac Solutions</td>
<td>3/1/2022-2/29/2024</td>
<td>$260,000</td>
<td>Project Management: Strategic Marketing, Branding, Communications, and Public Education and Outreach Campaign/Program</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. OCPA did not have documentation to support that a solicitation was conducted, that proposals were received and evaluated, or to support the vendor selection. OCPA indicated that the contract was a sole source, but the contract was for accounting and auditing services. OCPA did not provide any documentation justifying the use of a sole source.
2. OCPA did not have documentation to support the vendor selection. We noted this for seven (78%) of the nine contracts reviewed.
3. OCPA did not have documentation to support that informal solicitations were conducted. We noted this for two (40%) of the five contracts reviewed between $10,000 and $125,000.
4. OCPA used one solicitation to award two contracts that, in total, exceeded the OCPA CEO’s authority for entering into contracts of $125,000, and were not approved by the OCPA Board.
5. OCPA did not appropriately report the contract to the OCPA Board at their next regularly scheduled meeting as required. We noted this for all 11 contracts between $50,000 and $125,000.
6. Contract not supported by a purchase requisition. As a result, we could not evaluate whether purchasing duties were adequately segregated. We noted this for all nine contracts reviewed.
7. OCPA did not have adequate costing/pricing details in the contract to support the awarded amount or lacked a not-to-exceed amount. We noted this for seven (78%) of nine contracts reviewed.
8. Subsequent to the completion of our test work, on December 13th, OCPA indicated that OCPA General Counsel procured this contract and notice was provided to the OCPA Board. However, OCPA did not provide any supporting documentation and we did not have time to investigate further.