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To: The Honorable Mary Sue Rich, President of the Council
The Honorable John McLeod, President Pro Tem
The Honorable Suzy Heinbockel
The Honorable Jay Musleh
The Honorable Daniel Owen
The Honorable Kent Guinn, Mayor
Matthew Brower, City Manager

Date: October 21, 2013

Re: External Audit Assistance – Utility Billing

Internal Audit assists the external financial auditors, Purvis Gray and Company, LLP, with specific audit procedures for the Financial Statement Audit for the Fiscal Year Ending September 30, 2013. We have completed procedures for Utility Billing. The objective was to determine if utility customers were appropriately charged for services. The City provides electric, water, sewer, storm water, solid waste and fire services to residents and businesses within the city limits, as well as electric, water, and/or sewer to properties outside the city limits that are within the City's service delivery territory. Utility Services billed approximately \$201.8 million during the fiscal year.

We selected 40 utility bills for testing. We reviewed the City's Code of Ordinances related resolutions to determine the applicable rates and fees for each type of service available based upon the property's location. We recalculated charges based upon the authorized rates and fees in effect at the time of service. Based upon our procedures, we conclude that customers were appropriately billed for services provided.

We completed our testing for FY 2013 quarterly. With the conversion from PeopleSoft to Cogsdale Utility Billing software effective October 1, 2013, we anticipate performing FY2014 testing on a monthly basis going forward.

We appreciate the assistance provided by Utility Services personnel.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.

Handwritten signature of S. KaRhonda Leslie in blue ink.

S. KaRhonda Leslie, Audit Specialist

Handwritten signature of Jeanne Covington in blue ink.

Jeanne Covington, Internal City Auditor

c: Larry Novak, Assistant City Manager, Utility Services
Terry Austin, Director, Utility Services, Customer Service
Diane Reichard, Assistant City Manager and CFO
Mary Ann Davis, Finance Director