2021-10   (EXECUTIVE SUMMARY)

Utility Department

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

EXECUTIVE SUMMARY

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 cycle billing 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.

CONCLUSIONS AND SIGNIFICANT ISSUES

- **UTILITY BILL DUE DATES AND CUTOFF DATES ARE NOT IN COMPLIANCE WITH CITY ORDINANCE NO. 71-15 -** due dates ranged from 18 to 25 from the bill date and that the Cutoff Dates were 32 to 40 days from the bill date.
- **CONTROLS ARE NOT IN PLACE TO ENSURE ACCURACY OF UTILITY BILLS -** The Utility Billing Manager makes changes to the meter readings and reading dates during the "Calculate Charges" step.
- **DOCUMENTATION IS NOT KEPT FOR CHANGES MADE DURING THE CALCULATE CHARGES PROCESS** - 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.

- **THERE IS NOT A POLICY FOR THE CALCULATE CHARGES SEARCHES PROCESS -** Some of the recommended searches on the "Calculate Charges Searches" checklist are modified to limit the number of exceptions to be reviewed.

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.

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 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.

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.