



Follow-up Review of Audit of Water and Wastewater Services Customer Account Adjustments

Office of the County Auditor

Follow-up Review

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June 9, 2022



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 our Audit of Water and Wastewater Services Customer Account Adjustments (Report No. 20-16). The objective of our review was to determine the implementation status of our previous recommendations.

We conclude that of the 3 recommendations in the original report, 2 recommendations were implemented, and 1 recommendation was partially implemented. 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 and 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, Public Works Director
Alan Garcia, Director, Water and Wastewater Services Division

TABLE OF CONTENTS

IMPLEMENTATION STATUS SUMMARY	1
INTRODUCTION	2
Scope and Methodology	2
Overall Conclusion	2
OPPORTUNITIES FOR IMPROVEMENT	3
1. Review of Invoice Adjustments Needed Enhancement to Ensure Policies and Procedures are Being Followed	3
2. Management Should Consider Automating Billing Adjustments Which Would Reduce Errors and County Resources.....	4
3. Policies and Procedures Should be Updated to Provide Improved Guidance for Performing, Reviewing, and Approving Invoice Credits and Reversals.....	4

IMPLEMENTATION STATUS SUMMARY

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
1	<p>We recommended management update policies and procedures for review of invoice credits and reversals including consideration of:</p> <p>A. Secondary approval of significant transactions at the time of or prior to processing.</p> <p>B. Review and approval of periodic reports of routine, low-dollar transactions that do not require secondary approval at the time of processing (such as a monthly late fee waiver performed at the time a customer calls in).</p> <p>C. Review and approval of periodic exception reports that identify specific transactions, meeting certain criteria such as high dollar thresholds, repeated adjustments, invoice reversals that are significantly less than a corresponding rebill, etc.</p>	✓		
2	<p>We recommended management pursue automated processes for billing corrected meter readings.</p>		✓	
3	<p>We recommended management clarify policies and procedures for performing, reviewing, and approving invoice credits and reversals to include:</p> <p>A. Types of invoice credits and reversals.</p> <p>B. Authority for performing each type of invoice credit and reversal, including authority by position type and applicable dollar thresholds.</p> <p>C. Secondary review and approval requirements by invoice credit and reversal type.</p>	✓		

INTRODUCTION

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 have conducted a follow-up review of our Audit of Water and Wastewater Services Customer Account Adjustments (Report No. 20-16). The objective of our review was to determine the implementation status of our previous recommendations.

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 and 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 3 recommendations in the report, 2 recommendations were implemented, and 1 recommendation was partially implemented. 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 audit. The issues and recommendations herein are those of the original audit, followed by the status of the recommendations.

1. Review of Invoice Adjustments Needed Enhancement to Ensure Policies and Procedures are Being Followed

During our prior audit, we noted that invoice adjustments were typically performed by customer service representatives (CSRs) but lacked evidence of approval or review. We sampled 65 invoice credits and found that 57, or 88%, had no secondary approval. These 57 exceptions consisted of 39 invoice reversals, 14 leak adjustments, and four other courtesy adjustments. The eight instances of adjustments that showed evidence of secondary approvals were limited to specific transaction types such as settlements that are typically accompanied by additional documentation containing approvals.

Invoice credits and reversals should be reviewed and approved by someone above the CSR level. Significant transactions should require additional supporting documentation and secondary review prior to processing the adjustment. For certain types of routine, low-dollar transactions that do not require secondary approval at the time of processing (such as a monthly late fee waiver performed at the time a customer calls in) management should subsequently review and sign-off on daily transaction reports. Periodic exception reports should also be utilized to identify specific transactions meeting criteria (high dollar threshold, repeated adjustment, etc.) that would necessitate further review.

We recommended management update policies and procedures for review of invoice credits and reversals including consideration of the following:

- A. Secondary approval of significant transactions at the time of or prior to processing.
- B. Review and approval of periodic reports of routine, low-dollar transactions that do not require secondary approval at the time of processing (such as a monthly late fee waiver performed at the time a customer calls in).
- C. Review and approval of periodic exception reports that identify specific transactions, meeting certain criteria such as high dollar thresholds, repeated adjustments, invoice reversals that are significantly less than a corresponding rebill, etc.

Implementation Status: Implemented.

2. Management Should Consider Automating Billing Adjustments Which Would Reduce Errors and County Resources

During our prior audit, we noted that corrections to estimated billings were manually performed and represented a large number of transactions. Estimating usage for billing purposes is a common practice, typically occurring when a customer's meter is inaccessible to the meter reader. The meter may be inaccessible for multiple billing cycles requiring the application of estimated usage each billing. Once the meter is accessed, staff will reverse the prior billing or billings that were based on the estimated usage and re-bill for the correct usage.

A more automated process would apply the appropriate billings based upon the actual updated meter reading. Routine monthly bills are pre-populated by the billing system based on the meter reading but credit billings for corrected meter readings are not. Reducing the number of manual transactions saves staffing time in processing, reviewing and approving transactions. In addition, reducing the total number of invoice reversals may allow management to better focus and detect issues with other transactions.

We recommended management pursue automated processes for billing corrected meter readings.

Implementation Status: Partially Implemented. WWS is pursuing a new billing system and the solicitation is in process. According to management and review of draft documents, the solicitation will pursue an automated processes for billing corrected meter readings.

3. Policies and Procedures Should be Updated to Provide Improved Guidance for Performing, Reviewing, and Approving Invoice Credits and Reversals.

During our prior audit, we noted there was minimal written formal guidance on the types of adjustments that can be made to customer accounts as well as the level of supervisory review and approval required for each dollar threshold.

Policies and procedures should be in place to provide guidance on performing, reviewing, and approving invoice credits and reversals. The policies and procedures should provide adequate specificity over types of invoice credits and reversals, authority to process, how to process, level of secondary review and approval.

We recommended management clarify policies and procedures for performing, reviewing, and approving invoice credits and reversals to include:

- A. Types of invoice credits and reversals.
- B. Authority for performing each type of invoice credit and reversal, including authority by position type and applicable dollar thresholds.
- C. Secondary review and approval requirements by invoice credit and reversal type.

Implementation Status: Implemented. The elements of our recommendation have been included in revised policies and procedures. Further work is needed to develop comprehensive policies and procedures so that all staff would be familiar with and able to perform their assigned steps within the process.