



# **Report #2019-16**

## **Utility Billing and Collection**

**Department of Inspector General**  
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**Clerk of the Circuit Court and County Comptroller**

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Polk County, Florida

December 17, 2019

**INSPECTOR GENERAL AUDIT REPORT**  
**Report 2019-16– Utilities Billing and Collection**

The Honorable Board of County Commissioners

We have completed an audit of Polk County Utilities Billing and Collection. The purpose of the audit was to assess whether utilities customers were properly billed based on recorded consumption, service types, approved rates, and applicable county ordinance and policies. We also determined whether adequate controls were established to ensure revenues from utility services were properly collected, accounted for, deposited, and recorded. This report presents our audit conclusions and recommendations. Management was receptive to our conclusions and has provided outlined actions that have been, or will be, taken to implement our recommendations.

We appreciate the cooperation and assistance provided by the Utilities Division and the Clerk's Accounts Receivable Department.

Respectfully submitted,

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Lita McHugh, CPA, CIG, CIGI  
Inspector General

Approved:

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Stacy M. Butterfield, CPA  
Clerk of the Circuit Court and County Comptroller

# EXECUTIVE SUMMARY

Our audit of Polk County Utilities (PCU) Billing and Collection was included in our annual audit plan, based on risk analysis. The objectives of the audit were to determine if:

- Utility customers were properly billed based on recorded consumption, service type, approved rates, and applicable County ordinance and policies.
- Adequate controls were established to ensure revenues from utility services were properly collected, accounted for, deposited, and recorded.

Overall, customers were properly billed for utility services in accordance with applicable County ordinance and policies. Adequate controls were established to ensure payment for services were properly collected, accounted for, deposited, and recorded. We identified the following areas in which controls and processes should be enhanced:

1. PCU management adopted the practice of billing certain customers with a meter size rate structure that is different from the actual meter size at the service location. As a result, one of our sampled customers was undercharged by \$50,592 (for water consumption) during a 12-month period.
2. Two customers were undercharged for a total amount of \$17,359.57, and one was overcharged by \$426.45 due to staff input errors in the billing system.
3. Incompatible duties and responsibilities were not properly segregated among staff, and staff access privileges to the billing and collection system appear to be excessive.
4. Though PCU currently reviews reports for meter readings to identify potential errors (e.g., unusually high/low consumption levels), we noted instances where meter read errors were not identified and corrected prior to billing customers.
5. Enhanced reviews of inactive customer accounts activities were not performed to help detect or prevent inappropriate postings to inactive accounts.
6. Enhanced periodic reconciliation of customer deposits on active accounts was not performed as means of detecting potential unauthorized diversion of funds.
7. The Customer Service section was not documenting the transfer of custody for collections (cash and checks) to the Finance section within the PCU. They have now developed a form for use in documenting the transfer of customer of collections

We have made recommendation within this report to address each of these findings. In response, PCU management has developed a corrective action plan to address our recommendations. We would like to thank PCU management and staff for their full cooperation, support, and courtesies shown during this audit.

# BACKGROUND

Polk County Utilities Division (PCU) operates and provides water, wastewater, and reclaimed water utility services to approximately 66,000 residential and commercial consumers within Polk County. Different sections within PCU are responsible for performing various functions and activities involved in providing utility services to County customers. Meter Services, Customer Service, and the Finance sections are responsible for key functions pertaining to customer account setup, customer billing, and collection and recording of payments. Working in collaboration, these sections ensure Polk County utility customers receive needed services, make payment for services received, and that the payments received are deposited into the County's bank account and properly recorded.

PCU customers are charged monthly for their utility consumptions in accordance with the rates, fees, and surcharges established in Resolution No. 16-095 adopted by the Board of County Commissioners. For the purpose of rate establishment and billing, utility customers are categorized as residential (single-family dwelling) units and commercial entities (development projects, businesses, and multifamily units such as apartment complexes). Consumption is measured primarily by meters placed at each service point, which are grouped into assigned cycles and routes. To help minimize manual meter readings and enhance accuracy and efficiency, meter readings are obtained electronically with the use of Advanced Metering Infrastructure (AMI) radio or with Advanced Meter Reading (AMR). Meter reading information is subsequently transmitted to the billing system to generate customer utility bills, after a series of error checks and resolutions. A third-party vendor prints and mails the monthly utility bills to customers.

PCU provides customers with several methods for paying their utility bills, including, but not limited to: in person at the Utilities office, at Amscot locations, by mail (processed by the Tax Collector), through the online payment center, by phone using an interactive voice response system, and by electronic bank draft.

As shown in Table, the Polk County water, wastewater, and reclaimed water utility services collectively generated revenues in excess of \$63 million during the 2018 fiscal year. Of this amount, approximately \$51 million (80%) was earned from residential customers.

Fiscal Year 2018 PCU Consumption Revenues			
Utility Types	Commercial	Residential	Totals
Water	\$5,148,239	\$20,761,096	\$25,909,335
Wastewater	\$1,036,347	\$1,794,391	\$2,830,738
Reclaimed Water	\$6,584,720	\$28,349,284	\$34,934,004
<b>Totals</b>	<b>\$12,769,306</b>	<b>\$50,904,771</b>	<b>\$63,674,077</b>

The objectives of this audit were to determine if:

1. Utility customers were properly billed based on recorded consumption, service type, approved rates, and applicable County ordinance and policies.
2. Adequate controls were established to ensure revenues from utility services were properly collected, accounted for, deposited, and recorded.

The scope of this audit focused on the utility billing and collection process during the 12-month period of fiscal year 2018. We also reviewed other related billing and collection activities occurring through the end of our audit fieldwork in September 2019.

Procedures we conducted to achieve our audit objectives included, but were not limited to:

- Reviewing applicable governing rules, laws, policies, county ordinances
- Interviewing knowledgeable personnel at Polk County Utilities and Clerk Comptroller Divisions.
- Performing walkthroughs of segments of the utility billing processes
- Identifying and evaluating risks and controls associated with utility billing and collection processes
- Obtaining reports maintained by the Utilities Division and performing inspections and analysis of various categories of customer account transactions (with some resulting in detailed testing of selected items). Those categories of customer account transactions include:
  - a. Unbilled customer accounts
  - b. Billing adjustments on customer accounts
  - c. Customer deposits for active accounts
  - d. High/low utility consumptions
  - e. Inactive accounts and the associated deposits
  - f. Abnormal route/cycle consumption activities
- Performing detail testing of sampled customer billing statements based on the service types (e.g., water, sewer, re-use, commercial, and residential accounts). Testing included (1) recalculating billing statement charges for accuracy and authorized rates/fees, and (2) verifying whether payments were properly posted to accounts.

We conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Principles and Standards for Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# FINDINGS AND RECOMMENDATIONS

The results of our audit procedures showed that, overall, utility customers were properly billed in accordance with recorded consumption, service type, approved rates, and applicable County ordinance and policies. The controls established and implemented by PCU provided reasonable assurance that revenues from utility services were properly collected, accounted for, deposited, and recorded. The following are some of the specific notable control assurances that we found to be in place:

- ✓ To help provide direction and guidance to staff, PCU developed, maintained, and made available to staff, a written administrative policy and procedure manual.
- ✓ PCU management (lead staff, supervisors and managers) are very active in the daily and monthly operation and activities of the Division. For instance, supervisors review and reconcile monthly meter read records. Lead staff and supervisors observe and review/reconcile billing and payment records. In addition, the finance section within the PCU performs periodic reconciliations of various billing and collection activities.
- ✓ Meter reading exception reports are used to identify unusual reads (e.g., unusual high/low consumption levels) and other noted exceptions, which are addressed prior to generation of customer billing statements.
- ✓ Meter read duties are periodically rotated among meter reading technicians.
- ✓ Surveillance cameras are strategically located around the areas where payments (including cash) are received from customers.
- ✓ Cash registers and lockable drawers/cabinets are used for temporary storage of collections. Also, daily collections are stored in a secure safe overnight pending deposit. Knowledge of safe combinations is restricted to authorized staff.
- ✓ Specialized hardware and software applications are used to process checks and other negotiable instruments, such that those instruments can be deposited electronically (remotely) instead of being physically deposited at the bank. Physical checks and negotiable instruments are immediately restrictively endorsed (limiting deposit to only the County's bank account).
- ✓ While the PCU has custodial responsibility for collections, the Clerk Comptroller Division is responsible for recording collection activity in the county's general ledger (Oracle) system.
- ✓ Reconciliations of bank records to the general ledger are performed by the Clerk Comptroller Division, independent of staff at PCU who receive payments, prepare bank deposits, and record transactions.
- ✓ Adequate forms and records (manual and electronic) are established and maintained to provide an accurate accounting and tracking of billing and revenue collection activities.

We commend PCU Division management for establishing and implementing appropriate controls designed to ensure effective and efficient administration the county's utility program. Nonetheless, we also identified a few areas where further enhancements in controls are warranted. Recommendations to help eliminate or reduce those risks have been provided to PCU management. In making these recommendations, we considered the potential costs of implementing offsetting controls and likely loss that could occur without such controls.

**Finding #1 – PCU management adopted the practice of billing certain customers with a meter size rate structure that is different from the actual meter size at the service location. Due to this practice, one of our sampled customers was undercharged by \$50,592 (for water consumption) during a 12-month period.**

Through its ordinances, the county commission established the rates, fees, customer deposits, and service charges for which Polk County utility customers will be assessed for water, sewer, and reclaimed water consumption. The rate schedules for water are based, in part, on the meter size at each service location. The rates are further categorized by the customer type (residential, commercial/multi-family units) and the usage block ranges (per thousand gallons). The county uses a tiered rate structure in which the rate per thousand gallons increases as water consumption increases. During our audit testing, we were made aware of instances whereby PCU may enter into verbal agreements with certain customers to bill those customers for water consumption using a meter size rate structure that is different from the actual meter size at the service location. For instance, a customer with a 6" meter size in place at the location may be billed for water at the rate applicable for an 8" meter size. The customer may be charged a higher monthly base rate, but is able to use more water at the lower per-gallon rate. Ultimately, the customer receives net undercharges for water consumption.

Based on the records made available to us by PCU management, we noted there are about eight customers with whom PCU has established similar verbal agreements. We obtained payment records for one of the customers; we analyzed and re-calculated the amounts billed to the customer each month for a period of 12 months (i.e., October 2017 through September 2018). Based on our analysis and re-calculation, we noted the customer was undercharged by a total amount of \$50,592.

In response to our inquiry on this matter, management explained that the verbal agreements were set up at some point in the past when there was a rate structure change in the ordinance. That rate change would have caused the water bill for the customers to increase by 110% from the previous year, and assistance was given to the customers to mitigate the rate increase. PCU management further explained that the reason for the rate structure change was the need to promote water conservation and reduce per-capita usage to avoid fines/consent orders from the Department of Environmental Protection. PCU then made accommodations for some customers, mostly residential applications, which were paying more per residence than a single-family residence would pay for the same level of water consumption.

Notwithstanding these explanations and reasoning, the justification and authority for such agreements with customers was not documented by way of county resolution and utilities administrative manual amendments, and/or senior level management approval. We acknowledged PCU management adopted the procedures and practices based on their recognition of the benefits to the applicable customers. However, formalizing agreements with customers through requests to the county commission for rate resolutions will demonstrate authorization and due diligence in regards to determining what rate structures are appropriate for specific customers. Formalizing and documenting the practice in the Utilities Administrative Manual will also ensure consistency in application of the procedure.

**We recommend** that PCU management should discuss this policy with county management, and if management agrees, formalize the practice through inclusion in county rate resolutions and in the Utilities Administrative Manual.

**Management response:**

Management agrees.

In December 2007, the Utility rate structure was revised to implement higher conservation rate structures in order to promote further conservation and reduce the per capita usage of the water system. Adjustments were made to both residential and commercial rates as follows:

Residential rates:

The tiers in the penalty water rate structure were reduced from 10 to 6 tiers, while at the same time implementing a life-line rate, reducing water rates below the cost recovery rate on the first 3,000 gallons of usage, considered essential domestic usage. The revenue loss from this water rate reduction was made up by increasing the usage water rates on discretionary water use tiers. Base facility charges for water and wastewater were also reduced and those reductions were also to be made up in the discretionary water usage tiers.

Commercial Rates:

Water base facility charges and most wastewater base facility were reduced. Usage tiers were established based on meter size and not identical tiers across all meter sizes. The rates were established assuming that the usage in the commercial complex were actually for a commercial use. After the rates had been adopted, it was discovered that most of our large meters were actually master meters for residential applications such as apartments, condominiums and mobile home parks. The following table shows how a typical 8" meter rate changed as a result of the rate change

Table 1 8" meter rate comparison				
	Old rate	New rate	Old rates	New rate
Effective Date	10/01/06	12/1/07	10/01/06	12/1/07
Base Rate	\$1,134.52	\$550.85	n/a	n/a
	Gallons allowed (thousands)	Gallons allowed (thousands)	Dollar Rate per 1,000 gallons	Dollar Rate per 1,000 gallons
Tier 1	0-10	0-800	\$1.71	\$1.73
Tier 2	11-20	801-1600	\$1.94	\$3.46
Tier 3	21-40	1,601-3,200	\$2.14	\$6.92
Tier 4	Over 40	Over 3,200	\$2.35	\$12.11

As can be seen, the rates for each tier increased as little as 78% up to 415%. As these costs would have been passed on to the residents of these multi-family complexes, the Utilities Division instituted a policy that, since these were really residents, that their bills per unit should not increase more than a single-family residence when the bill is divided among all the residents of the complex. For example, if a bill for a commercial complex was \$1,000 and there were 10 units, the cost divided among the units would be \$100.00 per unit. For argument sake, if the usage per commercial unit would have resulted in a bill more than a single-family residence would pay, the utility found that by adjusting the billing rates, we could get the bills to allocate out to what a single-family resident would pay. These complexes have typical patterns of usage that could relate the predicted tier of usage which is how the rates were developed. We effectively created rates based on average usage rather than meter size which provided for equitable rates for many differently situated residential complexes and developments.

This practice was discussed with County Management and the Customer Service Division was instructed to administratively address the problem. This is a complex issue that relates to the design of certain private residential development meter assemblies and how meter assemblies have changed over a 50-year history. As building codes have changed over the years, PCU has inherited a variety of similar mobile home and multi-family communities with varying levels of fire protection available due to design. Further complicating the issue is developments sized to serve one set of conditions (number of units) but which later expanded above what was originally planned. The meter is capable of measuring the amount of water but uses much more than it was sized for.

The Utilities Division agrees with this recommendation and is undertaking the rewriting of the Utilities Administrative Manual. We intend to amend the Manual to recognize that per customer usage may be used as a basis for assigning rates and provide for adjustments when necessary to accommodate special needs due to the irregularities present in some of our customers systems. This should be completed by December 2020.

**Finding #2 – Due to staff input errors in the billing system, three separate customers were inappropriately billed for sewer consumption. As a result, two of the customers were undercharged for a total amount of \$17,359.57 and the other was overcharged by \$426.45.**

As part of our audit testing procedures, we obtained a report for unbilled active customer accounts (from 8/01/19 through 9/24/19) from PCU management. We analyzed the report and identified certain active customer accounts that were annotated with dates the accounts were last billed. We brought this to PCU's attention to help us understand why (based on the report) the customers were no longer billed when the accounts remained on active status. They researched and determined that for two of the instances, staff inadvertently entered the wrong "charge through date" within the billing system, causing the system to incorrectly imply that the accounts did not need to be assessed for sewer charges.

At our request, PCU reviewed the account histories for the two customers and determined (as shown on the records made available to us) that:

- One customer was undercharged \$1,850.96 during a period of 13 months of billing cycles. The customer was incorrectly billed \$2,590.97 during that period, but should have been billed \$4,441.93.
- The second customer was undercharged \$15,508.61 during a period of 2 months of billing cycles. This customer was incorrectly billed \$29,845.80, but should have been billed \$45,354.41.

PCU immediately initiated corrective action by cancelling the incorrect bills for each of the customers and rebilling them for the undercharged amounts respectively.

Regarding the third instance, PCU determined that staff mistakenly entered the wrong date in the billing system as the start date for the customer's sewer service to become active. Specifically, the customer's sewer service should have been set to become active as of September 17, 2019 (the date the certificate of occupancy was issued for the address). But on September 19, 2019, the sewer start date was mistakenly keyed in the system as September 17, 2018. This caused the account to become active and appear on the unbilled accounts report as of September 24, 2019, when the report was generated. Due to this input error, the customer was incorrectly charged \$437.65 for back-billed sewer services. The customer should have been charged \$11.20, based on the correct sewer start date. PCU immediately initiated corrective action by cancelling the incorrect bill and deducted the \$426.45 of overcharges from the customer's account.

**We recommend** that PCU complete the corrective actions initiated. In addition, **we recommend** (1) applicable staff should be instructed to ensure the accurate entries are made within the billing system, and (2) PCU consider developing queries that generate periodic (monthly) reports for timely detection of input errors.

**Management response:**

Management agrees.

We agree with these recommendations and will implement them as soon as possible. Further, we had contracted with Water Company of America in 2017, who performs continuous audits of our billing systems to find miss-billings for a percentage of the additional revenue identified. PCU is also in the process of acquiring a new, modern Customer Information System with better reporting capabilities and automated processes that will eliminate the human errors that are inherent due to the complexity of the current CIS system, which was put in service in 1999. The new CIS system will be in place by December 2023.

**Finding #3 - To help prevent/detect potential errors or inappropriate staff action, key responsibilities, duties, and system access rights concerning billing and collection activities should be more properly segregated (in the absence proper compensating controls).**

In accordance with good internal control practices, key duties and responsibilities in authorizing, receiving, processing, recording, and reviewing transactions and events should be segregated among individuals to reduce the risk of error or inappropriate staff actions. For example, the individual handling or collecting payments (cash/checks) should not have update access to the billing and collection systems. The individual setting up customer accounts should be different from the person approving the account; both should be separate from the person recording the account. Similarly, employees (e.g., managers/supervisors and lead staff) with inherent incompatible system access privileges should not handle or collect payments. Also, such employees should not make adjustments on customer accounts without independent approval. We noted some situations of incompatible staff responsibilities and system access rights that may lead to (or that increase the risk of) errors or inappropriate staff actions. Specifically:

- Customer service representatives who are responsible for setting up new customer accounts (and updating existing accounts) also perform cashier duties by receiving payments (cash/checks) from customers. Payments could be for monthly service charges or for new account setup fees (deposits).
- Managers, supervisors, lead or certain other staff, who have inherent incompatible access privileges in the billing and collection system, perform or have the capability to perform incompatible functions, such as to:
  - Collect (or have custody of) cash/checks
  - Record transactions
  - Void or adjust previously recorded transactions without approval
  - Perform initial reconciliation of billing and payment transactions

Both situations mentioned above increased the risk of error, loss, or unauthorized diversion of cash/checks.

**We recommend** PCU consider (1) limiting the current level of staff access privileges to the billing/payment system and (2) segregating incompatible duties among different employees. In circumstances where it is not practicable or efficient to limit access and segregate duties, other compensating controls could be implemented to address the increased risk. Such compensating controls may include review and approval by someone not involved in the billing and collection functions.

**Management response:**

Management agrees.

We will review staff access privileges and consider making adjustments as recommended. For the record, the customer billing and statement generating group is separated from all groups accepting payments internal and external. Our conservation rate structure is an excellent conservation education tool that imposes a graduated financial billing impact to unconcerned customers. With 1,000 new customers coming in every month with 100-150 of those being new homes, we have had to give additional access to staff to keep up with the increased level of adjustments that are processed each month. PCU is also in the process of acquiring a new, modern Customer Information System with improved reporting capabilities and automated processes that will provide for better segregation of duties within the new system design. The new CIS system will be in place by December 2023. We will conduct and complete an internal review of staff duties by June of 2020.

**Finding #4 – PCU rightfully reviews reports for meter readings to identify potential errors (e.g., unusually high/low consumption levels) that may result in under, over, or no billing to customers. That effort should be enhanced to ensure all meter read errors are identified and corrected prior to billing customers.**

Before preparing and issuing billing statements or e-notifications to customers, PCU performs analytical reviews of meter reading reports to check for potential errors. These reviews help identify unreasonable consumption numbers that may be reflected in billings and may be an indication of manual input errors and/or equipment malfunctions. For example, the reviews may identify situations in which a specific customer's utility usage is abnormally higher or lower than normal. The analytical reviews are performed by an experienced Meter Services Technician Supervisor and subsequently by the Billing and Collections Supervisor. This important control ultimately ensures customers were billed for the utility they consumed, and were not over or under billed.

During our audit, we noted instances for two separate customers where one month of recorded water consumption was extremely high compared to each of the customer's normal consumption, due to data input error or equipment failure. Specifically, 8,808,000 gallons of water consumption were recorded for one of the customers for the month of February 2018, while that customer's average monthly consumption was approximately 24,000 gallons. The other customer's average monthly consumption was approximately 10,000 gallons, but

1,557,000 gallons were manually recorded as that customer's water consumption for June 2018. These meter reading errors were detected by PCU staff after the customer bills had been generated. However, it appears the billing statements were not mailed out to the customers. The incorrect bills were printed, but were then cancelled and rebilled immediately. Though the customers did not make payment on the incorrect bills and their accounts were corrected with accurate meter readings, existing controls did not prevent or detect the error in a timelier manner.

PCU management is receptive to **our recommendation** to enhance processes and review efforts so as to ensure all meter read errors are timely identified and corrected before bills are generated and sent to customers.

**Management response:**

Management agrees.

We agree and further point out that we are in the process of implementing Advanced Meter Infrastructure and procuring a new Customer Information System with better Business Intelligence to process these types of review in an automated fashion rather than manual review of reports. We have already started additional reviews and will continue to review other ways to improve the review process by June 2020.

**Finding #5 – PCU management should perform enhanced periodic reconciliations of customer deposits on active accounts as means of detecting potential unauthorized diversion of funds.**

Customer account deposits are a way of protecting the county from customer default on the payment of their utility billings. Deposits are required for water, sewer, and re-use services (for both residential and commercial customers), and the rates are established by county ordinance. Deposits refunds are either applied as payments to customer bills or refunded to the customer upon termination of the account. According to PCU Administrative Manual, section 3.2.3, a record of each deposit will be maintained until refunded.

Deposits collected from each customer are recorded separately in the billing system. Those deposits are also posted to a separate account in the general ledger (as a liability) within the county's financial system (Oracle). The deposits are maintained in the general ledger as a net amount which, unlike the billing system, does not provide individual deposit payment details. Due, in part, to the incompatible access to the billing and collection system as previously described within this report, it is important to ensure customer deposit funds are properly monitored.

As part of this audit, we reviewed controls and processes for tracking and accounting for customer deposits. We noted that PCU currently performs monthly reconciliation of the customer deposit liability account for adjustments made during the applicable month. **We**

**recommend** PCU consider enhancing those reconciliation efforts to include periodic (e.g., quarterly or bi-annual) review of billing system reports to search for unusual deposit activity. Such periodic reviews may include tracing recorded deposits, or refunds of deposits, for selected customers to their account history in the billing system, or creating error reports to flag unusual deposit transactions.

**Management response:**

Management agrees.  
We will implement this practice immediately.

**Finding #6- PCU should document transfer of custody for collections (cash and checks).**

Customer payments that are made at the Utilities Administrative Building are received by customer service representatives. Payments may include cash, checks, or other negotiable instruments. After the customer service representative completes the recording and the initial reconciliation of the daily collections, the Lead Customer Service Representative transfers the collections to the Accounts Receivable Coordinator in the Finance section. The Accounts Receivable Coordinator prepares the deposits (cash/checks) and a courier takes it to the bank. Generally, adequate records were maintained that documented collections from point of receipt through transfer for bank deposit. However, we noted the Customer Service section did not document the transfer of custody of collections to the Finance section. The lack of signed receipts documenting transfers of custodial responsibility may limit management's ability to determine responsibility in the event of loss or theft.

In response to our recommendation, the PCU Customer Service section has developed a form for use in documenting acknowledgement of acceptance of custodial responsibility when daily cash collections are transferred to staff in the Finance section. **We recommend** PCU Customer Service section commence using the developed form to document the transfer of custody of collections (cash and checks) to the Finance section.

**Management response:**

Management agrees.

Though similar to a form that was already in use, we will use the new format that was developed and approved by AIG staff that already started prior to completing the audit.

# MANAGEMENT ACTION PLAN

Finding or Recommendation	Action Plan	Responsible Employee	Target Date
<p><b>#1 – PCU management should discuss this policy with county management, and if management agrees, formalize the practice through inclusion in county rate resolutions and in the Utilities Administrative Manual.</b></p>	<p>PCU will amend the Utilities Code Administration Manual to allow for these types of arrangements. The manual is part of the Utilities code and has a process in place to make such updates. A report is given to the board about all the changes that were approved and they acknowledge the updates at a board meeting.</p>	<p>Charles Richards</p>	<p>December 2020</p>
<p><b>#2 – PCU management should remind staff to ensure accurate entries are made within the billing system. Also, management should develop queries in the billing system that will generate reports for detecting errors when they occur.</b></p>	<p>PCU has contracted a company to audit our billing system. We are also in the process of acquiring a new billing system with better BI and work flows. We will also continue to develop reports for data clean up.</p>	<p>Deitra Johnson, Donna Anderson, Michael Zedekar, and Rachel Boedicker</p>	<p>Immediately for report generation and within three years we will have a new system.</p>
<p><b>#3 – PCU management should limit the current level of staff access privileges to the billing/payment system. In addition, management should segregate incompatible duties among different employees.</b></p>	<p>PCU will review the duties, system access, and work load and adjust system access. We will make this a consideration in the design of the new CIS system currently being procured.</p>	<p>Charles Richards, Deitra Johnson and Michael Zedekar</p>	<p>March 2020</p>

<p><b>#4 – Error detection efforts should be enhanced to ensure all meter read errors are identified and corrected prior to billing customers.</b></p>	<p>Additional training will be provided and reports will be developed as necessary. Billing staff will be monitored to make sure they are using the current tools and system to maximize the review process. Further, the new CIS systems being acquired will use BI and work flows rather than reports that have to be manually reviewed.</p>	<p>Charles Richards, Deitra Johnson, and Tiffany Miller</p>	<p>March 2020</p>
<p><b>#5 – PCU should enhancing those reconciliation efforts to include periodic (e.g., quarterly or bi-annual) review of billing system reports to search for unusual deposit activity. Such periodic reviews may include tracing recorded deposits, or refunds of deposits, for selected customers to their account history in the billing system, or creating error reports to flag unusual deposit transactions.</b></p>	<p>We will implement this practice immediately.</p>	<p>Veronica Williams</p>	<p>January 2020</p>
<p><b>#6 – PCU Customer Service section should commence using the developed form to document the transfer of custody for collections (cash and checks).</b></p>	<p>We are already using this form</p>	<p>Michael Zedekar</p>	<p>Completed</p>