

Bill Run Process

The Bill Run Process program manages the bill run process. From this program, you can start each bill run, assign a unique identifier to the bill run, select a bill run, and remove billing processes started in error.

Start a bill run
To set up a bill run:

1. Open the Bill Run Process program.
Property Revenues > Utility Billing > Bill Processing > Bill Run Process

THE CITY OF FORT
SMITH UTILITY
BILLING DEPARTMENT
MONTHLY CYCLE BILL
RUN PROCESS

2021-10

Utility Department

INTRODUCTION

The Utility Billing Department (Utility Billing) bills and collects for water, sewer, sanitation, and other miscellaneous services and fees.

BACKGROUND

Utility Department processes over 35,000 utility bills each month. The Utility Billing system includes (5) billing cycles. Each of the five (5) cycles is billed for final bills and regular bills each month. The five regular billing cycles allow for adequate time to read each metered service, make corrections, process the bills, and print and mail the bills. The five final billings ensure the timely billing of terminated accounts. Utility Billing maintains a billing schedule with the dates for each billing cycle for the year including the Bill Start Date, the Bill End Date, the Mail/Bill Date, the Due Date, The Disconnect Statement Date, the Disconnect Due Date, and the Cutoff Date.

Before the Bill Run Process, the meter readings are uploaded into Munis, exceptions are generated and reviewed, rereads are selected, completed and corrected as needed, additional reread issues are identified, reviewed and corrected as needed, inactive usage is identified, reviewed and additional actions are taken as needed. Additional actions may be creating a service order to inspect the service and verify the meter reading and/or activating accounts to bill the customer for the usage.

The Bill Run Process is usually completed by the Utility Billing Manager with the Citizen Services Manager and the Deputy Director of Business acting as contingencies in the Utility Billing Manager's absence.

The Bill Run Process selects the accounts to be billed, calculates the charges, allows for corrections to be made on meter readings (usage), generates and prints the utility bills, applies automatic drafts to the appropriate accounts, and moves new customers to the active status and terminated customers to the final bill status.

AUDIT SCOPE AND OBJECTIVES

The audit scope considered activities and transactions related to the utility billing process.

Our audit objective, as refined during research and the risk assessment process occurring throughout the course of our work, is as follows:

To assess the controls over the Utility Department's billing process to ensure completeness and accuracy of the utility billing process including accountability.

PROCEDURES PERFORMED

To obtain sufficient evidence to achieve audit objectives and support our conclusions, we performed the following:

Planning

- Conducted interviews and process walkthroughs with key individuals performing key activities within the utility billing process;
- Identified key risks and controls and evaluated design of controls;
- Identified control gaps and potential areas for process improvements.

Fieldwork

- Conducted a review of the steps performed during the utility billing process;
- Documented findings and confirmed with Utility Management.

AUDIT METHODOLOGY

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Practice of Internal Auditing* as promulgated by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit procedures. The scope of our work did not constitute an evaluation of the overall internal control structure of the Citizen Services Department. Management is responsible for establishing and maintaining a system of internal controls to ensure that City assets are safeguarded; financial activity is accurately reported and reliable; and management and employees are in compliance with laws, regulations, and policies and procedures. The audit was performed to provide management with reasonable, but not absolute assurance that the controls are in place and effective.

CONCLUSIONS AND SIGNIFICANT ISSUES

We believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards. Each conclusion is aligned with the related Audit Objective for consistency and reference. For detailed findings, recommendations, management responses, comments, and assessment of responses see the “Detailed Findings, Recommendations, Management Responses, and Assessment of Responses” section of this report.

- **CONTROLS ARE NOT IN PLACE. (HIGH) –** . The bill due dates and shut-off dates are not in compliance with the City Ordinance No. 71-15. Additionally, procedures are not in place to ensure accuracy of utility bills during the calculate charge process and documentation of those changes are not retained.

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- **POLICIES ARE NOT IN PLACE. (HIGH)** – There is not a policy for calculate charges searches and with specific criteria to eliminate the possibility for the number of exceptions to be modified in order to correct fewer reads.

ACKNOWLEDGMENT AND SIGNATURES

The Audit Team would like to thank Citizen Service’s management for their cooperation, time, and efforts throughout the engagement.

DETAILED FINDINGS, RECOMMENDATIONS, MANAGEMENT RESPONSES, AND ASSESSMENT OF RESPONSES

FINDING #1 – UTILITY BILL DUE DATES AND CUTOFF DATES ARE NOT IN COMPLIANCE WITH CITY ORDINANCE NO. 71-15

BACKGROUND:

The monthly utility billing process includes 5 cycles. Each cycle is read, rereads are completed, and corrections are made before each billing cycle occurs. The Utility Department processes a final bill run and a regular bill run for each of the 5 billing cycles each month. Utility Billing generates a “Billing Dates” calendar (schedule). The calendar includes the bill run date, the bill date, the bill due date, the disconnect notice date, and the cutoff date. The “Billing Dates” calendar sets the dates when the bill run process is to start, when the Disconnect Notices are to be processed, and when the Cutoffs are to be processed for each cycle. *(See Work Exhibit # A)*

Ordinance No. 71-15 establishes the due date as 20 days from the bill date and the Disconnect Date (i.e. Cutoff Date) is 30 days from the bill date. *(See Work Exhibit # B)*

FINDING:

The Utility Billing is not in compliance with City Ordinance No. 71-15. From the 2021 Billing Dates calendar, IA determined that the due dates ranged from 18 to 25 days from the bill date and the Cutoff Dates were 32 to 40 days from the bill date. No due dates should be less than the 20 days as established in the City Ordinance and the Cutoff Date as currently applied is also not in compliance with the City Ordinance. *(See Work Exhibit # C)*

RECOMMENDATIONS:

Utility Department Management should establish a policy to keep the due dates and the cutoff dates within an acceptable range of the periods set forth in the City Ordinance.

MANAGEMENT RESPONSE:

The Utility Department agrees with the finding.

The billing due date being under the twenty (20) day limit is unacceptable.

Thirty-two (32) days is the least amount of time for shutoff to occur. Shutoff schedules will be in such a manner as to comply as closely as possible with the ordinance.

The Utility Billing Manager and Citizens Service Manger have been notified and this has been addressed. Bill due dates and shutoff dates will be reviewed to ensure the Ordinance is followed.

RESPONSIBLE PARTY:

Lance McAvoy, Utility Director

ESTIMATED DATE OF COMPLETION:

Challenges with the proper billing due dates was addressed with staff on January 27, 2022

ASSESSMENT OF RESPONSE:

IA agrees with Managements response.

FINDING #2 – CONTROLS ARE NOT IN PLACE TO ENSURE ACCURACY OF UTILITY BILLS

BACKGROUND:

The meter readings are uploaded from the meter reading system to Munis. Munis generates the high/low reading exceptions. The exceptions are reviewed and rereads are generated. The rereads are completed and any necessary corrections are made in the Current Read/Consumption module by the analytics team. Reread issues are identified and sent to the Customer Service Supervisor, the Citizen Services Accounting Technician, the Utility Billing Manager, and the Citizen Services Manager, however the Billing Manager performs the additional review. On the scheduled bill run date the bill run process is started. The bill run process consists of multiple steps. The “Calculate Charges” step is where billing exceptions are identified and corrections are made. *(See Work Exhibit # D)*

FINDING:

The Utility Billing Manager makes changes to the meter readings and reading dates during the “Calculate Charges” step. There is potential at this step to enter erroneous or incorrect data that could result in incorrect usage charges to the customer. *(See Work Exhibit # E)*

RECOMMENDATIONS:

Utility Department Management should establish specific procedures for making billing corrections. A manager or supervisor should review corrections made during the bill run and the review should be documented.

Additionally, the Analytic Team and the Billing Manager are performing the same function when reviewing the reread and billing exceptions. The Analytics Team enters the changes in the Current Read/Consumption module, however when the Billing Manager performs the Calculate Charges step, the exceptions still appear even though the changes have been made by the Analytics Team. This process is duplicated and should be reviewed to avoid duplication by both departments.

MANAGEMENT RESPONSE:

The Utility Department agrees with the finding in part.

Utility Management agrees with the Utility Billing Changes Audit. A new standard operating procedure is being written to address this finding.

The re-read process takes place outside of the bill run process. The Billing Manager is to review the findings of the Utility Analytics team re-read actions. This is a check of the Utility Analytics team’s finding and work. This may seem redundant but it is the needed oversight to ensure all exceptions are noted from the re-reads and billed properly. The Analytics Team and Utility Billing Manager are in two different programs to allow separation of duties and command structure.

RESPONSIBLE PARTY:

Lance McAvoy, Utility Director

ESTIMATED DATE OF COMPLETION:

The SOP will be implemented by the end of April 2022

ASSESSMENT OF RESPONSE:

IA agrees with Managements response.

FINDING #3 – DOCUMENTATION IS NOT KEPT FOR CHANGES MADE DURING THE CALCULATE CHARGES PROCESS.

BACKGROUND:

During the “Calculate Charges” process the user has the option to export the billing exceptions to Excel. The Utility Billing Manager uses a “Calculate Charges Searches” checklist. The “Calculate Charges Searches” is a list of recommended searches to be performed to identify specific exceptions.

During the “Calculate Charges” process, accounts identified as needing adjustments are identified by the criteria (i.e. percentages of high/low, etc...) set by management in the Munis system. The user then exits the Bill Run Process, makes the necessary adjustments and notifies the approver of the adjustments. Once the adjustments have been approved, the user returns to the Calculate Charges in the Bill Run Process.

FINDING:

There is no process in place to document and record billing exceptions and corrections made during the bill run process. The option to export the billing exceptions to Excel is not used and the accounts requiring adjustments are written on paper. *(See Work Exhibit # D, page 7 for Exception Report and Work Exception # F for an Example of a List of Exceptions)*

RECOMMENDATIONS:

Utility Department Management should establish a procedure to document the changes made during the bill run such as exporting the billing exceptions to Excel, noting the changes made on the Excel spreadsheet and saving the spreadsheet.

Run the Exception report with every bill run. Define the conditions to include in the report.

Generate and review the Utility Billing Changes Audit report for each bill run. IA inquired with the Billing Manager and the Citizen Service Program Manager regarding the report and neither were aware/utilized the report.

MANAGEMENT RESPONSE:

The Utility Department agrees with the finding.

Until this audit was provided to us, the Department was unaware of the Utility Billing Changes Audit report. Staff is working to evaluate and test the use of this function to determine the impact on the billing process workload and potential future use.

RESPONSIBLE PARTY:

Lance McAvoy, Utility Director

ESTIMATED DATE OF COMPLETION:

The testing will be completed by the end of June 2022, and a follow-up report on the path forward will be provided to Internal Audit by the end of July 2022.

ASSESSMENT OF RESPONSE:

IA agrees with Managements response.

FINDING #4 – THERE IS NOT A POLICY FOR THE CALCULATE CHARGES SEARCHES PROCESS**BACKGROUND:**

The Calculate Charges process allows the user to enter manual reads and correct any problems with the billing file before it becomes a bill. Utility Billing uses a “Calculate Charges Searches” checklist to perform searches with specific criteria. The “Calculate Charges Searches” checklist is a recommendation of the searches to be performed.

FINDING:

Some of the recommended searches on the “Calculate Charges Searches” checklist are modified to limit the number of exceptions to be reviewed. *(visually observed during walkthrough) (See Work Exhibit # E)*

RECOMMENDATIONS:

Utility Department Management should set specific criteria for the Calculate Charges searches in a policy. It is not appropriate to allow for the number of exceptions to be modified so that Utility Billing is able correct fewer reads. Errors should be corrected regardless of the number of errors.

MANAGEMENT RESPONSE:

The Utility Department agrees with the finding.

Utility Management will develop a policy and SOP for the Calculate Charge Search Process.

One area the Department is working to improve is with the issuance of a re-read SOP. This will allow all stakeholders to be held accountable for their portion of the process and will decrease the need to review accounts in this area of the billing process.

To process bills in a timely manner, the bills may be spot checked and not every bill may be reviewed. Utility Management is looking at ways to aid in expediting the review and allow more time for the proper examination of each bill in the future.

RESPONSIBLE PARTY:

Lance McAvoy, Utility Director

ESTIMATED DATE OF COMPLETION:

The SOP will be implemented by the end of April 2022.

ASSESSMENT OF RESPONSE:

IA agrees with Managements response.

OTHER FINDINGS/OBSERVATIONS TO BE CONSIDERED FOR CORRECTION

During the conversion from ArcBest to Munis, the meter reading dates were delayed due to the billing issues in Munis and the routes could not be read until the cycle was billed. The Utility Department has adopted the practice of requesting the reading file as soon as a cycle is billed instead of scheduling the reading dates closer to the bill run date. The current practice puts the number of days from the read date to the bill date at 21 to 33 days and the number of days from the read date to the bill due date at 41 to 55 days. This significantly increases the time between the end of a billing cycle and the date the customer sees the charge for that cycle. This allows leaks to be undetected until a date near the next reading date, so that an undetected leak affects two entire billing periods in many cases.

The Utility Department thanks Internal Audit for their observation and will take this under advisement.

Before the conversion from ArcBest to Munis the Exceptions, Rereads, and Inactive Usage was processed by customer service. The Utility Department Analytics group began processing the Exceptions and Rereads in February of 2019 and processing the Inactive Usage in July 2019.

The Utility Department thanks Internal Audit for their observation and will take this under advisement.

The Utility Department should review and reevaluate the Metering Department, Analytics Department and Utility Billing processes. Before the conversion from ArcBest to Munis, the Export (download) and Import (upload) of the meter reading files was performed by the Metering Department. These processes are now performed by the Utility Department Analytics group. This process should return to the Metering Department in order to perform the process more efficiently and effectively. The Analytics Department could be utilized to perform different types of analyses. For example, running and analyzing the misc. charge codes, exceptions, rereads, charges billed, adjustments, etc.... Reviewing these processes will also identify where duplicate work is being performed, streamline the processes, and ensure all departments are utilized in a more effective and efficient manner.

The Utility Department thanks Internal Audit for their observation and will take this under advisement

NOTE: This report was completed in December and sent to Management for responses. Due to the holidays, vacation, illnesses, and IA informing management several times that their responses were not correctly addressing the finding the report was not issued until March 2022