



CITY OF RICHMOND
City Auditor's Office

DATE: February 28, 2023

TO: Lincoln Saunders
Chief Administrative Officer

FROM: Louis Lassiter *LL*
City Auditor

SUBJECT: DPU Billing and Collections audit

The City Auditor's Office has completed the DPU Billing and Collections audit and the final report is attached.

We would like to thank the DPU staff for their cooperation and assistance during this audit.

Attachment

cc: The Richmond Audit Committee
The Richmond City Council
Robert Steidel, DCAO of Operations
April Bingham, Director of the Department of Public Utilities

Intentionally left blank

City of
RICHMOND
Office of the City Auditor

Audit Report# 2023-09

DPU Billing and Collections

February 28, 2023



Audit Report Staff

Lou Lassiter, **City Auditor**

W. Bret Lewis, Audit Manager

Toni Noel, Auditor

Chassidy Comer, Auditor

Rochelle Carter, Management Analyst

Executive Summary.....i
Background, Objective, Scope, Methodology.....1
Findings and Recommendations.....7
Management Responses.....**Appendix A**

Highlights

Audit Report to the Audit Committee, City Council, and the Administration.

Why We Did This Audit

The Office of the City Auditor conducted this audit as part of the FY2023 audit plan approved by the Audit Committee. The objective for this audit was to evaluate the controls used for billings and collections of revenues.

What We Recommend:

The DPU Director:

- *Formalize and execute a plan to address the growing accounts receivable balance to include an established timeline with implementation dates.*
- *Improve the process to track and review MetroCare payments and MetroCare entries made in error are corrected.*
- *Establish a reconciliation process that includes ensuring bad debt accounts are returned to the City and/or collected accurately and in their entirety.*

The Deputy Director:

- *Develop and implement a process to monitor estimated bills to include controls that limit the number of consecutive estimates.*
- *Develop and implement a process to address the aging population of ERT's to include monitoring procedures.*
- *Enforce the vendor to abide by to the terms of contract for better customer self-service options.*

Additional Recommendations were issued related to adjustments, exceptions, policies and procedures, bimonthly billings, deposits, and other items.

DPU Billing and Collections

Background

The Department of Public Utilities is a major utility provider in the Greater Richmond Area servicing more than 177,000 residential and commercial customers, with many having multiple utility services. The department is composed of five separate utilities (natural gas, water, wastewater, stormwater and electric streetlights) that all operate on a self-sustaining basis. For the purpose of this audit, the auditors focused on Gas, Water, and Wastewater.

What Works Well

The auditors noted that Utility rates were updated in the system to accurately reflect those established.

Needs Improvement

Finding #1 – Accounts Receivables

In response to the Pandemic, DPU suspended utility disconnections and other collection activities. As of June 2022, DPU's account receivables have grown to over \$60 million. DPU provided the auditors with an overarching draft framework they are planning to use to address the increasing account receivables and restarting disconnections.

Finding #2 – Aged ERTs/Outstanding Service Orders & Estimated Bills

In FY22, 28,044 service lines had a total of 131,106 estimates for water or gas. Of the FY22 estimates, 12,422 (9%) were for "0" CCFs. Approximately 47,000 Service orders related to gas and water were open during FY22 with request dates dating back to 2001. 9,798 service lines were estimated for at least half the year with 3,807 of those being estimated for all 12 months.

Finding #3 – Self Service Options Contract Terms

DPU customers cannot view their detailed utility bill online using the EZ-Pay software. A customer has to contact the DPU call center to request a bill. Additionally, new customers cannot sign up through DPU to receive E-bills and have to go through third party vendors to establish e-services if this function is offered through their financial institution.

Finding #4 – Metrocare Payments

The Department of Public Utilities offers water and heat payment assistance to City residents using a program called MetroCare. The water and heat payments totaled \$91,481 and \$12,217 in FY2022. A comprehensive analysis of the FY22 MetroCare Water payments was performed which compared the tracking spreadsheet maintained by DPU to the approved payments in the CAPUP system noting discrepancies totaling over \$19,000.

Finding #5 – Oversight of Delinquent Accounts

The Department of Public Utilities outsourced collection activities for bad debt accounts to a collection agency. A DPU staff member is their point of contact and works with them on any issues the agency may have while trying to collect. DPU does not have a process to track or ensure accounts are returned after three years. There is not a process in place to ensure accounts are correct or to track and oversee the remaining outstanding accounts still with the agency.

Additional Findings

Additionally in the report are findings related to internal controls over adjustments, exceptions, completeness of water meter inventory, SOP's and refresher trainings, employee development, utility deposits, and bimonthly billings benchmarking.

Management concurred with 20 of 20 recommendations. We appreciate the cooperation received from management and staff while conducting this audit.

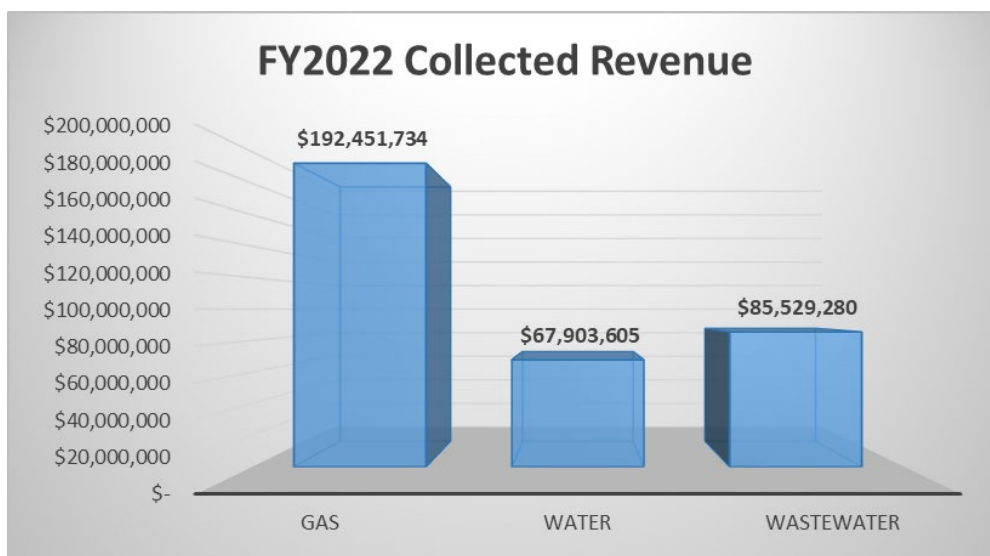


BACKGROUND, OBJECTIVES, SCOPE, METHODOLOGY, MANAGEMENT RESPONSIBILITY and INTERNAL CONTROLS

This audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objective.

BACKGROUND

The Department of Public Utilities is a utility provider in the Greater Richmond Area servicing more than 177,000 residential and commercial customers, with many having multiple utility services. The department is composed of five separate utilities (natural gas, water, wastewater, stormwater and electric streetlights) that all operate on a self-sustaining basis. For the purpose of this audit, the auditors focused on Gas, Water, and Wastewater. During FY2022, DPU collected approximately \$345 million in revenue for these three utilities. The breakdown by utility is noted below:



Prepared by Auditor

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

During the pandemic, DPU received over \$21 million in funds from Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA) to assist utility customers with delinquent bills. These relief funds reduced the amount owed for fiscal year FY2022.

The Customer Service Division within DPU is responsible for the billing and collection process. The three sections that make up the Division are: Call Center, Revenue & Recovery, and Billing & Exceptions and they are among other things they are responsible for the following areas:

Call Center	Revenue and Recovery	Billing and Exceptions
<ul style="list-style-type: none">• Handles all inbound calls and in-person customers.• Inquires about bills, payments, adjustments, service orders and complaints.• Establishes new service along with any necessary fees.• Does not take payments.	<ul style="list-style-type: none">• Handles the collections, delinquent accounts, disconnects, bankruptcies, and liens.• Establishes commercial deposit fees for new customers.• Researches payments to ensure they are applied to the correct account.• Works with the collection agency and oversees the inhouse collection process.	<ul style="list-style-type: none">• Reviews all the billing exceptions and makes the necessary corrections.• Researches bills for errors and reviews for leaks.• Handles the large volume customers.• Handles bills for non meter services (damage claims, portable and cross meters, cooling towers, etc).

Billing Process

The billing process for utilities starts once the customer has initiated a new service with a call center representative. That representative will take the customer's information, set them up in the system and determine if a deposit is required which typically shows up on the first month's bill. Additionally, a service request is made to turn on the new customer's meter to be billed in a particular billing cycle. Commercial customers follow the same process, the only difference is the commercial deposit fees are calculated by designated staff.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

There are 19 billing cycles that are read each month by the meter reading team. Vans drive routes for the billing cycles using electronic reading technology (ERTs) to automatically gather the meter readings which are uploaded in the system to generate bills.

While most of the meters are read automatically from the ERTs, some meters do not have ERTs on them (although they are ERT compatible) and these are read manually. ERTs that do not transmit a reading will show up on the mobile missed report and that reading will have to be acquired manually. Additionally, some of the readings will generate exceptions automatically based on parameters built into CIS and are flagged for review. The system responsible for generating the bills also has built-in parameters to identify exceptions. There are five types of exceptions that will generate.

1. High - The meter is reading higher than normal.
2. Low - The meter is reading lower than normal.
3. Zero - The meter is reading no consumption or has remained the same month after month.
4. Negative - Prior month reading was overestimated or incorrect.
5. Idle/OCBE (Out of cycle billing exceptions) - Idle readings generate on meters that should be off but are still registering consumption.

Staff is responsible to research, clear out the exceptions, and make corrections to billings. Staff will estimate a bill if they are unable to determine if the reading is correct or if a meter has an open service request. Estimated bills are generated automatically based on the average of prior year consumption. The customer has several payment options; in person, mail directly to City Hall, Lockbox (mailed payments), Online, Over the phone with a Vendor Representative, and Automatic bank draft.

DPU adjusts customer accounts by both consumption and non-consumption (Dollar) amounts for a variety of reasons: service orders, leak projects, and exceptions that have not been cleared out. Call Center, Revenue and Recovery, Billing and Exceptions employees are all authorized to make adjustments according to specific limits.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

There are four types of adjustment:

- System adjustments - If an incorrect meter reading is confirmed to be incorrect, once the system receives a correct reading, the system will automatically make an adjustment.
- Manual adjustments - These are dollar value adjustments not based on consumption.
- Consumption adjustments - These are manual adjustments initiated by staff.
- Customized adjustments - Adjusting a combination of consumption, meter readings, and dollars.

Collection Process

DPU utilizes several methods to recover unpaid bills after they have become delinquent.

- Prior to the Pandemic, customers would receive disconnect notices for bills that have been delinquent 60 days or more. Currently, DPU is not disconnecting delinquent utility customers, sending delinquent accounts to the collection agency, or placing liens on customer accounts.
- Although late fees were re-established in November 2021, delinquent accounts remain open and require additional management by DPU.
 - All delinquent closed accounts with balances will show up on the charge off report. Under normal circumstances, staff reviews this report to determine if the account can go to in-house collections or the collections agency. Accounts that are \$50 or less and are past due, are sent to in-house collections and the remaining accounts within three years are sent to the collection agency. Accounts sent to in-house are no longer actively being collected. The amount is charged off until the customer returns to start service at a later date. At that time, the customer would still be responsible for satisfying the bad debt.
 - Liens are placed on both residential and commercial accounts that are 60 days past due with a balance of \$250 or more. The customer must be the owner of the residence in order for a lien to be placed on the property.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- Customers also have the option to request payment plans. Payment arrangement amounts are determined by CIS and are noted on the bill.
- Additionally, DPU is notified of bankruptcies from the bankruptcy courts. DPU staff is responsible for managing these accounts and posting payments.

Affordability Programs

DPU offers payment assistance for low-income households through their MetroCare programs. There is an application process and if approved the applicant can receive up to \$500 per service available once a year. All the funds for this program come from donations. In addition, the State and Department of Aging offer separate senior assistance and fuel assistance programs.

OBJECTIVE

The objective of this audit was to evaluate the controls used for billings and collections of revenues.

SCOPE

The scope of this audit included billings and collections of residential and commercial gas, water, and wastewater revenues (excluding wholesale water contracts) for the 12 month period ending June 30, 2022 and the current operating environment.

METHODOLOGY

The Auditors performed the following procedures to complete this audit:

- Interviewed staff to understand the processes and procedures related to billing and collections of revenues related to utility meters.
- Reviewed the City of Richmond Code of Ordinances;
- Reviewed City Contract #18000002682 to determine contract compliance.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- Reviewed and performed analytics on FY2022 CIS data to draw conclusions on the following populations:
 - Estimated bills,
 - Adjusted bills,
 - ERTs, and
 - Service Orders.
- Reviewed a limited random sample of 26 adjustments including the two highest consumption adjustments and dollar value adjustments for notes in CIS and reasonableness.
- Tested a random sample of 10 residential accounts, 10 commercial accounts, and 5 reset meters to review deposit determination and notes in CIS.
- Randomly selected 5 days in FY2022 and tested a sample of billing exceptions to determine if they were worked and noted in CIS, timely.
- Tested a random sample of five Metrocare Heat and Water Payments to review for approved payments and accurate tracking and reviewed the entire population of Metrocare Water payments for completeness in tracking.
- Tested random sample of five bad debt accounts to ensure adequately returned to DPU.
- Benchmarked with 13 surrounding localities to analyze the residential billing frequency for water utility accounts.
- Conducted other tests, as deemed necessary.

MANAGEMENT RESPONSIBILITY

City of Richmond management is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

INTERNAL CONTROLS

According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the audit test work, the Auditors concluded the internal controls over DPU billings and collections need improvement. Details of these findings are discussed throughout the report.

FINDINGS and RECOMMENDATIONS

What Works Well

The auditors noted that Utility rates were updated in the system to accurately reflect those established.

What Needs Improvement

Finding #1 – Accounts Receivables

Condition:

The timeline noted below depicts DPU's response to the national COVID-19 Pandemic.

In March 2020:

- DPU suspended utility disconnection services along with late fees and collection notices.
- DPU reconnected service for past due customers to help avoid the spread of COVID-19.

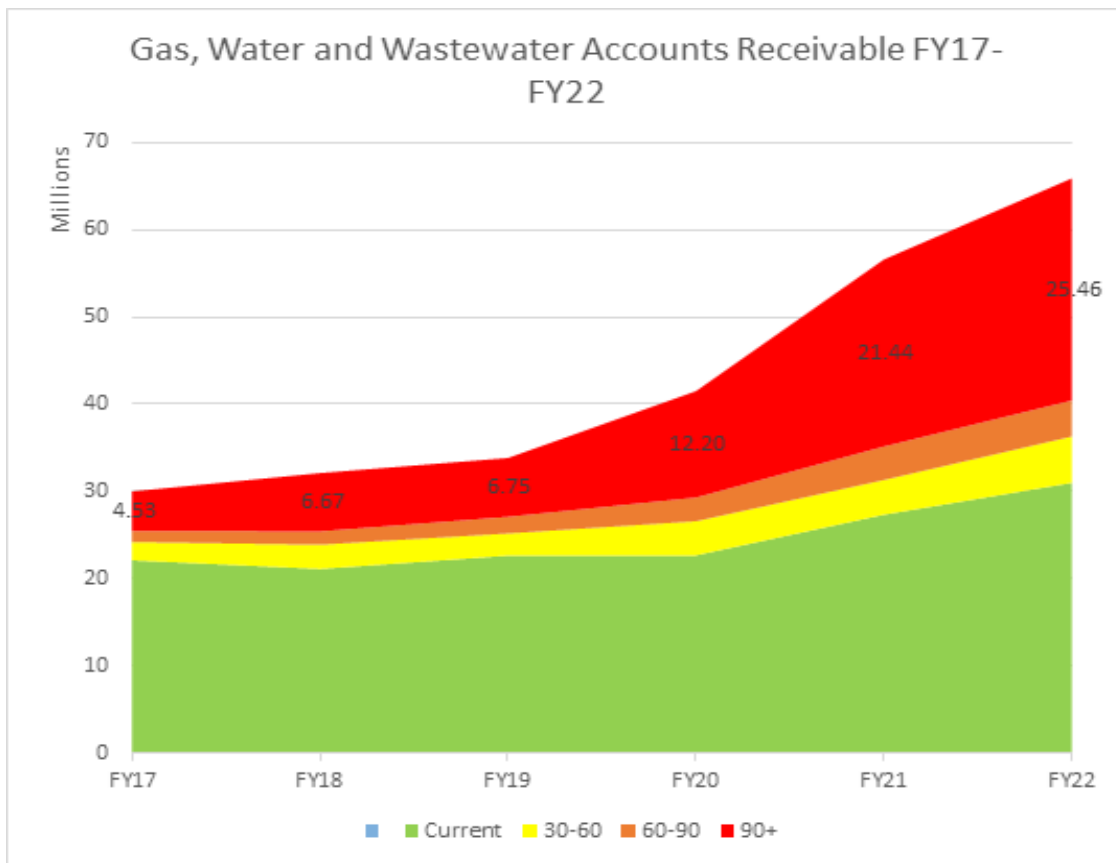
Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

Per DPU, in June 2020, DPU automatically created an estimated **12,363** installment plans for past due residential customers and approximately **40%** of the customers honored their payment plans.

From December 2020 - October 2021, DPU received over **\$21 million in relief funds** from CARES and ARPA relief funds. As of June 2022, DPU's account receivables has grown to over **\$60 million** as noted in the chart below:



Source: DPU

DPU provided the auditors with an overarching draft framework they are planning to use to address the increasing account receivables and restarting disconnections.

The framework includes:

- Researching issues noted throughout the audit which include account adjustments, backlog of service orders, and estimated readings.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- Establishing payment plans through a third party vendor.
- Applying and receiving grant funds.

Criteria:

Prior to the Pandemic, DPU actions on delinquent customers included:

- Customers receiving disconnect notices for bills that have been delinquent 60 days or more.
- Customers being disconnected if payments were not received.
- Liens being placed on property for delinquent customers.
- Qualifying delinquent accounts being sent to a collection agency or in-house collections.
- Currently, due to the pandemic, DPU is not performing any of these actions on customer accounts.

Although late fees were re-established in November 2021, delinquent accounts remain open and require additional management by DPU.

Cause:

DPU had to adjust their service model for utility customers due to the unforeseen events of the COVID-19 pandemic. Moving forward, DPU is working to finalize their post pandemic policy to address the growing accounts receivables.

Effect:

DPU's utility account receivables balance has nearly doubled to over \$60 million since the beginning of the pandemic. As a result, more utility customers are carrying larger balances 90 days or more delinquent and the City is losing revenue.

Recommendation:

- 1. We recommend the Director of the Department of Public Utilities formalize and execute a plan to address the growing accounts receivable balance to include an established timeline with implementation dates.***

Richmond City Auditor’s Report #2023-09

DPU Billing and Collections

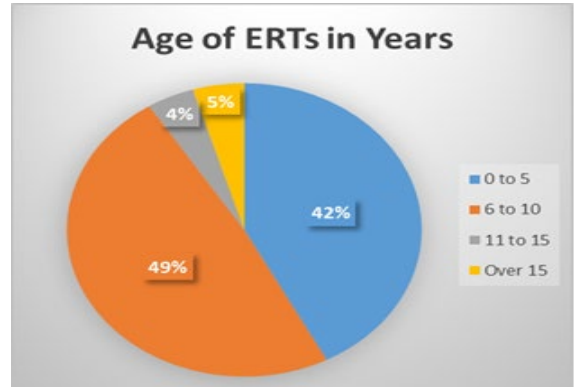
February 28, 2023

Finding #2 – Aged ERTs/Outstanding Service Orders & Estimated Bills

Condition:

DPU has meters on their gas and water service lines. Most of the meters are read automatically from the signal of electronic reading technology (ERTs) that are attached to the meters. The ERT tracks the meter’s usage and reports it back to the system in the van when they drive the route.

As of 10/14/2022, there were 196,469 ERTs provided, 9% of the ERTs were past 10 years of age and another 15% will be within the next 3 years. ERTs last for a period of approximately 10 years, while some may be damaged sooner.



In FY2022, 28,044 service lines had a total of 131,106 estimates for water or gas as noted below:

	# of estimates	*CCFs
Gas	19,161	3,880,311
Water	111,945	1,080,304
Total	131,106	4,960,615

**One hundred cubic feet (1 CCF) is equivalent to 748 gallons of water. This is the amount of water that flows through your water meter and is measured.*

The auditor noted the below:

- Of the FY22 estimates, 12,422 (9%) were for “0” CCFs.
- Approximately 47,000 service orders related to gas and water were open during FY22 with request dates dating back to 2001. (Approximately 4,700 were closed by December 2022)

The auditor used the ERT and service order data and matched it to the respective service lines.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

The below table shows the results of the analysis:

# of Estimated Bills in FY2022	# of Service Lines	Service Lines without matching ERTs in analysis	Average Age of ERTs (Service Lines that have a match)	% of Accounts with Service Orders (All Service Lines with an estimate)
12	3,807	137	10	50%
11	1,575	105	10	66%
10	997	101	9	66%
9	848	114	9	55%
8	800	107	8	52%
7	868	138	8	50%
6	903	163	8	49%
5	1,037	163	8	39%
4	1,212	208	7	38%
3	1,726	347	7	30%
2	3,119	542	7	25%
1	11,152	1,964	7	18%
Grand Total	28,044	4,089		

Note: This data only notes that the account as a whole, had a service order, not necessarily one related to the ERT or estimate. Also, although 4,089 did not have a match, it is possible that the service line has an ERT and the ERT file data was incomplete for that line item.

Based on the above table, the Auditor noted:

- 9,798 service lines were estimated for at least half the year with 3,807 of those being estimated for all 12 months.
- The more estimated bills for a service line, the older the average of ERTs were.
- The rate of service orders on a customer's account increased as more estimates were applied. (except for those with 12 months)

Criteria:

Per the DPU Adjustment Policy,

“DPU will make every effort to read all meters each month. When a reading cannot be obtained, the meter reading is estimated. Common reasons for estimations include:

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- inclement weather
- staffing shortages
- inaccessible meters
- faulty or damaged metering equipment i.e. ERTs, correctors, meter dials

When an actual reading is obtained, the account will automatically be adjusted. DPU policy requires that accounts are not consecutively estimated more than three (3) times. Exceptions to this rule must be supported by adequate documentation.”

Cause:

Currently, there is no process in place to monitor estimated bills or the age of the ERTs. According to management, during the Pandemic, DPU removed the system limit for estimated bills to no more than three because it was causing problems in CIS. DPU management indicated that the estimated bills with zero CCFs were an oversight for the division that handles the billings.

According to DPU, they are aware of the aging ERTs and are in the process of addressing it.

Effect:

- The large volume of estimated bills negatively affects the public's accurate and timely billings as customers may be charged large amounts after multiple months of estimated bills.
- Estimates limit the ability of customers to identify problems with leaks in a timely manner.
- Additionally, staff have to continually work the same accounts to fix billing issues when time could be spent on other items. Staff revisit sites for missed readings, investigate daily meter reading exceptions, and address any customer billing concerns. DPU will estimate a bill if an exception has not been addressed in time for the bill, a meter has an open service request, or the actual reading does not appear accurate. Estimated bills are both manually and automatically generated and are calculated based on the average of the prior year's consumption.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

Recommendations:

- 2. We recommend the Department of Public Utilities Deputy Director develop and implement a process to monitor estimated bills to include controls that limit the number of consecutive estimates.*
- 3. We recommend the Department of Public Utilities Deputy Director develop and implement a process to address the aging population of ERTs to include monitoring procedures.*

Finding #3 – Self Service Option Contract Terms

Condition:

Currently, if a DPU customer has their account number, they can retrieve the amount due for their utility bill using EZ-Pay software, but not the detailed utility bill. To request a detailed bill, a customer has to contact the DPU call center by either sending an email or calling to request a bill.

Customers that have signed up in the past can receive E-bills and view some past bills online. However, new customers cannot sign up through DPU to receive E-bills as the vendor is planning to end this service. If new customers want E-bills, they have to go through a third party vendor to establish e-services if this function is offered through their financial institution. Historical bill viewing is not offered through this service.

Criteria:

Per the Data Transfer, LTD Contract #18000002682, the vendor agreed to provide the following:

- “COR Branded Biller-Direct Site- This customer portal will utilize a COR branded user interface featuring the industry’s latest functionality enabling your customer to view and pay bills, manage preferences, review bill and document history, manage their account(s) and manage recurring payments.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- Secure email Delivery & Payment (SEDP) - Supports the delivery of the bill as a secure PDF attachment and ability to make payments.
- All City customers will have the ability to view 36 months of current and historical billing statements via the web or their mobile services.”

Cause:

DPU leadership has changed since the origination of contract #18000002682 and there has not been enforcement of the terms of the contract by DPU.

Effect:

Inefficient customer self-service options create higher call volumes for the call center and potentially dissatisfied customers. In addition, the City is paying for contracted services that are not being delivered by the vendor.

Recommendation:

- 4. We recommend the Department of Public Utilities Deputy Director enforce the vendor to abide by the terms of contract for better customer self-service options.*

Finding #4 – Metrocare Payments

Condition:

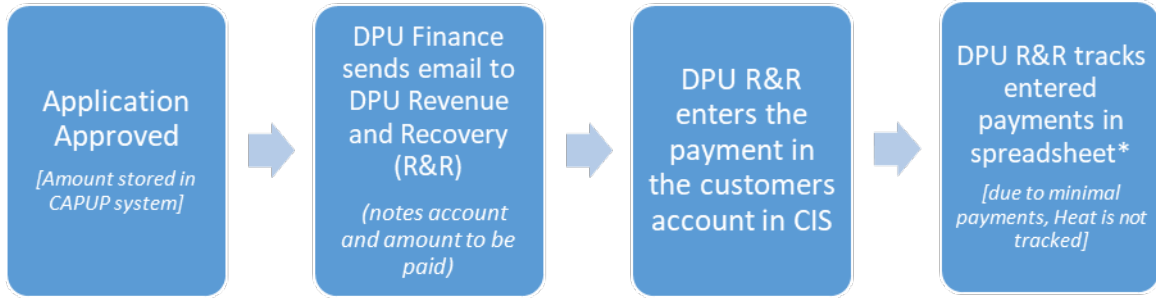
The Department of Public Utilities offers water and heat payment assistance to City residents using a program called MetroCare. MetroCare Water Financial Assistance is available on an annual basis and assists customers with paying their water and wastewater bills. MetroCare Heat Financial Assistance is available to City residents between December 15th – April 30th. Per the CAPUP (Capital Area Partnership Uplifting People) system, MetroCare Water and Heat payments totaled \$91,481.02 and \$12,217 in FY2022, respectively. Both programs require the resident to apply, and once approved, the program offers a maximum assistance of \$500.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

The below chart notes the process once approved.



A limited random sample of five MetroCare Heat payments from the CAPUP system (\$1,815) and five MetroCare water payments (\$1,906) from the CAPUP system were tested to ensure that the approved payments were accurately and timely applied to the customer's accounts in CIS, with no exceptions.

A comprehensive analysis of the FY22 MetroCare Water payments was performed, which compared the tracking spreadsheet maintained by DPU to the approved payments in the CAPUP system. The following discrepancies were identified when comparing the tracking spreadsheet to the CAPUP system's records:

Variiances	Number of Accounts	Amount
Accounts were identified as approved in the CAPUP system but were not tracked by DPU R&R.	31	\$11,968
Accounts were tracked and approved in the CAPUP system but the payment amount differed from DPU's tracking spreadsheet.	11	\$3,463
An account was denied in the CAPUP system but was tracked and distributed to the customer's account.	1	\$500
Accounts were tracked by DPU but were not listed on the CAPUP system's records.	10	\$3,104.
Total	53	\$19,035

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

DPU staff reviewed the above issues and noted the following reasons for the discrepancies:

- Multiple employees were entering payments into CIS and not tracking the payments
- DPU staff failed to upload the payment into CIS
- The incorrect amount was uploaded into CIS
- Payments were posted to the wrong accounts
- Multiple payments were made to the account in error
- Accounts from the CAPUP system were sent via email in the wrong amount
- The CAPUP system reported the incorrect payment amount
- Payments were incorrectly marked as denied in the CAPUP system

Criteria:

It is good business practice to apply payments to customer accounts accurately and timely and have an established review process.

Cause:

There was no management oversight for MetroCare Payments applied to customer accounts.

Effect:

Customer accounts were inaccurate with customers either receiving funds that they did not qualify for or customers not receiving funds they qualified for, which could create dissatisfied citizens who donate to and receive funds from the MetroCare Program.

Recommendations:

- 5. We recommend the Director of the Department of Public Utilities improve the process to track and review MetroCare payments.*
- 6. We recommend the Director of the Department of Public Utilities ensure the FY22 MetroCare entries made in error are corrected.*

Finding #5 – Oversight of Delinquent Accounts

Condition:

The Department of Public Utilities outsourced collection activities for bad debt accounts to a collection agency. A DPU staff member is their point of contact and works with them on any issues the agency may have while trying to collect. DPU has not sent new accounts to the agency since May of 2020 due to the pandemic, however, DPU is beginning to transition back into pre-pandemic processes.

DPU does not have a process to track or ensure accounts are returned after three years. The Auditors randomly selected 5 bad debt accounts that have passed the three year mark and noted:

- Four accounts were not sent back to DPU as judgments were received on these accounts and were allowed to remain with the agency longer. DPU's system did not have notes on this.
- One of the five accounts should have been sent to the collection agency but was sent to in-house collections erroneously.

When funds are collected, the collection agency sends a weekly report noting payment collected and the applicable account. DPU staff reviews payments to ensure the payment was posted in the system without any errors. There is not a process in place to ensure accounts are correct or to track and oversee the remaining outstanding accounts are still with the agency.

Criteria:

Procedures should be documented to provide guidance to employees, provide clarity, and enhance consistency amongst employees.

Pre-pandemic, staff reviewed a delinquent accounts report and would transfer qualifying accounts (\$50 or more) to the collection agency. Those that did not qualify were sent to in house collections. After 3 years, any uncollected amounts were to be returned to DPU, as the collections agency could no longer collect on the accounts.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

Cause:

There is a lack of oversight for bad debt accounts sent to the collection agency.

Effect:

Payments could be applied to inaccurate accounts, accounts could remain with the collection agency past their collection period, or accounts could not be sent to the agency as allowed.

Recommendation:

- 7. We recommend the Director of the Department of Public Utilities establish a reconciliation process that includes ensuring bad debt accounts are returned to the City and/or collected accurately and in their entirety.*

Finding #6 – Internal Controls of Adjustments

Condition:

DPU staff create adjustments on accounts either by dollar amount or consumption as needed. The various reasons for adjustments include, wrong meter readings entered, estimated bills, ERT issues, and credits to a customer's account. In FY2022, 14,709 service lines had at least one adjustment. The auditors noted:

- At least 86% or more had less than 10 adjustments for the year.
- Only 12% had at least one estimated bill for the year.
- Only 11% had at least one service order for the year.
- Approximately 96% of the service lines were adjusted for less than \$1,000 total.

The auditors reviewed a limited sample of 26 adjustments including the two highest consumption adjustments and dollar value adjustments (one was both) and noted:

- All the adjustments reviewed were reasonable and had supporting notes in CIS. However, our sample was limited in size and other adjustments made could have had irregularities and not have been detected.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- Some of the adjustments were over \$100,000 which is outside of staff limits and the system notes did not indicate management approvals. These were both consumption and dollar adjustments.

The process for creating and completing adjustments is documented, however, internal controls over the process need improvement. The auditors noted the following:

- Staff can make adjustments outside of their limits as the system does not have built in restrictions.
 - There is not an adjustment limit for consumption as this could have staff adjustment consumption amounts that are outside their dollar limits.
 - Some staff members are not aware of their adjustment limits.
- There is not a process to ensure staff members are not adjusting personal or family accounts.
- There is not a formalized review process for staff adjustments.
 - A daily report of all adjustments is generated by CIS, however, DPU is not reviewing this report.

Criteria:

DPU has a policy as well as a process manual on creating adjustments. The policy notes the adjustment limits for the different staff positions.

Conflicts of interest should be identified and appropriate controls should be put in place to ensure they do not affect the department's performance.

Cause:

DPU has not set up a formal review/approval process or a conflict of interest control for adjustments.

Effect:

Without internal controls, the risk of inaccurate adjustments and irregularities or fraud increases.

Recommendation:

8. We recommend the Director of the Department of Public Utilities formalize and implement internal controls related to the adjustment process to include:

- o Conflicts of interest.*
- o Review/Approval of Staff Adjustments*
- o Enforcement of Staff Adjustment limits*
- o Consumption Adjustment Limits*

Finding #7 – Exceptions and Completeness of Water Meters

Condition:

Exceptions are generated in the CIS system after meters are read and the readings are input into CIS. CIS automatically flags exceptions for DPU staff to review. There are five types of exceptions that are detailed below:

- High – The meter read higher than normal
- Low – The meter read lower than normal
- Negative – The meter consumption reading went backwards
- Zero – The meter read no consumption
- Idle – A meter that should be off has been registering a consumption amount

The auditors reviewed a limited sample of fifty meter reading exceptions from FY2022 that included ten of each of the exception types. The auditor noted the following:

- 100% (50) of the exceptions were worked by DPU staff.
- 96% (48) of the exceptions had notes in the system which identified the actions taken by staff working the exception.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- 98% (49) of the exceptions were reviewed timely. The auditor could not conclude on one exception.

Although no issues were identified, irregularities or untimely worked exceptions could exist. The auditors noted that a formal review process was not in place as management did not regularly review exceptions worked for accuracy nor did they document their reviews.

Additionally, the auditors inquired about the process to track or verify completeness of the water meters to ensure all meters are billed and, per DPU management, a quality assurance process is not in place.

Criteria:

- A review process ensures staff work is consistent and provides assurance that accurate results are achieved.
- A quality assurance process aides in ensuring that all meters are identified and billed if necessary.

Cause:

- Management assists staff with escalations and accounts that require extensive research, however, they do not review individual exceptions worked by employees. When they do review exceptions, it is not documented.
- Management supervising the staff working exceptions was unaware of the CIS report listing all daily exceptions.
- Management is in the process of defining and developing a process to ensure a complete listing of meter inventory.

Effect:

- Without a complete listing of meters throughout the City, the City could lose revenue for services rendered.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- Without a review process, exceptions can be cleared incorrectly or inconsistently amongst staff, leading to billing issues as well as additional work for staff.

Recommendations:

9. We recommend the Director of the Department of Public Utilities formalize and implement a process to review the exceptions worked by staff.

10. We recommend the Director of the Department of Public Utilities develop a quality assurance process to assist with identifying and maintaining a listing of all meters throughout the City.

Finding #8 – SOP's and Refresher Training

Condition:

The Department of Public Utilities currently has policies and procedures that do not reflect the current work practices as noted in the examples below:

- The Collection Policy states “To avoid disconnection the customer may give the service technician a personal/business check or money order for payment.” According to management, service technicians are not allowed to collect payments in the field.
- The Adjustment Policy states that “DPU policy requires that accounts are not consecutively estimated more than three times.” However, auditors have identified accounts have been estimated as many as twelve times per year.
- The Adjustment Policy also states that “Adjustments may be made retroactively for a period not to exceed three years.” Account adjustments date as far back as 2016.
- The Customer Security Deposit Policy has not been updated since 2005.

In relation to training, the auditors noted:

- The call center is the only unit that has an established training process for new hires with a designated trainer overseeing the process.
- Some available training documents were outdated or not present.
- There are no formal refresher trainings for staff.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- The communication and cross training amongst the three units needs improvement.
- Staff were not aware of their adjustment limits.

Criteria:

The following are all standard business practices:

- Written policies and procedures provide guidance to employees to perform their duties consistently in conformance with policies.
- A standard and consistent training program allows departments to keep up with industry standard and address internal weaknesses. Also, it improves employee productivity and performance.

Cause:

According to the DPU Sr. Customer Service Manager, they took over the position in July of 2022 and are in the process of updating the policies and procedures. Additionally, refresher training is offered to employees on an as needed basis.

Effect:

Without proper updated written policies and procedures, compliance cannot be evaluated. Standard work practices become inconsistent and vary amongst employees.

Recommendations:

- 11. We recommend the Department of Public Utilities Deputy Director review and update all outdated billing and collections policies and procedures to reflect the current work environment.*
- 12. We recommend the Department of Public Utilities Deputy Director develop and implement formal training processes for the Revenue/Recovery and Billing/Exceptions divisions to include refresher and cross trainings.*

Finding #9 – Employee Development

Condition:

The Department of Public Utilities does not have employee performance measures in place for Revenue & Recovery and Billing and Exceptions units. Managers within these units noted over 25 “desks¹” worked by their staff for which they did not have a formal review process. Employees are responsible for submitting productivity sheets to management which document the work completed. These productivity sheets could be used to measure performance and perform reviews; however, management does not review them for completeness and/or accuracy nor do they document any of the reviews they may perform.

Additionally, the auditors noted that a manager does not have access to the Remitco system, which their staff uses. It houses the Client Decision Module (CDM) that employees use to research and apply rejected payments to the correct customer account.

Criteria:

- Having performance measures in place allows management to identify and correct any deviation from set goals and assist with communicating employee expectations.
- Management should review work to ensure all work is completed timely and accurately.
- Management should have access to the same systems that staff has access to in order to review work performed.

Cause:

Management is currently working on a plan to establish performance measures for the Revenue & Recovery and Billing & Exceptions units.

Effect:

Without performance measures and a formal review process, employees are not aware of what is expected of them, and management does not have standards in which to hold their staff accountable.

¹ DPU Billings/Exceptions and Revenue/Recovery units refer to their different processes as “desks.”

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

Recommendations:

- 13. We recommend the Director of the Department of Public Utilities establish performance measures to provide employees with set goals and clear expectations.*
- 14. We recommend the Director of the Department of Public Utilities establish a formal quality assurance plan for the Revenue and Recovery and the Billing and Exceptions units to ensure work is being reviewed regularly by management.*
- 15. We recommend the Director of the Department of Public Utilities ensure managers have access to the necessary systems needed to oversee staff performance.*

Finding #10 – Utility Deposits

Condition:

DPU's call center staff establishes service for new gas and water utility customers. Both residential and commercial accounts are reviewed to determine if a deposit fee is required based on their credit ratings or a credit check (Equifax Report). Residential customers pay a fixed amount for deposit fees based on the service type, while commercial customers' deposit fee is calculated by designated staff.

The Auditors reviewed DPU's Customer Security Deposit policy and noted the policy does not reflect the current work practice. The following observations were noted:

- The policy was last updated in 2005 and does not include the current procedures for calculating commercial deposits.
- The policy does not include information regarding water non-resident accounts.

The Auditors reviewed both residential and commercial deposits for new customers and reset meters to determine if a deposit was required.

Residential accounts:

- 7 out of 10 accounts had notes in CIS to support a deposit determination.
- 9 out of 10 accounts had an Equifax report ran.

Commercial accounts:

- 7 out of 10 accounts required a deposit.

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

- 5 of the 7 accounts had deposit amounts calculated incorrectly or not at all. The deposit discrepancies total \$490.
- Staff indicated that supporting documentation is maintained for six months to a year, however, all of the accounts reviewed had supporting documentation maintained.
- None of the 10 accounts reviewed had notes to justify a deposit decision.
- The square footage formula used to calculate commercial deposits determines the amount of CCFs then multiplies it by two, but doesn't factor the service rates in the calculations. These calculations are less compared to those calculated using consumption.
- One staff member is responsible for manually performing all the commercial deposit calculations without any approvals or formal review process.

Reset Meters

Five accounts were selected for review, the following was noted:

- A deposit was required for each account, but none of the accounts were charged deposits.
 - 3 out of 5 accounts didn't have notes to justify a deposit decision.
 - 1 out of 5 accounts had notes but for the wrong account type.
 - 1 out of 5 accounts noted a notification of deposit was being mailed, although a deposit was not applied.
- 2 out of 5 accounts were created under an individual's name and the staff that created the account ran Equifax reports.

Criteria:

"The Director may require a deposit in advance by any owner, occupant or consumer of an amount deemed adequate to secure the payment of sums that may become due on account of gas or water, or both used, consumed or wasted..."

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

Additionally, VA Records Retention and Disposition Schedule GS-07, Public Utilities states that general utility records for customer deposits should be retained for 3 years after an event.

Formalized reviews enhance product quality and compliance with business policies and procedures.

Cause:

DPU does not have a review process for both the residential and commercial deposit processes. Additionally, there is no feature in CIS that prompts agents to run Equifax reports for residential customers. According to DPU staff, certain meters (reset, special accounts) do not show up on the commercial meter report. The deposits SOP has not been updated since 2005.

Effect:

Both deposit determinations and calculations are not in compliance with DPU policy, causing deposits to be applied differently to customers. Additionally, DPU is not in compliance with document retention.

Recommendations:

- 16. We recommend the Department of Public Utilities Deputy Director develop a formal review process to ensure all required utility accounts are being reviewed for the following:*
 - o Deposit determinations*
 - o Deposit calculations when necessary*
 - o Supporting notes and documentation*
- 17. We recommend the Department of Public Utilities Deputy Director review the square footage formula for calculating commercial deposits to ensure consistency in calculation methods and update accordingly.*
- 18. We recommend the Department of Public Utilities Deputy Director develop a process to ensure that supporting documents related to utility deposits are retained according to VA Records Retention and Disposition Schedule GS-07.*

Richmond City Auditor’s Report #2023-09

DPU Billing and Collections

February 28, 2023

19. We recommend the Department of Public Utilities Deputy Director add all commercial reset meters for new accounts to the EWQ Referral Report for commercial turn-ons to be reviewed for deposits.

Finding #11 – Bimonthly Benchmarking

Condition:

The Department of Public Utilities bills their residential utility customers on a monthly basis. DPU has 19 billing cycles to bill approximately 56,000 residential properties in the City, in addition to commercial properties in the City and residential and commercial properties outside the City receiving City services, with limited staff. In addition to reading meters, staff have to revisit sites that did not read, investigate daily meter reading exceptions, and address any customer concerns regarding their bill. DPU staff will estimate a bill if a reading is not available or the exception has not been addressed. During FY2022, DPU had approximately 112,000 estimates generated for all **water** utility customers.

The auditors benchmarked the frequency of **water** billing with 13 surrounding localities. The table below shows the residential billing frequency for the following localities:

Monthly Billing	Bimonthly Billing	Quarterly Billing
<ul style="list-style-type: none">• Virginia Beach• Prince William County• Roanoke City• Norfolk	<ul style="list-style-type: none">• Chesterfield• Hanover• Henrico• Chesapeake• Hampton• Newport News	<ul style="list-style-type: none">• Loudoun County• Fairfax County• Arlington County

Nine out of the thirteen (69%) other localities surveyed, bill their residential customers either bimonthly or quarterly.

Criteria:

- City Code Section 28-51 states, “...bills for service may be rendered monthly, bimonthly quarterly or on a schedule as determined by the Director, unless otherwise specified.”

Richmond City Auditor's Report #2023-09

DPU Billing and Collections

February 28, 2023

Cause:

Per DPU management, monthly billings provide customers with more affordable bills which increases the likelihood that customers will pay their bills timely and reduce both disconnects and write-offs. In addition, they are currently working to acquire a new system to replace the old system and changing the process and recoding their current system would be costly and take time.

Effect:

By billing monthly, staff have increased workloads as they have twice the number of readings and bills to review. If meter readings and meter exceptions are not gathered and reviewed timely, this leads to an increased amount of estimated bills.

Recommendation:

20. We recommend the Director of the Department of Public Utilities analyze and review the opportunity to shift to bimonthly billings as they transition to a new billing system.

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-09 DPU Billing & Collections audit

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	We recommend the Director of the Department of Public Utilities formalize and execute a plan to address the growing accounts receivable balance to include an established timeline with implementation dates.	Y	At the onset of the pandemic, DPU increased its focus towards affordability and accessibility. As a result, between 12/29/2020 and 10/29/2021, DPU received a total of \$21.3M from CARES and ARPA Funding. These monies were used to reduce the overall customer balances owed as a result of the pandemic. The reinstatement of late fees resumed on 11/01/2021 and full disconnection/collection activity is scheduled to resume Spring 2023. Simultaneously, in February 2023, DPU launched two new assistance programs - LIHWAP and PromisePay - both are designed to address the accounts receivable balance and help customers to avoid collection activity.

	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	DPU Director		In Progress
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	We recommend the Department of Public Utilities Deputy Director develop and implement a process to monitor estimated bills to include controls that limit the number of consecutive estimates.	Y	Preliminary data by bill cycle reveals that Estimated Reads are both intermittent and consecutive in nature and include a variety of scenarios. Both frequencies are indicative of aging assets (meters and ERTs) and will be best addressed through a defined replacement strategy. The goal is to reduce and maintain estimated reads within a margin of 3% for both gas and water. A kick-off meeting for the "Meter Replacement Program / AMI Next Steps" was held on February 24, 2023. Additionally, DPU is coordinating with Chesterfield County to better understand their meter replacement / AMI journey.

	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director Sr - Customer Service		In Progress
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	New DD SR has been selected. Anticipated start date 03/2023		

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-09 DPU Billing & Collections audit

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
3	We recommend the Department of Public Utilities Deputy Director develop and implement a process to address the aging population of ERTs to include monitoring procedures.	Y	Preliminary data by bill cycle reveals that Estimated Reads are both intermittent and consecutive in nature and include a variety of scenarios. Both frequencies are indicative of aging assets (meters and ERTs) and will be best addressed through a defined replacement strategy. The goal is to reduce and maintain estimated reads within a margin of 3% for both gas and water. A kick-off meeting for the "Meter Replacement Program / AMI Next Steps" was held on February 24, 2023. Additionally, DPU is coordinating with Chesterfield County to better understand their meter replacement / AMI journey.
TITLE OF RESPONSIBLE PERSON			TARGET DATE
Deputy Director Sr - Customer Service			In Progress
IF IN PROGRESS, EXPLAIN ANY DELAYS			IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
New DD SR has been selected. Anticipated start date 03/2023			
4	We recommend the Department of Public Utilities Deputy Director enforce the vendor to abide by the terms of contract for better customer self-service options.	Y	DPU has received confirmation from the vendor that the non-compliant terms of the contract have been resolved. In the meantime and due to several key vacancies within DPU, the DPU Director has updated the POC for the billing vendor to provide greater oversight of contract terms. DPU will monitor the customer self-service options (i.e. new enrollees) for reporting purposes.
TITLE OF RESPONSIBLE PERSON			TARGET DATE
DPU Director / Deputy Director Sr			30-Jun-23
IF IN PROGRESS, EXPLAIN ANY DELAYS			IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
New DD SR has been selected. Anticipated start date 03/2023			

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-09 DPU Billing & Collections audit

5	We recommend the Director of the Department of Public Utilities improve the process to track and review MetroCare payments.	Y	MetroCare Water, MetroCare Heat and MetroCare Water Conservation Programs provide financial assistance to eligible families and individuals. DPU will review the existing process accordingly.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director / Deputy Director Sr - Customer Service		30-Jun-23
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
6	We recommend the Director of the Department of Public Utilities ensure the FY22 MetroCare entries made in error are corrected.	Y	DPU will correct errors found within the audit.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director / Deputy Director Sr - Customer Service		30-Jun-23
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
7	We recommend the Director of the Department of Public Utilities establish a reconciliation process that includes ensuring bad debt accounts are returned to the City and/or collected accurately and in their entirety.	Y	As a result of the pandemic, DPU has not performed disconnection activity in three years. In an effort to normalize operations, DPU will increase its focus on bad debt accounts, charge-offs / 3rd party collections as well as lien activity. DPU's goal is to reinstate pre-pandemic collection activity for gas and water accounts. DPU will also use this opportunity to train / retrain staff as needed.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director Sr - Customer Service		30-Sep-23
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	New DD SR has been selected. Anticipated start date 03/2023		
8	We recommend the Director of the Department of Public Utilities formalize and implement internal controls related to the adjustment process to include: * Conflicts of interest. * Review/Approval of Staff Adjustments * Enforcement of Staff Adjustment limits * Consumption Adjustment Limits	Y	DPU will use this opportunity to review internal controls based on system activity and several vacancies and a significant number of new hires. DPU looks forward to automating this process as part of the CIS Replacement strategy.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director Sr - Finance		30-Jun-23
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-09 DPU Billing & Collections audit

9	We recommend the Director of the Department of Public Utilities formalize and implement a process to review the exceptions worked by staff.	Y	DPU will use this opportunity to revisit performance levels against expectations. As a result of the continuous vacancy rate and several internal promotions, DPU will implement training where applicable.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director Sr - Customer Service		30-Jun-23
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	New DD SR has been selected. Anticipated start date 03/2023		
10	We recommend the Director of the Department of Public Utilities develop a quality assurance process to assist with identifying and maintaining a listing of all meters throughout the City.	Y	Meter data and all associated ERTs are maintained inside of the existing customer information system. Retrieval and management of this data is supported by Enterprise Asset Management.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director		In Progress
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
11	We recommend the Department of Public Utilities Deputy Director review and update all outdated billing and collections policies and procedures to reflect the current work environment.	Y	As DPU seeks to normalize operations in a post-pandemic environment, DPU will use this opportunity to revisit policies and procedures with all staff members (i.e. tenured employees, recently promoted employees and new hires).
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	DPU Director / Deputy Director Sr		In Progress
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	New DD SR has been selected. Anticipated start date 03/2023		
12	We recommend the Department of Public Utilities Deputy Director develop and implement formal training processes for the Revenue/Recovery and Billing/Exceptions divisions to include refresher and cross trainings.	Y	DPU will use this opportunity to provide refresher training for tenured employees. Cross training is in effect as a result of several projects, promotions and new hires within the past twelve months.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	DPU Director / Deputy Director Sr		In Progress
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-09 DPU Billing & Collections audit

13	We recommend the Director of the Department of Public Utilities establish performance measures to provide employees with set goals and clear expectations.	Y	In 2020, DPU established performance measures and goals for all front line supervisors, seniors and managers. Goals are refreshed yearly to meet and/or exceed expectations. Goals are subject to revision based upon impacts of the pandemic.
TITLE OF RESPONSIBLE PERSON		TARGET DATE	
DPU Director / Deputy Director Sr		In Progress	
IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION	
14	We recommend the Director of the Department of Public Utilities establish a formal quality assurance plan for the Revenue and Recovery and the Billing and Exceptions units to ensure work is being reviewed regularly by management.	Y	DPU will use this opportunity to review and enhance its quality assurance plan for Revenue & Recovery and Billing Exceptions. Both areas are without a full-time, dedicated leader due to recent retirements. Recruitment activity will begin simultaneously with onboarding of the new Deputy Director, Sr - Customer Service Division in March 2023.
TITLE OF RESPONSIBLE PERSON		TARGET DATE	
DPU Director / Deputy Director Sr		1-Apr-23	
IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION	
15	We recommend the Director of the Department of Public Utilities ensure managers have access to the necessary systems needed to oversee staff performance.	Y	DPU is actively seeking a dedicated leader for both the Revenue & Recovery and Billing Exceptions units. Both areas are without a full-time, dedicated leader due to recent retirements. Recruitment activity will begin simultaneously with onboarding of the new Deputy Director, Sr - Customer Service Division in March 2023.
TITLE OF RESPONSIBLE PERSON		TARGET DATE	
DPU Director / Deputy Director Sr		1-Apr-23	
IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION	

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-09 DPU Billing & Collections audit

16	We recommend the Department of Public Utilities Deputy Director develop a formal review process to ensure all required utility accounts are being reviewed for the following: * Deposit determinations * Deposit calculations when necessary * Supporting notes and documentation	Y	DPU will use this opportunity to review and enhance the existing process.
TITLE OF RESPONSIBLE PERSON			TARGET DATE
Deputy Director Sr - Customer Service			30-Jun-23
IF IN PROGRESS, EXPLAIN ANY DELAYS			IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
New DD SR has been selected. Anticipated start date 03/2023			
17	We recommend the Department of Public Utilities Deputy Director review the square footage formula for calculating commercial deposits to ensure consistency in calculation methods and update accordingly.	Y	DPU will use this opportunity to review and enhance the existing process.
TITLE OF RESPONSIBLE PERSON			TARGET DATE
DPU Director / Deputy Director Sr			30-Jun-23
IF IN PROGRESS, EXPLAIN ANY DELAYS			IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
18	We recommend the Department of Public Utilities Deputy Director develop a process to ensure that supporting documents related to utility deposits are retained according to VA Records Retention and Disposition Schedule GS-07.	Y	DPU will use this opportunity to review and enhance the existing process.
TITLE OF RESPONSIBLE PERSON			TARGET DATE
DPU Director / Deputy Director Sr			30-Jun-23
IF IN PROGRESS, EXPLAIN ANY DELAYS			IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
19	We recommend the Department of Public Utilities Deputy Director add all commercial reset meters for new accounts to the EWQ Referral Report for commercial turn-ons to be reviewed for deposits.	Y	DPU will use this opportunity to review and enhance the existing process.
TITLE OF RESPONSIBLE PERSON			TARGET DATE
Deputy Director Sr - Customer Service			30-Jun-23
IF IN PROGRESS, EXPLAIN ANY DELAYS			IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
New DD SR has been selected. Anticipated start date 03/2023			

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-09 DPU Billing & Collections audit

20	We recommend the Director of the Department of Public Utilities analyze and review the opportunity to shift to bimonthly billings as they transition to a new billing system.	Y	DPU appreciates the recommendation and will analyze the opportunity to transition to bi-monthly billings as part of DPU's billing system replacement project. The CIS Replacement project / kick-off meeting took place in January 2023 and DPU anticipates the RFP release in June 2023 with go-live in December 2025.
-----------	---	----------	---

	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	DPU Director		1-Dec-25
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION