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Excellence...Always

Paula S. O'Neil, Ph.D.
Clerk & Comptroller
Pasco County, Florida

December 21, 2017

The Honorable Mike Wells, Chairman, and
Members of the Board of County Commissioners
Pasco County Board of County Commissioners
8731 Citizens Drive
New Port Richey, Florida 34654

Dear Chairman Wells and Members of the Board:

Enclosed is Audit Report No. 2017-04, a follow-up review of the Water Bill Audit (No. 2015-01).

The objective of the follow-up review was to examine the 17 comments and 10 observations reflected in report no. 2017-01 and to determine if corrective actions were taken and were effective. Management was in progress of implementing the majority of the recommendations mentioned in the original report (#2015-01) to resolve operational issues. Based on the results of the follow-up audit, the status of each recommendation was as follows:

- Recommendations for 3 observations were addressed, and corrective actions were fully implemented.
- Recommendations for 9 audit comments and 3 observations were addressed in part or were in the process of being addressed.
- Recommendations for 6 audit comments were 2 observations were partially implemented.
- Recommendations for 2 audit comments and 2 observations were not implemented.

Audit Comment	Description	Status
1	Verbal policies and procedures for some meter reading processes were ineffective. As a result, data entry and physical inspections in the field were not always performed.	In Progress
2	Some accounts reflected an incorrect account status or meter status in CIS.	Partially Implemented
3	Verbal policies and procedures were ineffective for detecting and updating inaccurate or incomplete information in CIS.	In Progress



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Pasco County Board of County Commissioners
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4	As a result of the wrong date entered into the meter reading equipment, five percent of reads verified during testing were not included on the Connect Read Report for the date the read was observed.	In Progress
5	Data in meter profile reports did not always agree with the detailed text files.	Partially Implemented
6	Printed bills did not always reflect accurate read dates or accurate reads.	In Progress
7	Meter read dates and/or meter reads reflected on the Connect Customer Record did not always agree with the information displayed in the CIS read history.	Not Implemented
8	Meter reading exceptions reports were not utilized to identify unusual reads prior to bill generation	In Progress
9	Exception status codes for potential leaks, no usage, and reverse flows were not consistently addressed.	In Progress
10	Meters were not always read between 28 and 32 days.	Not Implemented
11	The number of records in a billing batch was not reconciled to the number of meters read in the cycle in CIS since June 2014.	Partially Implemented
12	Standard operating procedures (SOPs) for bill processing were inadequate.	In Progress
13	Review and approval of reconciled billing, meter reading exceptions, and billing exceptions reports was not performed by management.	Partially Implemented
14	Segregation of duties for bill processing was inadequate.	Partially Implemented
15	Written standard operating procedures (SOPs) for identifying and resolving meter reading exceptions and billing exceptions were not provided to staff performing those functions.	In Progress
16	Billing exceptions that resulted in bill adjustments were not always documented in CIS, and did not require authorization and approval from management.	In Progress
17	Billing exceptions were not always resolved in a timely manner.	Partially Implemented
Observation	Description	Status
1	The PCU water meter test bench was not always consistent or accurate.	Partially Implemented
2	There were no written policies or programs for routine testing and replacement of small meters.	Implemented



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Observation	Description	Status
3	Incorrect routes were uploaded into the meter reading equipment several times during testing, which caused inefficiencies and confusion.	In Progress
4	System security reports were not added to the CIS report environment.	Implemented
5	A billing adjustment policy was not in compliance with County Ordinance 110-40.	Implemented
6	Policies and procedures to enforce access to premises in accordance with county ordinance did not exist. Lack of access to premises prevents PCU from inspecting, maintaining, and reading meters.	In Progress
7	A delinquent account was not disconnected in a timely manner, and resulted in the account receiving service without payment for nine months.	In Progress
8	The PCU water meter test bench was not always consistent or accurate.	Partially Implemented
9	Maintenance of meter boxes was inadequate and resulted in reduced accessibility to meter components.	Not Implemented
10	Access to the Connect application was not secured, and increased the risk of unauthorized use.	Not Implemented

We appreciate the cooperation and professional courtesy received from management at Pasco County Utilities during this review. Please let us know if you wish to discuss any of the information provided in the report.

We request the Board to receive and file report.

Sincerely,

Paula S. O'Neil, Ph.D.
Clerk & Comptroller

PSO/jvg

*Office of Paula S. O'Neil
Clerk & Comptroller
Pasco County, Florida*

Pasco County Board of County Commissioners

Utilities Branch

Follow-up Review of Water Bill Audit (Report No. 2015-01)

January 9, 2018



Department of Inspector General

Patrice Monaco-McBride, CIG, CIGA, CGFO
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Report No. 2017-04

(Follow-up to report No. 2015-01: Water Bill Audit)

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(Follow-up to report No. 2015-01: Water Bill Audit)

Executive Summary

Background Information

Pasco County Utilities (PCU) was created in 1979, for the purpose of constructing, operating, and maintaining public potable water and centralized wastewater treatment facilities. The Utilities Division absorbed the responsibilities of the Pasco Water Authority (PWA) through an act of condemnation by the County. The policy established by the Utilities Division was to acquire significant private water systems in the County in order to eventually develop a centralized, County-wide public treatment and distribution system. PCU continued to provide water service connections to approximately 21% of County residents. Fiscal year ended September 30, 2014, as compared to 2016, the population in Pasco County increased by 3.5%, while the number of water customers increased by 4.4% and connections increased by 5.2%.¹

The PCU Customer Information & Services Department managed customer relations and information for utilities, as well as billing and payments for water/sewer accounts, streetlight accounts, landfill, grease, sludge, reclaimed water, laboratory, and solid waste accounts. In addition to direct customer contact through the branch offices and telephone centers, other major functions included monthly meter reading, dispatch services for water operations, intake services for utility risk management claims, as well as management of billing wholesale water and wastewater.

On September 11, 2012, the Board of County Commissioners (BCC) entered into an agreement with N. Harris Corporation for the delivery and implementation of Infinity, a utilities customer service and information management software system (CIS). When the new CIS billing system went live in June of 2014, customers received a new bill format and were provided new account and customer numbers.

In September of 2014, customer complaints concerning higher-than-normal water bills increased and resulted in media coverage. In response to the customer complaints, the Pasco County Clerk & Comptroller's Department of Inspector General conducted an audit of the utility billing system, report no. 2015-01 (Water Bill Audit). The focus of the audit was to determine the root cause of the complaints and determine systematic opportunities for improvement. The audit period was from June 1, 2014 through April 15, 2015, and the purpose was to determine whether there were meter problems, meter reading issues, billing variances, or other issues concerning higher-than-normal water bills.

During the audit, meter reading equipment was tested, data from the meter reading equipment and utility billing system was analyzed, internal policies and procedures were reviewed, and customer complaints were analyzed. The equipment tested (water meters and meter reading equipment) did not reveal a significant problem that would have led to higher-than-normal water bills. However, multiple issues related to meter reading and billing processes were identified, regarding data accuracy and internal controls.

The Water Bill Audit resulted in 17 audit comments and 10 observations related to control issues. All comments, observations, and recommendations were discussed with PCU management and the final report was approved by the BCC on August 18, 2015.

¹ *Pasco County Comprehensive Annual Financial Report, Fiscal year ended September 30, 2016*, p.H-16, H19-20.

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The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing, performance standard 2500, indicated that internal auditors should establish an effective and efficient monitoring process of recommendation communicated to management².

The purpose of a follow up review is to ensure that management has effectively implemented corrective action that address the issues noted in the original audit report , or that management has accepted the risk of not taking action. Managers who do not implement the agreed corrective actions expose the County to risk. Responsibility to resolve audit comments and manage agreed upon corrective actions lies with management.

Objective

To assure that corrective actions effectively mitigate the risk identified in the original audit, the Department of Inspector General conducted a follow-up review. The objective of the follow-up review was to review and evaluate the conditions reported in the Water Bill Audit Report , and to determine:

1. Was the recommendation implemented as described in the Corrective Action Plan submitted by management in response to the original audit report?
2. Did the recommendation and corrective action plan result in the intended effect of mitigating the risk that necessitated the recommendation (ie. is the recommendation operating as intended)?

The status of the audit comments and observations included in Water Bill Audit Report were identified as one of the following:

- **Implemented:** The recommendation provided by the Department of Inspector General was fully implemented, either as described in the original report or in a manner that resolved the underlying issue.
- **In progress:** Management had specific plans to begin, or had begun, to implement and intended to fully implement the recommendation provided by the Department of Inspector General.
- **Partially implemented:** The recommendation provided by the Department of Inspector General was implemented in part, but not in a manner that fully resolved the underlying issue.
- **Not implemented:** The recommendation provided by the Department of Inspector General was not implemented and management indicated that they will not do so.

² *International Professional Practices Framework (IPPF), 2017 Edition, p. 232 – 233.*
Pasco County Clerk & Comptroller

(Follow-up to report No. 2015-01: Water Bill Audit)

Scope and Methodology

The follow-up review assessed the extent to which management had made satisfactory progress implementing the recommendations from Report No. 2015-01, Water Bill Audit.

To determine management's progress, the IG team requested and obtained documentation of the corrective actions from management in the Customer Information & Services and the Operations & Maintenance Department. The documentation provided by management was reviewed and analyzed. These procedures were performed to assess improvements to the underlying issues from the audit comments and observations. The follow-up audit included records, documents, and controls that were in effect as of September 29, 2017.

Overall Evaluation

Management was in progress of implementing the majority of the recommendations mentioned in the original report (#2015-01) to resolve operational issues. Based on the results of the follow-up audit, the status of each recommendation was as follows:

- Recommendations for 3 observations were addressed, and corrective actions were fully implemented.
- Recommendations for 9 audit comments and 3 observations were addressed in part or were in the process of being addressed.
- Recommendations for 6 audit comments were 2 observations were partially implemented.
- Recommendations for 2 audit comments and 2 observations were not implemented.

The Department of Inspector General would like to commend the Pasco County Utilities Customer Information & Services and Operations & Maintenance Departments on their progress and commitment to improve operations and provide excellent customer service to the citizens of this County. We are thankful for their cooperation during the follow-up review.

Summary of Department of Inspector General Follow-Up Review

Summarized below are the audit comments and observations from the original report, corrective action(s) taken by management, and the current status of the recommendations provided by the Department of Inspector General. For reference purposes, the original audit report, No. 2015-01, can be found by clicking the hyperlink at the end of this report. See Appendix A.

Audit Comments

- 1. Verbal policies and procedures for some meter reading processes were ineffective. As a result, data entry and physical inspections in the field were not always performed.**

Recommendation:

Establish written policies and procedures for all meter reading processes.

(Follow-up to report No. 2015-01: Water Bill Audit)

Status:

In progress. Policies and procedures were not finalized.

Management stated that meter reading policies and procedures were established, but were still in draft format. Although the policies and procedures were in draft format, they were being followed.

The draft policies and procedures explained how to conduct cycle reads, perform manual reads, and address tamper codes. The Customer Service Administrator (CSA) stated that department staff, including supervisors and managers, were also provided training on meter reading processes.

2. Some accounts reflected an incorrect account status or meter status in CIS.

Recommendation:

- A. All accounts should be reviewed to ensure that all account and meter status data is accurate in CIS.
- B. Accounts having sewer service with no water service should be identified and corrected.
- C. Consult with the CIS vendor to determine if all meter status types can be uploaded from CIS to the Badger Connect Program (Connect).

Status:

Partially implemented. Team members were assigned to steadily review accounts information. However, all accounts have not been reviewed.

- A. Management stated that Customer Information & Services team members were assigned to continuously review customer accounts and update information as necessary. PCU team members were also required to verify account information when assisting customers, and update information accordingly. Management stated there was not a Standard Operating Procedure (SOP) for reviewing and updating account information since it was on-going. However, there was documentation that supported the statement that accounts were reviewed for accuracy, and accounts were corrected or updated as they were reviewed.
- B. Management provided the IG team a 'sewer only report' that reflected accounts that were to be updated. After the report was generated and provided to the IG team, management requested CIS staff to correct the sewer only accounts. Management provided documentation that reflected the corrected meter status.
- C. Since management took corrective action to validate and correct account information, the recommendation to consult with the CIS vendor consultation was no longer relevant.

3. Verbal policies and procedures were ineffective for detecting and updating inaccurate or incomplete information in CIS.

Recommendation:

- A. Establish policies and procedures for entering and updating information accurately and timely in CIS.

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- B. Consult with the CIS vendor to determine why changes made to certain account fields were not consistently tracked or listed on the audit logs.
- C. Implement policies and procedures to verify that meter numbers are engraved on meter lids prior to installation.
- D. The parameters for the text file (used to import meter reads into CIS) should be corrected to accurately reflect the appropriate multiplier.

Status:

In progress. Policies and procedures were not finalized.

- A. Management provided the IG team with draft policies and procedures for staff to enter, update, and verify customer account information in CIS. Draft policies and procedures also explained how to note and attach supporting files to customer accounts. Management stated that a CIS clean-up team was also created to correct and update information in CIS. Management stated that department staff was to continuously review and update customer account information.
 - B. Since management provided draft policies and procedures for entering and editing information in CIS, the recommendation to consult with the CIS vendor was no longer relevant.
 - C. Management provided the IG team with draft SOPs for meter installation, service orders, and meter box maintenance. These draft SOPs required meter readers to physically verify the meter and endpoint numbers.
 - D. Former management indicated that the issue with the text file parameters was corrected on 2/18/15. Current management created a SOP that explained how to properly write the output file used to import the cycle reads into CIS.
- 4. As a result of the wrong date entered into the meter reading equipment, five percent of reads verified during testing were not included on the Connect Read Report for the date the read was observed.**

Recommendation:

- A. Limit and restrict access to date changes on meter reading equipment to the appropriate staff.
- B. Review accounts omitted from CIS reports and correct the cause of missing information.
- C. Limit the number of reads per account for each billing cycle and require approval to ensure that a revised read was authorized. Consult with the vendor to determine if read limits and authorizations can be set within CIS.

Status:

In progress. Policies and procedures were not finalized.

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- A. Management stated that access to change the date on the meter reading equipment could not be restricted. As a compensating control, the meter reading SOP required meter readers to verify the read date was the date the work was performed. Management stated that it was Customer Information & Services' policy that the correct date always be entered into the meter reading equipment and agree to the actual date of the read. This requirement was included in the meter reading SOP. The SOP was in draft format at the time of the review.

Management also stated that meter reading equipment required meter readers to confirm the read date and time before they could continue to read the meters. Crew leaders and Supervisors (or designee) were also required to verify that the correct date and time was entered into the meter reading equipment.

- B. Management indicated that the number of accounts scheduled to be read was compared against the number of accounts that were actually read on a daily basis. Management informed the IG team that during the pre-exceptions process, accounts that were not read were reviewed to determine if re-reads were necessary. Accounts that were reviewed were either validated and released to the billing team, or sent for re-read.
- C. Management indicated that their standard business practice was to allow team members who handled meter reading, pre-exceptions, and billing to determine when meters needed to be re-read. If a meter had a higher than normal, lower than normal, or zero read, team members would review the customer's account for notes or comments related to the read. Based on the notes and comments, the team members would release the account to be billed or re-read. Management also indicated the most accounts were only read once per month but that their current process did not require that accounts be limited or restricted to a fixed number of reads per month.

5. Data in meter profile reports did not always agree with the detailed text files.

Recommendation: PCU discontinue distributing meter profile reports to customers until the inconsistencies are resolved. Regard the meter profile report as an internal document to be used as one of the tools to aid in resolving account inquiries and disputes.

Status:

Partially implemented. The cause of the inconsistencies between the reports was not identified.

Management informed the IG team that meter profiles were pulled and provided to customers as needed. The meter profile report was considered part of the department's internal customer service tools and used to show customers patterns of water use. Management stated that meter profiles were valuable and were provided to PCU customers who requested them. Department policies did not prohibit staff from sharing meter profile reports with customers.

6. Printed bills did not always reflect accurate read dates or accurate reads.

Recommendation:

- A. Implement a checklist for meter readers to ensure laptop information (date, time, route and book) is accurate prior to collecting reads in the field.

(Follow-up to report No. 2015-01: Water Bill Audit)

- B. Establish more effective policies and procedures to ensure that the read captured with the meter reading equipment agrees with the Connect Customer Record and is uploaded into CIS correctly to generate an accurate read on the printed bill.

Status:

In progress. Policies and procedures were not provided or were not finalized.

- A. Instead of implementing a checklist, management drafted a meter reading SOP that required meter readers to verify information in the meter reading equipment (laptop or handheld device) prior to collecting reads. The draft SOP directed meter readers to verify that the correct date, time, route and book were entered into the equipment. When necessary, a note was included in a customer's account or printed bill. The SOP was not finalized.
- B. Management drafted an SOP that explained how to properly write the Connect output file after the cycle reads were complete. The Connect output file was used to import the cycle reads into CIS.

Management stated that staff ensured the read captured in Connect was accurately imported into CIS with the use of the pre-exceptions and exceptions SOPs. The IG team was provided a draft SOP for meter reading pre-exceptions that required staff to identify high reads, low reads, no reads, and reads greater than 33 days. The SOP for pre-exceptions was not finalized, and an SOP for meter reading exceptions was not provided.

- 7. Meter read dates and/or meter reads reflected on the Connect Customer Record did not always agree with the information displayed in the CIS read history.**

Recommendation:

Establish a policy and procedure to require a reconciliation of the Connect Customer Record to the CIS read history. Consult with the vendor to determine why service order reads override cycle reads, and if this can be corrected.

Status:

Not Implemented.

The draft SOP for meter reading pre-exceptions did not require staff to reconcile the Connect Customer Record to the CIS read history. Management stated that the pre-exceptions SOP did not require team members to reconcile the read history since that was part of a different process.

Management indicated that by following the SOP for meter reading, the issue with the Connect Customer Record not agreeing to the information displayed in CIS would resolve itself. Management stated that team members compared the number of meters to be read against the number of meters read on a daily basis.

- 8. Meter reading exceptions reports were not utilized to identify unusual reads prior to bill generation.**

Recommendation:

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- A. Review accounts with higher-than-normal water use for the period of June 2014 through September 2014 and apply billing adjustments. Establish policies and procedures to ensure the use of meter reading exceptions reports to capture unusual consumption amounts.
- B. Meter reading exceptions reports should be run after reads are imported into CIS and prior to billing.

Status:

In progress. Policies and procedures were not finalized.

- A. Management reviewed accounts for customers who submitted a complaint to the Department of Inspector General for the time period mentioned above. These customer accounts were reviewed and billing adjustments were made (when applicable).

Management drafted a meter reading pre-exceptions SOP that required department staff to review unusual consumption (high reads, low reads, no reads, tampers, and other anomalies). The SOP was in draft format at the time of the review.

- B. Meter reading exception reports were generated after reads were imported into CIS and prior to billing. Staff followed the draft meter reading pre-exceptions and cycle billing SOPs to review accounts with high reads, no reads, high consumption, service greater than 33 days, and accounts with monetary anomalies. Management stated that the Connect Extended Comment report was also used to identify pre-exceptions.

9. Exception status codes for potential leaks, no usage, and reverse flows were not consistently addressed.

Recommendation:

Develop and implement policies and procedures to identify and resolve accounts with exception status codes in a timely manner. The exception status code reports available in Connect and/or the meter reading equipment should be utilized and reviewed by management on a regular basis.

Status:

In progress. Policies and procedures were not finalized.

Management stated that exception status code reports were generated and used, and that meter readers were to address exception statuses prior to returning to the office. The draft meter reading SOP directed meter readers to return to locations with exceptions once the route was completely read. Exceptions were conditions that triggered various alerts (potential leaks, no usage, tamper, reverse flows, etc.). Management also indicated that spot checks were performed to ensure meter readers addressed exception alters.

10. Meters were not always read between 28 and 32 days.

Recommendation:

Establish a written policy that provides a specific definition of a month, and implement a meter reader schedule that includes backup procedures for absenteeism and holidays.

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Status:

Not implemented. Policies and procedures did not include a definition of a month, and were not established as recommended.

Management informed the IG team that the department's normal business practice was to read every meter every month, preferable within a 28 to 32 day window. Management explained that due to staffing, holidays, and weather, the timeframe was not always achieved.

Management stated that a daily route/ read report program was developed and reading schedules were created several months in advanced. At the time of the review, the CSA provided the IG team with reading schedules from August 2017 through October 2017.

Management informed the IG team that the Customer Information & Services department was in the final stages of analyzing the meter reading routes. The Department planned to revise the reading routes in the near future to ensure routes may be read in a timely fashion.

11. The number of records in a billing batch was not reconciled to the number of meters read in the cycle in CIS since June 2014.

Recommendation:

Billing staff should utilize the Meter Reading Import Files as a guide to reconcile the number of bills in a cycle batch. The number of accounts and meters that were passed from CIS to Connect should align with the number of accounts billed in each cycle.

Status:

Partially implemented. A documented reconciliation was not established.

Management stated that the Crew Leader, Supervisor, or designee, were required to reconcile the reading import files each day. Management explained that staff compared the number of reads assigned to the number of reads submitted each day. Staff followed the draft meter reading and connect write output file SOP's to review the number of reads exported from CIS, imported into Connect, and then imported back into CIS.

12. Standard operating procedures (SOPs) for bill processing were inadequate.

Recommendation:

Establish written SOPs for processing each of the bill types that can be produced in CIS. Policies and procedures should include segregation of duties, and supervisory review and approval. Disseminate written SOPs to all staff performing those functions.

Status:

In progress. Policies and procedures did not reflect segregation of duties, and were not finalized.

Management drafted policies and procedures for processing each type of bill produced in CIS. The types of bill included manual bills, final bills, cycle bills, canceled bills, and back

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bills. Although the SOPs were in draft format, management stated that department team members were made aware of them. Draft SOPs were also used for training purposes.

Management informed staff via email that under no circumstances should anyone update a batch they created or adjusted. The language from this email was not included in draft SOPs provided to the IG team.

Management also indicated that security audit reports were generated to verify that the person who created the billing batch, or altered the batch in any way, did not approve the same batch.

13. Review and approval of reconciled billing, meter reading exceptions, and billing exceptions reports was not performed by management.

Recommendation:

- A. Before bills are printed and sent to customers, management should review and approve reconciled billing, meter reading exceptions, and billing exceptions reports.
- B. Billing adjustments and cancellations should have prior authorization and approval by management.
- C. Management should periodically review justifications for clearing meter reading exceptions and billing exceptions.

Status:

Partially Implemented. Policies and procedures did not reflect a documented review process, the requirement for documented authorization prior to making billing adjustments and cancellations, and were not finalized.

- A. The CSA informed the IG team that management reviewed billing exceptions; however, the review was not documented. Management stated they were developing a tool to document when reviews were performed.
- B. The CSA stated that department team members were not authorized to make adjustment or cancellations without the prior consent of management. When adjustments or cancellations were made, staff noted customer accounts that management approved the adjustment. Management provided the IG team a draft SOP that explained how to request an adjustment on an account. This draft SOP did not direct staff to obtain prior approval from management.

Management did not provide a policy, procedure, or documentation that reflected management's periodic review of reading or billing exceptions.

14. Segregation of duties for bill processing was inadequate.

Recommendation:

Key duties should be adequately divided, or segregated among different staff to reduce the risk of error or inappropriate actions.

- A. Management should separate duties of employees so that no one person has control over a complete transaction from beginning to end.

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- B. Work flow should be established so that one employee's work is verified by another independent employee before proceeding to the next phase of billing.

Status:

Partially implemented. Policies and procedures did not reflect the controls discussed, and were not finalized.

- A. Management informed the IG team that a department policy was created to prohibit PCU team members from updating a batch they created or altered in any way. Management indicated that team members found in violation of the policy would be counseled or disciplined. PCU team members were informed of this policy via email. However, the language from this email was not included in draft SOPs provided to the IG team.
- B. The CSA stated that Security Audit Reports were used to monitor and review updated batches to ensure that the person who created the batch did not alter or update the batch in any way. Management's review was not documented in an SOP.

15. Written standard operating procedures (SOPs) for identifying and resolving meter reading exceptions and billing exceptions were not provided to staff performing those functions.

Recommendation:

Establish written SOPs for resolving meter reading exceptions and billing exceptions. Disseminate written SOPs to all staff performing those functions.

Status:

In progress. Policies and procedures were not finalized.

Management provided the IG team with a draft SOP for resolving exceptions. Management stated that the draft SOP was tested, shared with appropriate team members, and followed in their draft format.

16. Billing exceptions that resulted in bill adjustments were not always documented in CIS, and did not require authorization and approval from management.

Recommendation:

- A. All bills resulting in monetary adjustments should be documented and adequately substantiated in CIS or other tracking mechanism.
- B. Written policies and procedures should be established requiring authorization and approval from management for adjustments to bills.

Status:

In progress. Policies and procedures were incomplete and were not finalized.

- A. Adjustments and cancellations performed by department staff were noted in customer accounts in CIS. Management provided the IG staff with a draft SOP that explained how to leave notes on customer accounts (after action was taken).

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- B. Management informed the IG team that a department policy that prohibited team members from making adjustments or cancellations without the prior consent of management was established. PCU team members were informed of this policy via email. However, the language from this email was not included in draft SOPs provided to the IG team.

17. Billing exceptions were not always resolved in a timely manner.

Recommendation:

Management should implement policies and procedures for tracking and monitoring billing exceptions per cycle per month to ensure that billing exceptions are resolved in a timely manner.

Status:

Partially implemented. Policies and procedures were not finalized.

Management did not provide documentation that they were monitoring or tracking billing exceptions to ensure billing exceptions were resolved in a timely manner. However, the CSA stated that the management team worked with the billing team on a daily basis to resolve exceptions and issues with billing. Management stated that all accounts were required to be billed on a monthly basis. The CSA informed the IG team that a billing batch did not move forward until all exceptions were addressed or resolved. Management provided the cycle billing draft SOP and stated that an additional policy was not needed.

Management stated that with the reimplementation of CIS, staff was provided training to understand and use exception reports.

Observations

1. The PCU water meter test bench was not always consistent or accurate.

Recommendation:

- A. Management repair or replace the PCU test bench to afford compliance with American Water Work Association (AWWA) standards.
- B. Management initiate an amendment to Pasco County (the county) ordinance to include the AWWA standards as the definition of legally accurate.
- C. Consider purchasing mobile devices for small meter calibration testing in the field.
- D. Provide formalized training for meter calibration and for the use of equipment.

Status:

Partially implemented. The amendment to the PCU ordinance did not reflect a definition of legally accurate.

- A. The PCU water meter test bench was repaired and was certified to meet and conform to AWWA standards. The test bench was certified in in March 2016 and again in March 2017. Copies for the certification were provide by the Director Operations & Maintenance

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- B. PCU management did not initiate an amendment to the PCU ordinance to define 'legally accurate'. However, management did recommend the BCC to amend the billing adjustment section of the County ordinance to reflect the PCU billing adjustment policy. The County Utilities Ordinance included similar language to Customer Service & Information department internal billing adjustment policy.
- C. The PCU test bench was used to test and certified small meters. The PCU Director of Operations and Maintenance stated that his department purchased and used a MARS company handheld meter testing equipment for large meter calibration in the field.
- D. Management provided Operations & Maintenance staff formalized training on how to use the meter testing equipment and how to perform meter calibrations.

The PCU Director Operations & Maintenance stated that PCU offered several quality assurance testing producers for PCU customer to have their meters tested. He also stated that independent third party calibration testing was offered through services provided by MARS Company.

2. There were no written policies or programs for routine testing and replacement of small meters.

Recommendation:

- A. Establish a program that includes systematic, ongoing testing of meter accuracy and replacement of small meters.
- B. Consider adopting AWWA calibration standards as part of a guideline for meter testing and replacement.

Status:

Implemented.

- A. PCU developed a program for routine testing and replacement of small meters. Management stated that the replacement of small meter endpoints (that were under warranty) had begun. At the time of the follow- up review PCU had replaced more than 2,250 endpoint and were continuing to do so. PCU leadership was also developing a small meter phased replacement plan for FY2018.
- B. Management informed the IG team that SOPs for small and large meter replacement have incorporated AWWA standards.

3. Incorrect routes were uploaded into the meter reading equipment several times during testing, which caused inefficiencies and confusion.

Recommendation:

- A. Establish written policies and procedures to verify the accuracy of routes uploaded into the meter reading equipment prior to meter readers being dispatched.
- B. Contact the vendor to determine if the route, book, and zone can be added to the list view in the meter reading equipment.

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Status:

In progress. Policies and procedures were not finalized.

- A. The draft Meter Reading SOP required meter readers to verify the number of meters to be read match the number of meters loaded into the computer. If the numbers do not match , the meter reader was to consult their Manager/Supervisor/Crew Leader/or Designee before going to the field
- B. Since management has drafted an SOP that required the number of meter to be verified by the meter readers, the recommendation to contact the vendor was no longer relevant.

Management was working with a consultant to assist with evaluating the meter reading process. Depending on the outcome, SOPs may be revised and/or additional SOPs may be created. Also, training for any changes would occur.

4. System security reports were not added to the CIS report environment.**Recommendation:**

System Administrator for CIS should contact the CIS Account Manager to confirm that the security reports were added to the system environment and are working properly. System Administrators should periodically review CIS system access reports to monitor if appropriate levels of authorization are granted to system users.

Status:

Implemented.

Management stated that system security reports were generated by the Business Systems Analyst. An example of a security report was provided to the IG team.

Management informed the IG team that security reports were reviewed by management to monitor the appropriate level of authorization and ensure segregation of duties.

5. A billing adjustment policy was not in compliance with County Ordinance 110-40.**Recommendation:**

We recommend this policy and procedure be rescinded, and all forms and references to it be removed from the County website.

Status:

Implemented (compensating corrective action).

Management did not rescind the billing adjustment policy. Management took alternative action and amended Pasco County Ordinance 110-40 to allow adjustments mentioned in the billing adjustment policy.

6. Policies and procedures to enforce access to premises in accordance with county ordinance did not exist. Lack of access to premises prevents PCU from inspecting, maintaining, and reading meters.**Recommendation:**

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Establish written policies and procedures to enforce County Ordinance Section 110-37(c)(7), which grants access to premises.

Status:

In progress. Policies and procedures were not finalized.

Management stated that SOPs to enforce County Ordinance section 110-3(c)(7), were developed, but had not been formally finalized. The SOP's provided to the IG team were in draft format at the time of the review.

7. A delinquent account was not disconnected in a timely manner, and resulted in the account receiving service without payment for nine months.

Recommendation:

Establish written policies and procedures for monitoring delinquent accounts to ensure that meters are locked off in a timely manner.

Status:

In progress. Policies and procedures that reflect documented instructions were not established.

Management informed that IG team that a Collections Steering Committee was developed to address issues with delinquent accounts. Management explained that CIS auto-generated pending disconnects. The pending disconnects were reviewed by a Customer Service Supervisor and assigned to a team member. New pending disconnect lists were generated every two weeks.

Management provided the IG team with examples of pending disconnects lists and copies of instructions on how to review delinquent accounts. The instructions for reviewing pending disconnects were not formalized at the time of the review.

Management indicated they were developing a plan to address getting the number of delinquent accounts reduced and addressed more promptly.

8. Lack of procedures for monitoring non-metered water connections resulted in possible theft of service from a vacant lot.

Recommendation:

Management should track non-metered water connections. To prevent unbilled water usage vacant property, establish policies and procedures for placing locks on non-metered water lines until construction has commenced.

Status:

Partially implemented. The processes established by management were not reflected in a documented policy or procedure.

Management stated that Customer Service and Information Department was working with the Engineering and Operations and Maintenance Departments to address issues with non-metered water connections.

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Management informed the IG team that there was a process to address Code 21's (illegal use). If a customer's account appeared to have a Code 21, a Customer Service Supervisor would review the account and determine if it should be disconnected, including pulling the meter. Management provided excel spreadsheets used to track customer accounts with a Code 21. Written policies or procedures for placing locks on non-metered connections or addressing Code 21's were not provided to the IG team at the time of the review.

9. Maintenance of meter boxes was inadequate and resulted in reduced accessibility to meter components.

Recommendation:

Develop a program that includes routine meter box maintenance to ensure that meters are accessible for inspection and testing.

Status:

Not implemented. Policies and procedures were not established to proactively inspect or maintain meter boxes.

Management stated that SOPs for the Quality Control program for the maintenance of the meter boxes was updated, however, the program would not be actively reinstated until the new meter reader supervisor/manager arrived. The SOPs addressed meter box maintenance when a work order was issued, or when a PCU team member had other cause to be at the service address, which was a reactionary process, not proactive. The SOP did not include an on-going maintenance plan for periodically inspecting meter boxes to ensure accessibility and proper function. The SOPs were in draft format at the time of the review.

10. Access to the Connect application was not secured, and increased the risk of unauthorized use.

Recommendation:

The Connect application should be protected from unauthorized use and access by implementing password security measures that are unique to each user.

Status:

Not implemented. Documentation to verify secured access or other compensating controls was not provided.

Management stated that individual logins to protect the access to the Connect application were established. Management indicated that the Connect system was not designed to lock or secure access, but management was able to determine who used which computer if there were any issues related to the security of the system.

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Appendix A

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http://www.pascoclerk.com/IAreports/FY15/bcc_utilities_water_bill.pdf