



**Agenda Item # 12
ATTACHMENT A.2**

November 15, 2016

To: The Honorable James Hilty, President of the Council
The Honorable Brent Malever, President Pro Tem
The Honorable Matthew Wardell
The Honorable Jay Musleh
The Honorable Mary Sue Rich
The Honorable Kent Guinn, Mayor
John Zobler, City Manager

Re: Water Resources Billing Processes - Project 2016-05

Internal Audit reviewed the system of management controls and processes over utility customer billing, to include the establishment of and changes to billed services. The audit was part of our FY 2016 audit plan that was created from our risk assessment with management.

We worked with a process review team (Team) comprised of staff members from the Water & Sewer, Growth Management (Building), Utility Billing, and Customer Service Departments to identify processes. Additional staff members were invited to meetings based on the particular topic and its application to their work area.

We developed process maps for the different utility billing scenarios that either start or modify utility services that are: new construction, annexations, increases in service levels, CDBG & housing rehabs and new W&S lines added. The Team identified gaps and opportunities for improvement in communication and processes, and discussed methods for improving those processes. Internal Audit formalized/documentated the process maps and reviewed the maps with the Team for accuracy – See ATTACHMENTS 1 through 5.

During the review, opportunities to improve and strengthen controls were identified. The Building Department modified communication processes to strengthen controls in communicating utility service levels and changes to Utility Billing to prevent future errors in the areas of new construction, annexations, increases in service levels, and CDBG & housing rehabs.

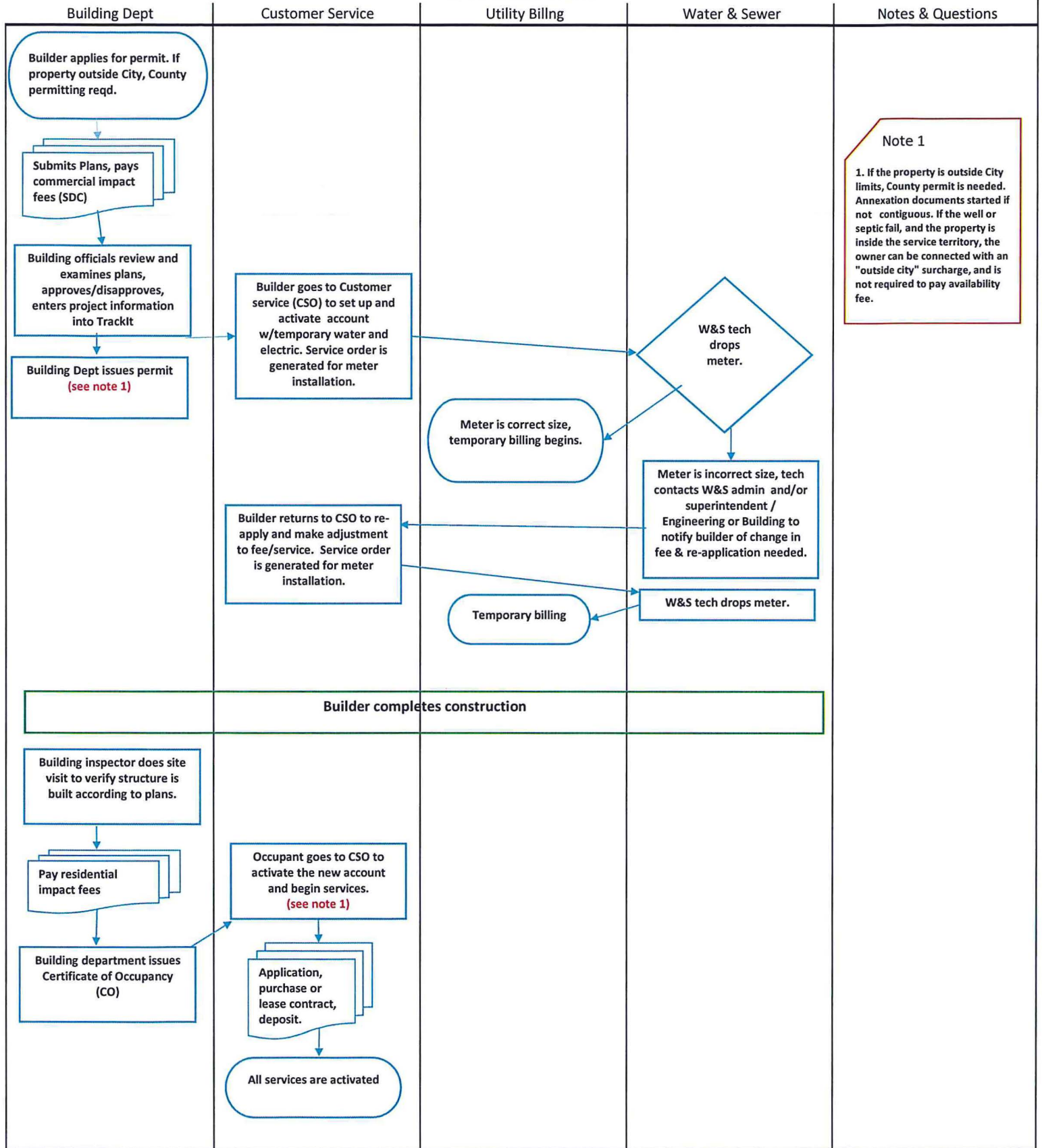
We appreciate the assistance of all personnel involved in the review from Water & Sewer, Growth Management (Building), Revitalization Strategies, Utility Billing, and Customer Service Departments.

A handwritten signature in black ink, appearing to read "Emory Roberts Jr.", written over a horizontal line.

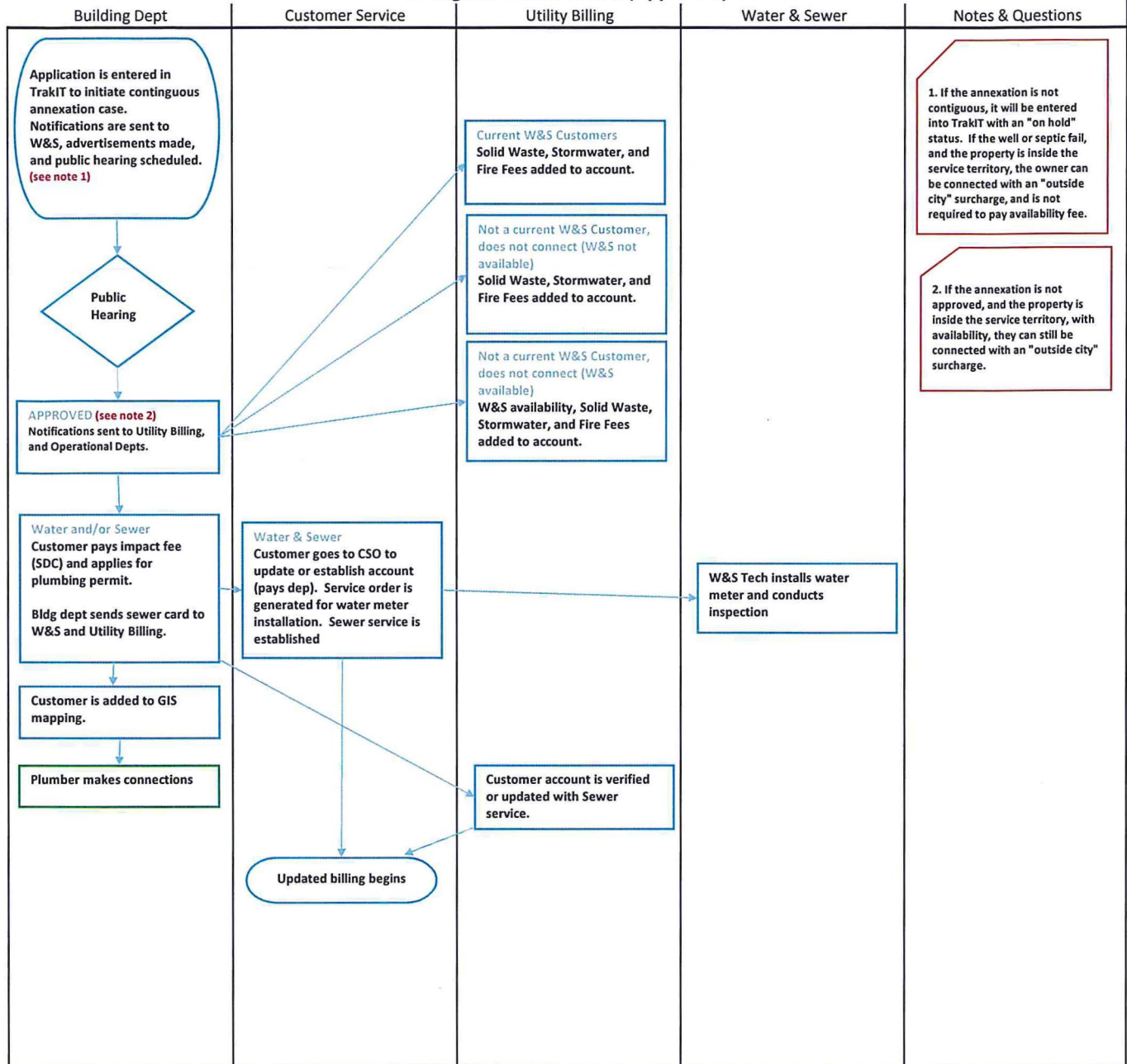
Emory Roberts Jr., Internal City Auditor

cc: Sean Lanier, Director, Engineering and Water Resources
Mary Ann Davis, Director of Finance and Customer Service
Ty Chighizola, Director, Growth Management

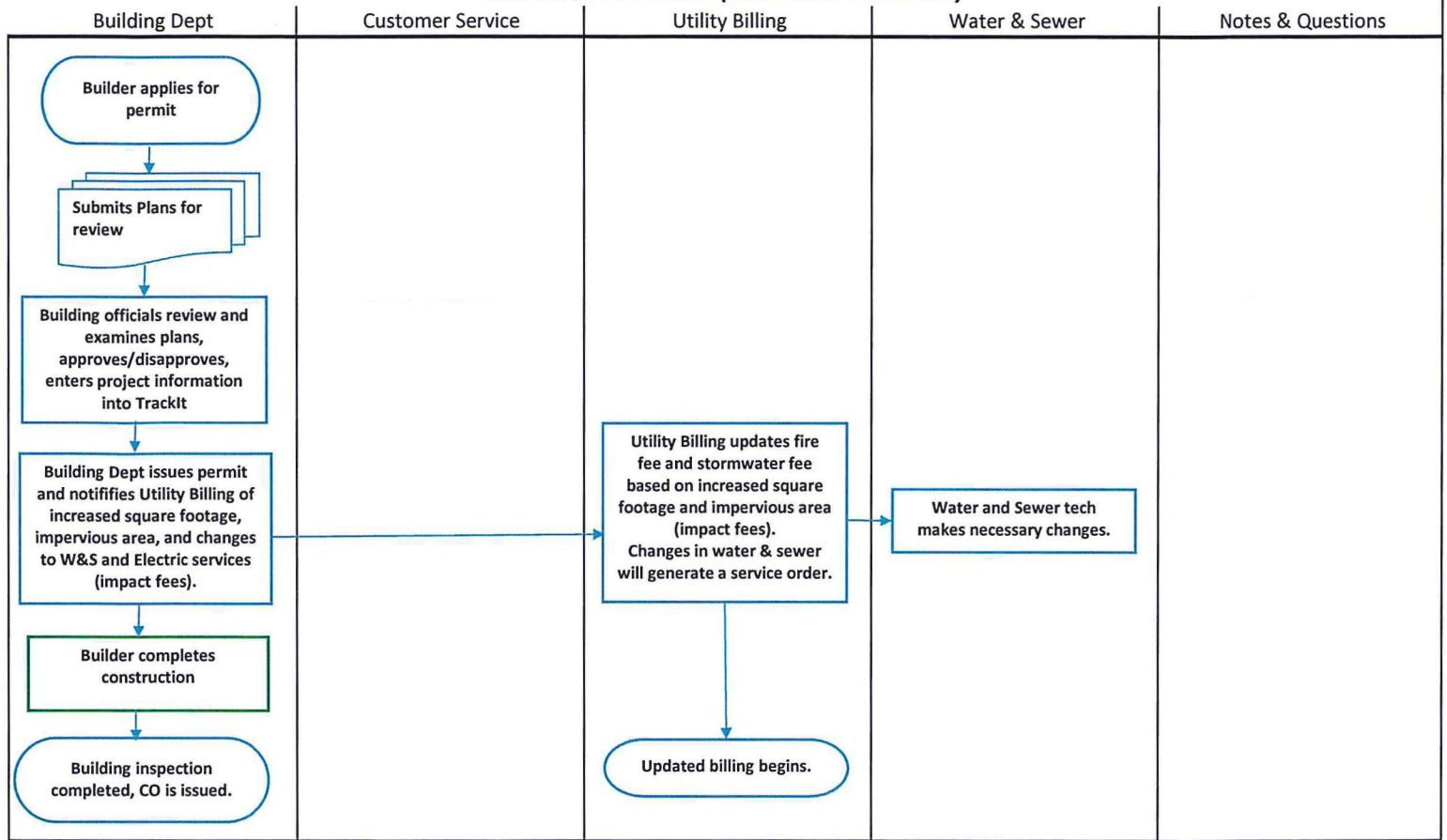
New Construction



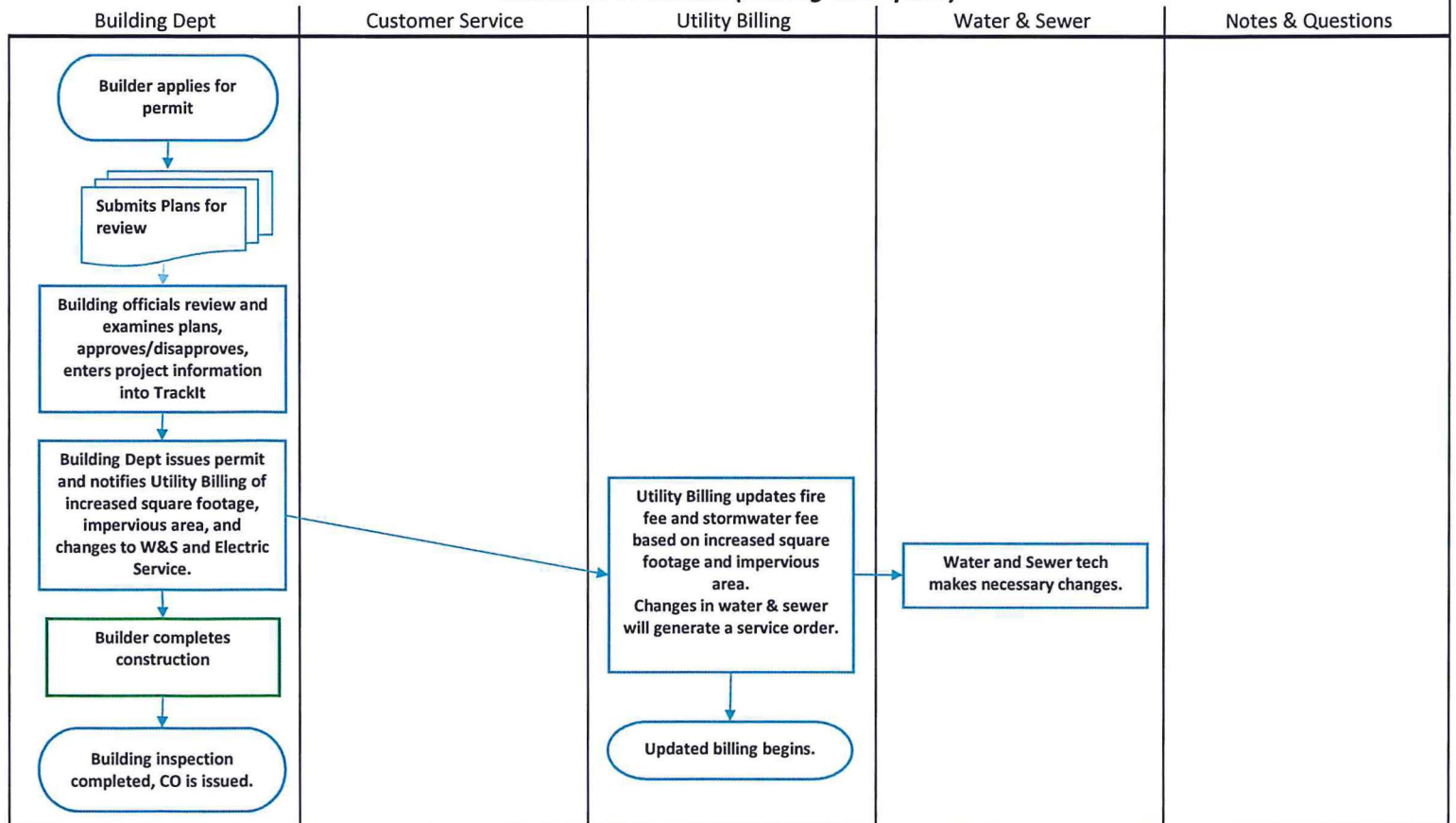
Contiguous Annexations (Approved)



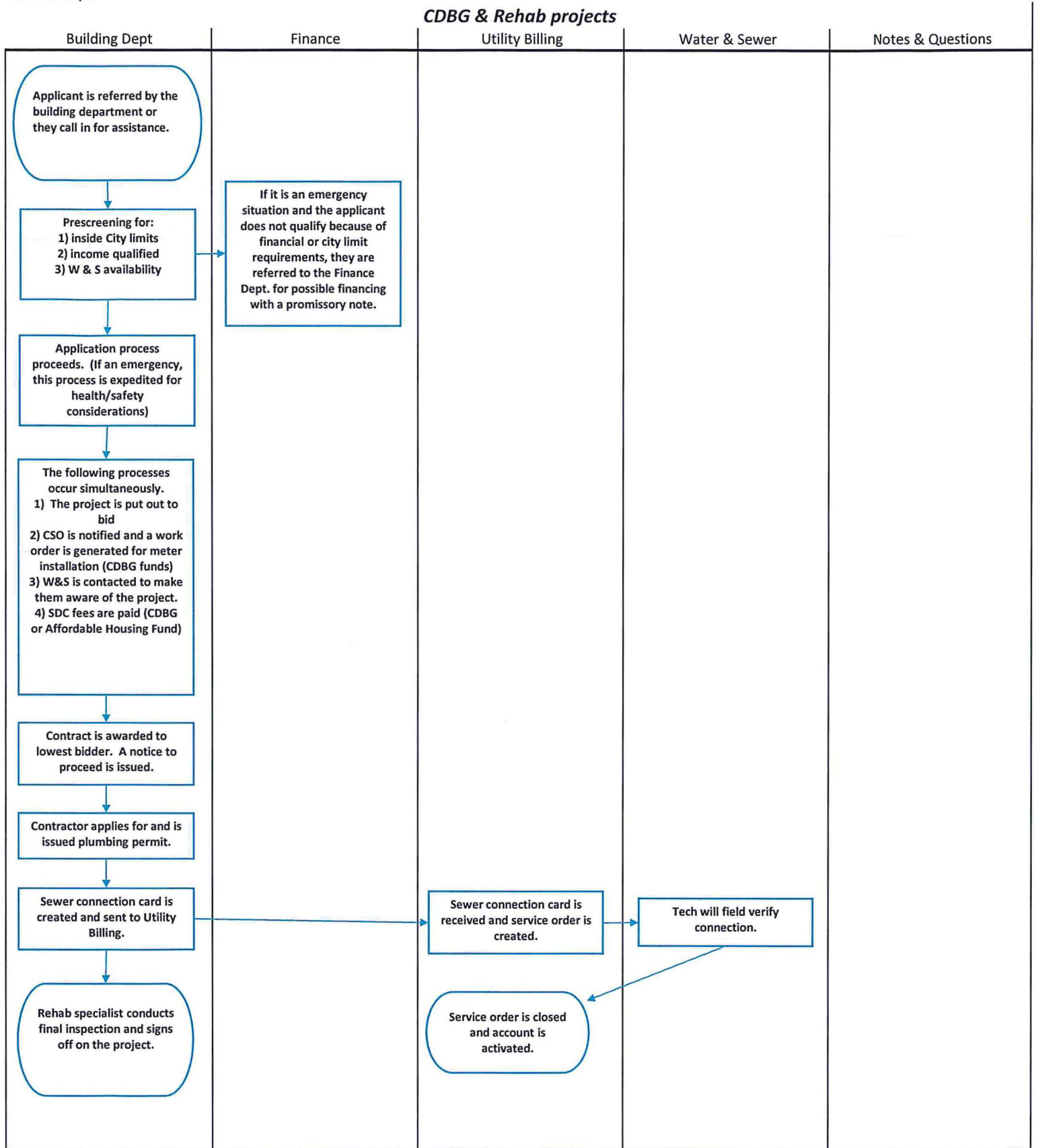
Increases to Service (structural additions)



Increases to Service (adding unit space)



CDBG & Rehab projects



New Lines Added

Water & Sewer	Utility Billing	Customer Service	Building	Notes & Questions
<pre> graph TD A([A determination is made that new water and sewer lines should be added.]) --> B[Water & Sewer Dept runs lines, or engages contractor to run lines.] B --> C[Customer addresses are collected for billing purposes.] C --> D[Message using the communication log is sent to Utility Billing to update customer billing accounts.] D --> E[Customer accounts are updated with applicable services and new charges] style E fill:none,stroke:none </pre>	<p>Customer accounts are updated with applicable services and new charges</p>			