

WATER DEPARTMENT
DISTRIBUTION AND
CONSUMER SERVICES DIVISION
CALL CENTER, CREDIT, AND
COLLECTIONS OPERATIONS
AUDIT 14-11
JULY 10, 2015



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

July 10, 2015

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Water Department - Call Center, Credit, and Collections Operations, Audit 14-11

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on the Call Center, Credit, and Collections Operations.

Water and Consumer Services Division personnel have already taken positive actions in response to our recommendations. We thank the management and staff of the Water and Consumer Services Division for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: Dennis Rogero, Chief of Staff
Sonya Little, Chief Financial Officer
Brad Baird, Administrator of Public Works and Utilities Services
Elias Franco, Water Distribution and Consumer Services Division Manager

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/s/ Vivian N Walker

Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

During the summer of 2010, the former Utility Accounting Division (UAD) was merged into the Water Department. Further consolidation occurred when the customer service sections from the Water, Wastewater, and Solid Waste Departments were merged with UAD into one multi-service Call Center. The newly organized Call Center also reported to the Water Department. The centralized Call Center has an authorized staffing level of 29, which includes 2 part-time employees.

As of December 2013, the credit and collections functions were organizationally re-assigned to the Supervisor of the Call Center. Functionally, the Call Center is responsible for handling the following types of customer requests and inquiries for the Water, Wastewater, and Solid Waste Departments:

- Initiation, transfer, or discontinuance of service.
- Requests for change in mailing address.
- Inquiries regarding their utility bill and related charges.
- Conservation material and devices.
- Requests for payment arrangements.
- Report water leaks.
- Report pressure issues.
- Report water quality issues.
- Notification of missed pick up (Solid Waste).
- General information, regarding hours of service, places to pay bills, etc.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY2014 Audit Agenda. The objectives of this audit were to ensure that:

1. Actions taken to collect balances owed for past due and written-off accounts were adequate and complied with City Code Chapter 26.
2. Call Center Operations statistics were accurate.

STATEMENT OF SCOPE

This audit reviewed activity during the time period from October 1, 2013, through June 30, 2014. To achieve the audit's objectives, reliance was placed on computer-processed data contained in the Multi-Service System (MSS). MSS was previously assessed and the data was deemed to be reliable.

STATEMENT OF METHODOLOGY

In order to determine the accuracy of metrics reported to Management, a sample of reports was verified against the source data from the telephone system. This included ensuring the internal controls relating to accessing the data were adequate to prevent manipulation of the data. Additionally, accounts with outstanding balances were sampled to review documentation of collection efforts. A review of the controls related to account maintenance was included to determine adequacy.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

NOTEWORTHY ACCOMPLISHMENTS

Management should be commended on their timely response and resolution of customer calls. During the audit time period, more than 261,000 calls were received with calls being processed at least 92% of the time.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Documentation of actions taken to collect balances owed for past due and written-off accounts needs to be improved. Additionally, system changes are required to ensure compliance with City Code Chapter 26.
2. Call Center Operations statistics were accurate.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Call Center and Credit and Collections Operations, they do present risks that can be more effectively controlled.

DELINQUENT ACCOUNT COLLECTION PROCESS

STATEMENT OF CONDITION: The process to identify past due accounts, for contact, limits the City's ability to timely collect delinquent accounts.

Daily, Customer Service Clerks (CSC) submit requests to the Multi-Service System (MSS) for accounts over a certain dollar threshold with past due balances of 90 days or more. The next morning, the CSC will manually review account activity for each service order to determine if any overnight payments or other adjustments were recorded. If no activity, the service orders are forwarded to the Collectors for contact with the customer to either collect the past due balance or to lock the water meter for non-payment.

Due to staff limitations, not all accounts are processed by the Collectors. Those that are not processed by Collectors, a CSC will cancel the service order with the code of Admin Decision. However, there is no documented review by Management of these accounts prior to cancellation. Additionally, these accounts are not automatically selected during the next review of accounts for their specific billing cycle.

Independent of the manual selection process, MSS will automatically generate delinquency letters for an account with a status of final - indicating no activity. However, if certain parameters exist, MSS will forego mailing a letter if it is the account's first availability to receive a notice.

A sample of 80 accounts with past due balances for 30 days or more was selected to review the account notes for any collection efforts. This review identified the following:

- Forty-eight (60%) accounts had no notes of the action(s) taken to collect the past due balance - average number of days past due was 97.
- Seventeen (33%) of an applicable 52 accounts (past due balances of \$17,175.66), were not remitted to the collection agency timely - average of 106 days.

CRITERIA: City Code Chapter 26 Section 30 indicates that a utility account is considered delinquent if the bill has not been paid within 30 days "after the billing date."

CAUSE: The 90 day threshold does not allow customers to receive timely notice of a delinquency. The Code deems delinquency 30 days after billing, selecting customers for field contact after an additional 60 days creates a greater exposure for uncollectible accounts. Additionally, allowing the system to bypass an account on the first iteration of availability adds to the probability of an account becoming uncollectible.

EFFECT OF CONDITION: Loss of revenue due to delinquent accounts is potentially increased due to delayed notification and collection efforts.

RECOMMENDATION 1: Consideration should be given to issuing delinquency letters upon the first determination of eligibility. Controls should be put in place to ensure that delinquent accounts are not waived for field contact for consecutive months.

MANAGEMENT RESPONSE: Management agrees with both items, and will take the following action.

We will initiate a request to the Technology and Innovation Department to create an MSS System generated Final Notice mail out that would go to all accounts that did not pay the utility bill by the past due date. The notice would be mailed out immediately after the past due date, and received before the customer receives their next month's bill. This will provide for constant communication with customers who are past due with their utility bill balances.

We will initiate a request to the Technology and Innovation Department for a change in the write-off letter cycle so that all letters are generated at 60 days regardless of the reason for the final. We will continue to use the write-off exception feature in MSS in select situations, but will implement an additional approval step in those cases where we use the feature. The Division Manager will be responsible for final review and approval for those exception cases.

TARGET IMPLEMENTATION DATE:

- Generation of new Final Notice produced by MSS – March 1, 2015
- Change in write off letter cycle to 60 days. – February 1, 2015
- Requests for these changes will be sent to Technology and Innovation Department by December 15, 2014

UPDATED MANAGEMENT RESPONSE:

The ticket has now been put in with T&I to begin work on a system generated final notice. Based on the T&I project estimate, the target implementation date is September 2015.