

Audit Recommendation Closure

Audit Report: Audit of Wastewater Pollution Control Facility and Sewer Services
Report No.: CAO 1501-0102-02
Report Date: August 8, 2001

Proposed Action: City Auditor's Office Recommends Closure of
Recommendation #: 2.1 Sewer Fee Billings by Audit Committee

We propose that the following recommendation be closed by the Audit Committee due to the following factors:

1. This is not currently a cost effective recommendation.
2. Per management, making the recommended changes to the current mainframe system is not feasible or cost effective.
3. Management will need to further evaluate this issue with the implementation of the new sewer billing system (Oracle Customer Care and Billing). Any changes will require changes to the municipal code.
4. Formal follow-up on this recommendation is no longer needed.

Recommendation 2.1 -- Sewer Fee Billings

BACKGROUND:

Recommendation 2.1 -- Sewer Fee Billings

Criteria: Billing guidelines should be clearly defined and easily understood by customers. The billing process should be completed in an efficient and effective manner.

Condition:

- ▶ The City's sewer billing policies and late payment penalties are based on an annual billing cycle. However, customers can elect to make quarterly payments towards their annual sewer fee.
- ▶ If a customer elects to make quarterly payments, quarterly statements follow the annual statement until the annual sewer fee is paid in full.
- ▶ Approximately 60% of sewer service customers make quarterly sewer payments. Approximately 10% of these payments are received late.
- ▶ Once a customer is delinquent on a payment, a late fee of 10% is charged against the total unpaid balance rather than the quarterly payment, the total unpaid balance becomes due in full, and a lien is established against the property.
- ▶ The City receives many phone calls from sewer customers confused about why they are being charged a late payment penalty against the total annual fee and why the fee is suddenly due in full.

Effect:

- ▶ Angry sewer customers.
- ▶ Additional work for Sewer Services staff.

Cause:

- ▶ Sewer Services has not adequately addressed the issues that exist with its current billing and penalty assessment practices.

Recommendations:

1. Sewer Services management should change the sewer services billing to a quarterly billing cycle and adjust the penalty policies to align with this change.

Management Plan of Action: The Business Services Division (BSD) is recommending a proposed Municipal Code change to a quarterly billing cycle where the penalty fee would be assessed on the outstanding balance for the quarter rather than the unpaid balance of the bill. These code changes are projected for implementation around October 2001.

Timetable: These code changes are projected for implementation around October, 2001.