



Follow-up Review of Audit of Water and Wastewater Services Delinquent Collection and Enforcement Process

Office of the County Auditor

Follow-up Review

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Review Conducted by:

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OFFICE OF THE COUNTY AUDITOR

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June 9, 2022

Honorable Mayor and Board of County Commissioners

We have conducted a Follow-up Review of Audit of Water and Wastewater Services Delinquent Collection and Enforcement Process (Report No. 20-13). The objective of our review was to determine the implementation status of our previous recommendations.

We conclude that of the 10 recommendations in the original report, nine recommendations were implemented, and one recommendation is no longer applicable. We commend management for implementation of our recommendations. The status of each of our recommendations is presented in this follow-up report.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

We appreciate the cooperation and assistance provided by the Water and Wastewater Services Division throughout our review process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton
County Auditor

cc: Monica Cepero, County Administrator
Andrew Meyers, County Attorney
Kevin Kelleher, Assistant County Administrator
Trevor Fisher, Director, Public Works Department
Alan Garcia, Director, Water and Wastewater Services Division

Broward County Board of County Commissioners

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IMPLEMENTATION STATUS SUMMARY

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1A	We recommended management establish written policies and procedures for timely water shut-off, including appropriate handling of inaccessible meters, delays between work order issuances and actual shutoffs, and other barriers to timely shut-off.	✓			
1B	We recommended management evaluate current deposit policies, in conjunction with shut-off practices, to ensure that deposits cover account balances at the time of final bill or shut-off.	✓			
2	We recommended management ensure that settlements and fee adjustments are authorized by the County Administrator and reviewed by the County Attorney in accordance with County policies.	✓			
3A	We recommended management establish a written methodology or clear strategy for prioritizing and enforcing delinquent accounts.	✓			
3B	We recommended management continue enhanced enforcement efforts to resolve outstanding delinquent accounts.	✓			
4A	We recommended management identify uncollectible tenant accounts in excess of four years and write-off in accordance with County policy.				✓
4B1	We recommended management identify and correct incorrectly coded accounts.	✓			

Follow-up Review of Audit of Water and Wastewater Services
Delinquent Collection and Enforcement Process

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
4B2	We recommended management strengthen procedures to ensure that accounts are correctly coded.	✓			
5	We recommended management explore additional enforcement mechanisms including credit reporting and use of collection agencies.	✓			
6	We recommended management develop a form Payment Arrangement Letter for arrangements exceeding a certain threshold (such as \$1,000), signed by the customer, that specifies salient information such as the total amount of the arrangement, amount of each monthly installment, and other salient terms and conditions of the arrangement.	✓			

INTRODUCTION

Scope and Methodology

The Office of the County Auditor conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted a follow-up review of our Audit of Water and Wastewater Services Delinquent Collection and Enforcement Process (Report No. 20-13). The objective of our review was to determine the implementation status of previous recommendations for improvement.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our follow-up review included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The follow-up testing was performed for the period June 1, 2021, through December 31, 2021. However, transactions, processes, and situations reviewed were not limited by the review period.

Overall Conclusion

We conclude that of the 10 recommendations in the original report, nine recommendations were implemented, and one recommendation is no longer applicable. We commend management for implementation of our recommendations. The status of each of our recommendations is presented in this follow-up report.

OPPORTUNITIES FOR IMPROVEMENT

This section reports actions taken by management on the Opportunities for Improvement in our previous review. The issues and recommendations herein are those of the original review, followed by the status of the recommendations.

1. Water Shut-off Enforcement Was Not Performed Timely.

During our prior audit of water shut-off enforcement procedures, we noted the following concerns:

- A. Water service was not shut-off timely for delinquent accounts. We determined that four of 23 (15%) applicable delinquent accounts sampled were not shut-off within 60 days of unpaid billing.

Although there were desk guides with instructions for performing water shut-offs, WWS had no written policy specifying the criteria for when shut-offs were to be performed (i.e. number of days past due).

- B. Required deposit amounts may not have been adequate. We found that 18 out of 24 (75%) applicable delinquent accounts sampled did not have adequate deposits to cover balances at final billing or shut-off. On average, deposits covered 66% of the remaining outstanding balance at final billing or water shut-off.

We recommended management:

- A. Establish written policies and procedures for timely water shut-off, including appropriate handling of inaccessible meters, delays between work order issuances and actual shutoffs, and other barriers to timely shut-off.
- B. Evaluate current deposit policies, in conjunction with shut-off practices, to ensure that deposits cover account balances at the time of final bill or shut-off.

Implementation Status:

- A. **Implemented.**
- B. **Implemented.**

2. Account Adjustments Were Performed Without Appropriate Authority or Oversight.

During our prior audit, we noted that WWS performed account adjustments, fee waivers and settlements without appropriate authority. We identified the following concerns:

- A. WWS adjusted \$531,720 of vacant land fees for the period October 1, 2018 – April 29, 2019, without appropriate approval. According to staff, these fees pertained to the minimum monthly service availability charges and late fees that had accrued for seven vacant properties. WWS charged a fixed fee for service, regardless of consumption or occupancy. Locations may include vacant lots which have access to WWS services.
- B. WWS entered account settlements without appropriate approval resulting in adjusted late fees totaling \$282,048 for the period October 1, 2018 – April 29, 2019. These settlements pertained to 57 accounts totaling \$450,500 of which \$282,048 in late fees were waived and \$168,458 in base commodity charges were paid or agreed to be paid.

County policy requires County Administrator approval of settlements and fee adjustments up to \$15,000 and requires settlements to be submitted to the County Attorney's Office for review.

We recommended management ensure that settlements and fee adjustments are authorized by the County Administrator and reviewed by the County Attorney in accordance with County policies.

Implementation Status: Implemented.

3. Enforcement Strategies Needed Establishment.

During our prior audit, we noted that WWS lacked a written methodology or clear practice for stratifying and prioritizing the enforcement and resolution of delinquent accounts. Staff could not provide established procedures for how they prioritize and select accounts for enforcement and what enforcement procedures are applied. Written procedures should identify how accounts are stratified and prioritized as well as the level of resources required for collection based on the nature of the account.

We recommended management:

- A. Establish a written methodology or clear strategy for prioritizing and enforcing delinquent accounts.
- B. Continue enhanced enforcement efforts to resolve outstanding delinquent accounts.

Implementation Status:

A. Implemented.

B. Implemented.

4. Inactive, Uncollectible Tenant Accounts Needed Identification and Evaluation for Write-Off.

During our prior audit, we found delinquent accounts included uncollectible accounts that should be written-off. We noted the following concerns:

- A. Tenant accounts (accounts opened by and assigned to a tenant rather than an owner) that have been inactive and uncollectible for over four years should be evaluated for write-off. While unpaid owner accounts (accounts assigned to the property owner) constituted liens on the property and should be held until collection, unpaid tenant balances did not constitute liens on the property and enforcement may not be taken with the owner. Therefore, collection was less likely for unpaid tenant accounts and those that have been inactive for over four years and deemed uncollectible should be evaluated for write-off.
- B. The billing system did not accurately identify all inactive tenant accounts. We found that 10 of 20 (50%) owner accounts sampled were incorrectly labeled. These accounts were labeled as owner accounts but should have been labeled as tenant accounts. These accounts were residential homes that were rented to tenants with the water bill in the tenant's name, not the property owner. As a result, there appeared to be a greater number of tenant accounts than currently reported by the billing system.

We recommended management:

- A. Identify uncollectible tenant accounts in excess of four years and write-off in accordance with County policy.
- B1. Identify and correct incorrectly coded accounts.
- B2. Strengthen procedures to ensure that accounts are correctly coded.

Implementation Status:

- A. Not Applicable.** Based on WWS's re-evaluation of current law, WWS will pursue delinquent tenant accounts through statutory property liens; therefore, the

recommendation to write-off these accounts is no longer applicable.

B1. Implemented.

B2. Implemented.

5. Relying on Property Liens as an Enforcement Mechanism is not Effective for all Accounts; Collection and Credit Reporting Agencies Should be Utilized.

During our prior audit, we noted that WWS had limited ability to enforce delinquent tenant accounts which comprised a significant portion of total delinquent accounts. Based on our survey of seven utilities, we found that four used collection agencies and two used credit reporting agencies. A lack of enforcement resulted in uncollected balances and higher charges for other customers.

We recommended management explore additional enforcement mechanisms including credit reporting and use of collection agencies.

Implementation Status: Implemented.

6. Payment Plan Agreements with Customers Did Not Adequately Specify the Terms of Arrangement.

During our prior audit, we noted that WWS utilized a payment plan program allowing customers to pay past due balances over time; however, the payment plan agreements did not adequately specify the terms of the arrangement. Payment Arrangement Letters issued to customers did not specify the total amount of the arrangement, amount of each monthly installment, and other salient terms and conditions of the arrangement.

We recommended management develop a form Payment Arrangement Letter for arrangements exceeding a certain threshold (such as \$1,000), signed by the customer, that specifies salient information such as the total amount of the arrangement, amount of each monthly installment, and other salient terms and conditions of the arrangement.

Implementation Status: Implemented.