UTILITY BILLING PROCESS WALKTHROUGH OBSERVATIONS
DECEMBER 2021

INTRODUCTION

IA observed the Utility Billing Process from start to finish for Cycle 4 for September 2021 and for Cycle 5 for October 2021.

BACKGROUND

The Utility Billing Department processes over 35,000 bills each month for water, sewer, sanitation, and other miscellaneous charges and fees. The Utility Billing is separated into five (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.

OBSERVATIONS

Ordinance No. 71-15 states that the bill due date is 20 days from the bill date and the shutoff date is 30 days from the bill date. Allowing for weekends and holidays the number of days may be reasonably extended.
- The 2021 Billing Schedule has the number of days from the bill date to the due date ranging from 18 to 25 days.
- The number of days from the bill date to the cutoff date range from 32 to 40 days. Cutoffs are only done on Tuesdays.
- The number of days from the read date to the bill date ranges from 21 to 33 days.
- The number of days from the read date to the due date ranges from 41 to 55 days.
- The number of days from the read date to the cutoff date ranges from 54 to 69 days.

Cycle read routes are downloaded immediately after the cycle bill run process. 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. Historically the meter reading dates were determined from the bill run date. Approximately five days were allowed from the last read date to the bill run start date. The five days allowed for rereads, corrections, follow-up on skipped rereads, and final corrections.

Additionally, when meters are changed out between the download date and the bill date additional days are added to the customer's normal bill cycle days. Meter changes made after the meter reading date and before the cycle bill run create high/low warnings that must be corrected during the bill run. The final meter reading and the new meter reading do not populate correctly and must be corrected to prevent incorrect billing.

The Utilities Director stated that AMI will bring a more accurate reading when that is integrated in the City hopefully in 2023. It was also stated that the customer would have to receive two bills in one month. Internal Audit stated that AMI will not correct the number of days from the read date to the due date without adjusting the meter reading schedule. The Utilities Director stated that was not a possibility. Internal Audit provided one cycle for the year where the read date and bill date could be adjusted monthly and bring the timing of the bills back to the original process. IA has not received any comment or feedback from the Utility Director.

Before the conversion from ArcBest to Munis the Exceptions, Rereads, and Inactive Usage was processed by customer service. The Utility Department began processing the Exceptions and Rereads in February of 2019 and processing the Inactive Usage began in July 2019. The Analytics Team determines what rereads go to the meter reading department and upon receiving the information back enters those reads into the report and clears out the exceptions. Currently there is no oversight to ensure that all exceptions noted were sent to be reread. Additionally, the Analytics Team identifies the exceptions during their review and the same function is being performed by the Utility Billing Manager, therefore this process is being duplicated.

The Calculate Charges process allows the user to make corrections to the meter readings and the read dates. During this process, it is possible for an erroneous correction or reading to be entered that could be favorable (or unfavorable) to a specific customer. Additionally, parameters other than those listed on the Calculate Charges Searches may be used to limit the number of records to be reviewed and warnings may be overlooked.

No support/documentation is maintained of the changes made during the calculate charges process. Notes for accounts requiring adjustments are recorded on paper.

The Utility Billing Changes Audit report is not used.

The High/Low Warning report must be manually selected to run. This is a report of all of the billing exception warnings for the cycle being billed. This report is not consistently run with each cycle bill run. For example, the reports for cycle 4 October 2021, cycle 5 November 2021, and cycle 1 November 2021 are not listed in the Saved Reports.

Management Responses:
In September and October 2021 the Internal Audit observed the Utility Billing Process from start to finish for billing Cycle 4 and Cycle 5. On January 19, 2022, Internal Audit submitted their observations of their walkthrough to Utility Management. Although not required, this memorandum is in response to their submittal.

In 2019 the utility billing was moved from a custom written ArcBest ERP computer system to the current Tyler-Munis ERP computer system. At the same time, billing was moved from under finance to the Utility Department. Many of the processes that the ArcBest system performed automatically were not documented prior to the move. Many of the differences from how the Utility Department now operates the Utility Billing from how it was run in the past is due to the new Tyler-Munis ERP system. The Tyler-Munis system is not as flexible as the ArcBest system. The Department has adapted to work with the new system, which has required multiple processes that were not originally documented under the old ArcBest system to be examined, documented, revised, and standardized to meet the new systems requirements.

The first observation was the time the bills are due from when they are generated. The current ordinance allows for twenty (20) days from the bill date to the due date and then and additional ten (10) days after the due date until the water service is shutoff. This is a total time of thirty (30) days from billing date to shutoff date. With weekends and holidays some of these time frames may be shifted. Internal Audit provided information that two (2) bill cycles in 2021, had due dates less than the twenty (20) days stated by the ordinance. Staff reviewed this and agree this should not have happened.

IA points out the historical practice under the old ArcBest system was more timely and efficient than the current process.

Utility Management agrees that the time between reading the water meter and sending out the utility bill is now a longer time frame than before. There are several different factors. A decision made in 2018 by the former utility director reduce the employees in the meter reading section and approved in the 2019 Budget. These positions also have a high turnover rate. Utility Management has utilized overtime to help cover for staff shortages but often, the shortage leads to lack of trained staff to fill in and help with the reading.
Additionally, the reading workload is not evenly distributed by cycle. Over several years most of the new meters have been place in Cycle 4 which has over 2,000 more meters than the next largest billing Cycle. Changing a customer's billing cycle would take time and the overall impact on the customers will need to be evaluated, commented on by the Board of Directors, and communicated to the customers prior to just switching the work load.

The meter change out process did have challenges that have been addressed. Meters are changed after the read date. This is part of changes the Department was required to make while working in the Tyler-Munis system. The ArcBest system never had an issue with showing the incorrect meter change out dates to reflect proper usage. The Department has questioned Tyler-Munis as to why these dates do not show on the bill correctly, but have not received a solid answer. This mostly only effects the customer on their bill and can be confusing. As long as the Department follow the correct meter change out process customer bills are not affected.

The Utility Director did state in a meeting with the Internal Audit team in their offices that sending two (2) bills in one month was a way to quickly integrate the quicker billing that Internal Audit wanted once AMI was implemented. But there are other ways that this can be done as well, and this was the first thing that came to mind. Internal Audit did send a draft schedule cycle 1 reads which was well thought out. However, the proposed schedule fit better under the original process which was under the AcrBest software, had eight (8) meter readers, and at that time the City had no issues in hiring personnel. The Utility Director did not have any questions for Internal Audit and that is why there was no feedback on the proposed plan.

The re-read process provides for a check of the Analytics Teams work by the Utility Billing Manager. This may seem redundant but it is the oversight to ensure all exceptions are noted from the rereads and billed properly. The Analytics Team and Utility Billing Manager are in two different programs to allow separation of duties and command structure. Separation of the re-read process and entry of the exception by different staff will be looked at once the new Tyler-Munis system is installed and the new billing system is in place and evaluated.

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

Utility Management is looking at ways to automate and expedite the review of bills, and allow more time for the proper examination of each bill. Staff currently has a better way to find exceptions in the Tyler-Munis system than using the FCS High/Low report.

The last item in the walkthrough dealt with re-read issues not being fully vetted prior to the start of the bill run. Utility Management agrees that the re-read issues must be fully vetted prior to the start of the bill run. Better documentation of the vetting process must be established. The current process uses color coding to document the vetting process. Once it is vetted, the list is then sent to the Citizen Services Call Center to contact the customers, however, this step is not documented. The results of the customer contacts performed by phone or e-mail if the contact information is available Customer Service Representatives is documented on the customer accounts within MUNIS under CONTACT NOTES. The re-read SOP is written and will include better documentation of the entire vetting process.

One additional item the Utility Department is doing to aid in impacts of the billing time includes looking at usage and proactively contacting customers, by phone or e-mail if the contact information is available, who seem to have a higher than normal usage. This allows the customer to look for leaks, and address issues prior to receiving the bill.

Utility Management thanks Internal Audit for their findings and taking the time to review our processes. Please contact me should you have any questions or need additional information.

IA Responses to Managements:
The process walkthrough observation memo is based upon the current process walkthrough for Utility Billing and IA did not point out the historical practice because the observations are based upon the current practice.

Management comments on the decision was made by prior management to reduce the positions within the metering department and high turnover. However, management should be reevaluating both those decisions because of the experiences and issues from the position reduction. Additionally, IA has stated that the work is not distributed equitably and that the process within the three departments should be reviewed and reevaluated collaboratively in order to address prior and current issues.

Managements assumption that it was based upon the original process under the ArcBest software is inaccurate and as previously recommended, the three departments and positions should be reevaluated to address the issues. The draft schedule for cycle 1 meter reading dates was developed using the current (2022) meter reading schedule.

IA observation was "currently there is no oversight to ensure that all exceptions noted were sent to be reread. Additionally, the Analytics Team identifies the exceptions during their review and the same function is being performed by the Utility Billing Manager, therefore this process is being duplicated". While Management stated they would review the duplicated process, they should also ensure there is a process in place for the rereads. Currently there is no oversight to ensure that perimeters were not changed and all rereads were submitted to the meter reading department.

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