



June 18, 2018

To: Emory Roberts, Director of Finance and Customer Service

From: Alice Garner, Internal City Auditor *Alice Garner*

Re: Duke Energy Franchise Ordinance Compliance - Project No. 2018-08

We have conducted an audit of the Duke Energy (formerly Progress Energy) franchise ordinance number 5258, as scheduled per the FY 2018 Internal Audit Plan. The objective of the audit was to determine whether Duke Energy is compliant with specific provisions of the ordinance. The audit was conducted by Phillip Vincent.

Our specific audit objectives were to determine whether:

1. Cash receipts are for the correct amount and received timely.
2. The reporting of franchise fees is adequate.
3. Deposits of the cash receipts are made timely.
4. Adequate insurance policies are maintained and are current.

To accomplish our objectives, we studied provisions of the ordinance, inquired with Finance and Duke Energy staff, recalculated customer bills, inspected insurance certificates, traced deposits and reviewed bank statements.

Our audit included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our audit period was October 1, 2016 to December 31, 2017. However, transactions, processes and situations reviewed were not limited by the audit period.

Based on our work performed, we conclude that Duke Energy is compliant with specific provisions of the ordinance. We did note one minor area for improvement that was verbally communicated with management.

We appreciate the cooperation and assistance provided by the Finance department and Duke Energy staffs during the course of our audit.

Cc: Ocala City Council Members
John Zabler, City Manager
Bill Kauffman, Assistant City Manager
Ken Whitehead, Assistant City Manager
Sandra Wilson, Deputy City Manager
Anthony Webber, Fiscal Operations Supervisor
David Jones, Property and Indirect Tax, Duke Energy