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**Audit Report**

**CUSTOMER INFORMATION SYSTEM  
(CIS) BILLING AUDIT**

**September 22, 2009**

Office of the City Auditor  
Austin, Texas

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# City of Austin

## Office of the City Auditor



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Date: September 22, 2009  
To: Mayor and Council  
From: Taylor Dudley, Acting City Auditor  
Subject: Customer Information System (CIS) Billing Audit

I am pleased to present this audit report on Austin Energy's Customer Information System (CIS) Billing Audit. The purpose of this audit was to determine whether customers are properly billed for all utility services provided and to follow up on high-risk recommendations related to the non-metered fees audits (2004).

We found that the City properly bills customers for metered utility services. Metered services include charges for electric, water, wastewater, and garbage and represent 95 percent of the revenues billed and processed through the Customer Information System (CIS) managed by Austin Energy (AE). We also found that controls over the administration of and billing of non-metered fees could be strengthened. Non-metered charges represent 5 percent of the revenues billed through CIS and include the Antilitter fee (ALS), Transportation User Fee (TUF), and Drainage User fee (TUF). Our work indicated that these fees are not always billed accurately; however, inaccuracies found in this audit are not as significant as those found in the 2004 audits and do not have a material impact on utility revenue collection.

Further, we observed a lack of clarity in the expectations of each entity involved in the billing process and a lack of clearly defined and disseminated policies and procedures that detail the various aspects of the billing process, especially for billing adjustments.

To address the issues identified, we have issued 9 recommendations to increase the consistency and accuracy billing for the non-metered fees; correct the errors found during this audit; clearly define and document billing policies and procedures; and clarify expectations, roles, and responsibilities among utility billing departments and divisions.

We appreciate the cooperation and assistance we received from management and staff at AE, Solid Waste Services, Austin Water Utility, and the Watershed Protection Department during this audit.

Taylor Dudley, CIA, CGAP, CFE  
Acting City Auditor



## COUNCIL SUMMARY

This report presents the results of Austin Energy's Customer Information System (CIS) Billing Audit. This audit was approved by the City Council as part of our office's FY 09 Service Plan. The purpose of this audit was to determine whether customers are properly billed for all utility services provided and to follow up on high-risk recommendations related to the non-metered fee audits performed by our office in 2004.

We found that, overall, Austin Energy (AE) bills customers correctly for metered utility services, which include charges for electricity, water, wastewater, and garbage, and represent the vast majority of utility charges billed through CIS. Further, we found that AE, Solid Waste Services (SWS), and the Watershed Protection Department (WPD) have significantly improved the administration of the non-metered fees since our 2004 audits; however, controls over the administration of non-metered fees could be strengthened.

From our analysis of a sample of CIS accounts, we conclude that some inconsistencies and inaccuracies in the administration of the non-metered fees still exist, though they are not as significant as those found in the 2004 audits. After analyzing the sample of accounts selected, we found patterns of errors in certain types of accounts. Specifically, we found that the City often assesses the non-metered fees in error on residential accounts for newly built homes, which are still in the name of the builders. Additionally, we found that the City assessed the non-metered fees inconsistently for premises located along Lake Austin below the 504.9' contour line.

We also observed some organizational disconnects among departments and divisions and a lack of documentation of billing processes resulting in inefficiencies. For example, AE, SWS, and WPD do not always have clearly defined expectations of each entity's roles and responsibilities in the billing process. Further, AE lacks shared criteria and clearly defined policies regarding the imposition of certain fees and charges among divisions within AE, which may result in customers being treated inconsistently. Finally, our experience while conducting this audit and working with AE divisions revealed a lack of communication and a lack of clearly defined billing policies and procedures.

We have issued 9 recommendations to improve efficiency and to ensure complete, accurate, and timely billing of all utility customers. AE agreed to implement all 9 recommendations.

Finally, as a result of this audit, we identified one issue for further study. The process for assessing the Transportation User Fee (TUF) and the Drainage User Fee (DUF) on commercial accounts may not ensure that all eligible accounts are assessed these fees accurately and in a timely manner.





## ACTION SUMMARY CIS BILLING AUDIT



<b>Recommendation Text</b>	<b>Management Concurrence</b>	<b>Proposed Implementation Date</b>
01. In order to ensure consistency in the billing of the non-metered fees, the Vice President of Customer Care should conduct a process review to identify and initiate necessary improvements to the administration of the non-metered fees and incorporate these results in the Service Level Agreements prescribed by Recommendation # 9.	Concur	April 2010
02. In order to ensure accurate billing of the 58 accounts with errors identified during this audit, the Vice President of Customer Care should direct AE billing staff to make corrections as necessary.	Concur	October 2009
03. In order to ensure that all accounts are billed timely and accurately for the non-metered fees, the Vice President of Customer Care should direct AE billing staff to clarify processes for adding non-metered fees to residential accounts for newly built homes which are in the name of builders.	Concur	January 2010
04. In order to ensure equitable treatment of all utility customers, the Vice President of Customer Care should consult with the City Law department to obtain clarification on how to bill the non-metered fees and implement a policy that ensures consistency in the billing of these fees to premises located along the 504.9' contour line.	Concur	April 2010

Recommendation Text	Management Concurrence	Proposed Implementation Date
05. To ensure that customers are properly charged, the Vice President of Customer Care should assign staff to develop a query that identifies accounts coded as outside the City limits that are being charged the non-metered fees.	Concur	November 2009
06. To ensure that complete and accurate data are transferred to the new billing system, the Vice President of Customer Care should assign staff to update the region and premise type on the accounts that lack key information and perform other data clean-up as necessary, and create queries that identify blank fields and illogical relationships among fields.	Concur	January 2011
07. In order to ensure consistent billing and equitable treatment of utility customers, the Vice President of Customer Care should: a) Clearly define and document billing policies and procedures, including policies on adjustments, and make them available to each department and division involved in the billing process. b) Provide ongoing formal training on billing and adjustment policies and procedures to all AE divisions and departments involved in the billing process.	Concur	May 2010 (in conjunction with ISO registration)
08. In order to improve efficiency and communication and ensure accurate billing, the Vice President of Customer Care should determine what information is needed by AE divisions involved in the billing process and make it available as appropriate.	Concur	February 2010

<b>Recommendation Text</b>	<b>Management Concurrence</b>	<b>Proposed Implementation Date</b>
09. In order to clarify billing expectations among utility departments, the Vice President of Customer Care should work with each department involved in the billing process and create a Service Level Agreement so that expectations, roles, and responsibilities are clear.	Concur	May 2010



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## BACKGROUND

**Austin Energy (AE) is responsible for producing utility statements that reflect charges for all City utility services.** The charges included on the utility bill reflect metered consumption for electricity (managed by AE), water and wastewater (managed by Austin Water Utility), and garbage carts based on size (managed by Solid Waste Services). The AE bill also includes miscellaneous fees and charges, such as initiation of service fees, tampering fees, late payment fees, and extra garbage bag fees. Finally, the bill includes pre-determined monthly fees for “non-metered” services provided by the City. The City Code establishes non-metered fees including the Anti-litter service fee (ALS), the drainage utility fee (DUF), and the transportation user fee (TUF).

**The Customer Information System (CIS) is the City’s automated utility customer management and billing system.** AE uses CIS to capture account information, premise information, and generate customer bills for electric, water and wastewater, and solid waste services as well as transportation and drainage fees. AE has utilized CIS since 1999 and is in the process of replacing CIS with a new system scheduled to go live in 2011.

**AE manages CIS; however, other departments provide the non-metered services and share the responsibility of administering the associated fees with AE.**

Specifically, Solid Waste Services (SWS) is responsible for the administration of the ALS, and Watershed Protection and Development Review (WPDR) and AE administer the TUF and DUF. AE manages the TUF and DUF for residential accounts, and WPDR administers the TUF and DUF for commercial accounts.

**AE’s billing division is responsible for producing accurate utility statements for all CIS accounts each month.** In FY 08, the total number of utility accounts in CIS was 645,476; approximately 80 percent of all bills are residential. In FY 08 AE generated approximately 5 million bills, and the total resulting revenue was approximately \$1.9 billion.

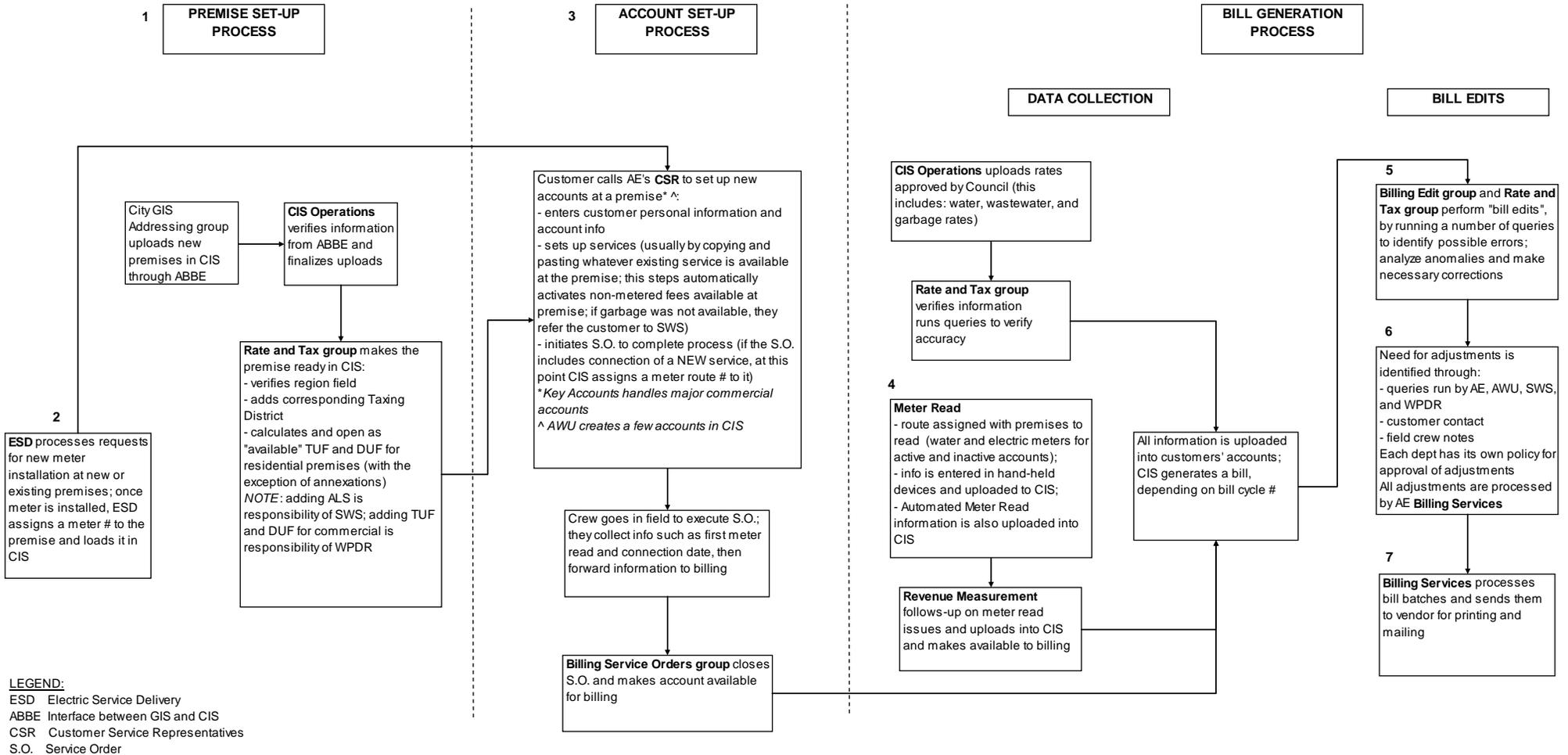
Several steps must occur in order to produce an accurate bill, and AE’s billing division is responsible for ensuring the accuracy of all bills before they are mailed to customers.

The processes include the following:

1. Setting up premises in CIS;
2. Installing water and electric meters at the premises;
3. Setting up and disconnecting accounts in CIS;
4. Reading water and electric meters;
5. Reviewing meter reads data and running queries on billing data to identify possible errors;
6. Processing bill adjustments, if necessary; and
7. Preparing and sending bills to customers.

The flowchart below provides an overview of AE billing process. The numbers in the flowchart correspond to the number associated with each of the processes listed above.

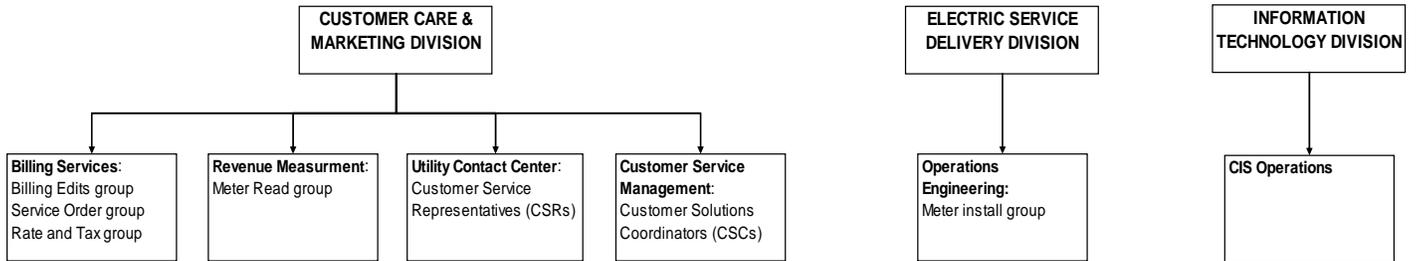
## EXHIBIT 1 OVERVIEW OF AUSTIN ENERGY UTILITY BILLING PROCESS



SOURCE: OCA analysis of AE Utility Billing Process, June 2009.

The following exhibit shows the AE divisions and workgroups involved in the billing processes which are referred to in the flowchart and mentioned throughout the report.

**EXHIBIT 2  
AUSTIN ENERGY DIVISIONS AND WORKGROUP PRIMARILY RESPONSIBLE FOR  
UTILITY BILLING PROCESS**



SOURCE: OCA analysis of AE billing process, June 2009.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

The purpose of the audit was to determine whether customers are properly billed for all utility services.

### **Scope**

This audit focused on the billing process, which encompasses processes carried out by various entities, such as Austin Energy, which is responsible for producing utility billing statements, and City departments responsible for managing the other metered and non-metered services, which include Austin Water Utility (AWU), Solid Waste Services (SWS), and Watershed Protection and Development Review (WPDR).

We analyzed utility accounts that were initiated in the period FY 06 through FY 08 and billing data beginning at the time of account initiation to date (July 2009).

This audit also followed up on recommendations from Office of the City Auditor (OCA) 2004 audits related to the accuracy of the billing of the anti-litter service (ALS) fee, drainage utility fee (DUF), and transportation utility fees (TUF).

### **Methodology**

To accomplish our audit objective, we performed the following steps:

1. Analyzed laws, policies, and procedures related to utility billing.
2. Conducted interviews of billing personnel at the following departments: Solid Waste Services (SWS), Watershed Protection and Development Review (WPDR), Austin Water Utility (AWU), and Austin Energy (AE).
3. Analyzed billing-related processes, such as creating a new premise in CIS, setting up accounts in CIS, and addressing customers' calls.
4. Observed account connect and disconnect processes in the field.
5. Observed meter-read process for electric and water meters conducted by the contractor (CORIX) and AE personnel.
6. Analyzed processes to review meter read data.
7. Analyzed bill generation processes.
8. Performed data analysis using Geographic Information System (GIS).
9. Analyzed utility bills for a random representative sample of 383 utility accounts. Specifically, we tested the accuracy of billing rate (residential versus commercial), sales tax, as well as customer and consumption charges for electricity, water, wastewater, and solid waste services. We also tested for the accuracy and timeliness of the non-metered fees. For detailed methodology about this test, refer to Appendix B.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## AUDIT RESULTS

Overall, our work indicates that the City properly bills customers for the majority of services provided. Specifically, we conclude that the City charged customers accurately for metered services, which represent the vast majority of revenues billed and processed through the Customer Information System (CIS) managed by Austin Energy (AE). However, we identified some inaccuracies in the billing of non-metered services which resulted in the unequal treatment of customers, but the inaccuracies do not have a material impact on utility revenue collection. Further, we observed a lack of clarity in the expectations of each entity involved in the billing process and a lack of clearly defined and disseminated policies and procedures, especially for billing adjustments.

### **Overall, we found that AE bills customers correctly for metered utility services, which represent the vast majority of utility charges billed through CIS.**

AE is responsible for producing accurate utility bills for over 600,000 accounts or approximately 5 million bills annually. From our analysis of a random sample of accounts, we conclude with statistical validity that AE charged customers accurately for metered services. Metered services include charges for electricity, water, wastewater, and garbage. We tested a random sample of 383 accounts extracted from the 541,367 accounts initiated between October 2005 and September 2008 to determine whether AE bills customers for all utility services provided.

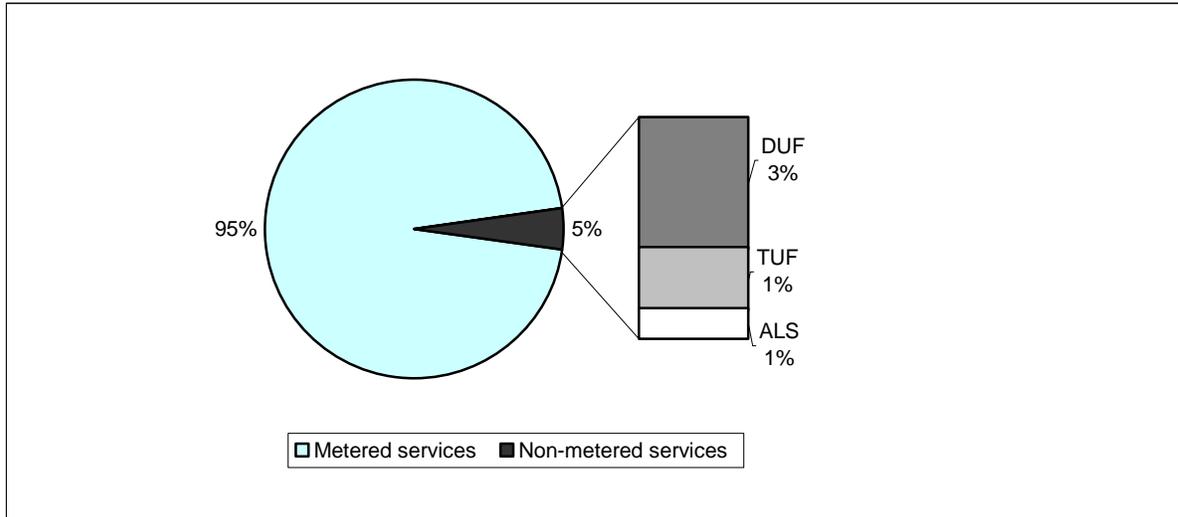
For metered services, our tests identified only a few exceptions, which are not statistically significant. Specifically, out of the 383 accounts tested, we identified these exceptions:

- a) 1 account which was not billed for wastewater service;
- b) 1 account which was not billed for a garbage cart; and
- c) 2 accounts with incorrect premise type, but no impact on bill (this field indicates whether the premise is a house, an office, a warehouse, etc. and dictates if non-metered fees should be charged).

Our work indicates that AE has developed appropriate controls for reviewing and analyzing utility billing data for metered services before bills are sent to customers. For example, AE has developed nearly 100 queries designed to ensure that customers are being billed correctly. Appendix B illustrates the line items we tested from the bills selected.

As shown in Exhibit 3, metered fees represent the vast majority of revenue billed and processed through CIS. For example, in FY 08 revenue from metered services was approximately \$1.8 billion or 95 percent of total revenues. Non-metered fees, which include the Anti-litter service fee (ALS), the drainage utility fee (DUF), and the transportation user fee (TUF), represent approximately \$85 million or 5 percent of total revenues in FY 08.

**EXHIBIT 3  
COMPARISON OF REVENUES FROM METERED AND NON-METERED SERVICES FOR  
FY 08**



SOURCE: OCA analysis of CIS revenues for FY 08.

**AE, SWS, and WPDR have significantly improved the administration of the non-metered fees since our 2004 audits; however, we found that controls over the administration of non-metered fees could be strengthened.**

In 2004, our office conducted audits of the non-metered fees and found that the fees were not billed timely or completely. Our work indicated that the City has made significant progress in improving the administration of these fees. However, we have observed some inconsistencies and inaccuracies in the billing of non-metered fees. As shown in Exhibit 3, non-metered fees represent approximately five percent of total utility revenue billed through CIS. Problems identified relate to a small percentage of the accounts sampled and seemed to result from confusion regarding the billing of certain accounts due to the lack of formalized communication among departments that enter account information into CIS related to the non-metered fees.

**Since 2004, Austin Energy (AE), Solid Waste Services (SWS), and Watershed Protection and Development Review (WPDR) have significantly improved the administration of the non-metered fees.** In 2004, our office issued an audit on the CIS billing of the non-metered fees, which pointed out serious weaknesses in the accuracy and timeliness of billing the ALS, TUF, and DUF. The 2004 audit also identified the need for an increased collaboration among the departments to overcome the complexities of the CIS system and ensure accurate billing of these fees.

Our work during the current audit indicated that the three departments have implemented most of the audit recommendations and have corrected the billing of the accounts in error

that were identified, as illustrated in more detail in Appendix C. WPDR has developed a manual which details laws, policies, and procedures related to the administration of the TUF and DUF. Additionally, AE, SWS, and WPDR have created several queries designed to identify accounts that should be billed the non-metered fees and a process to bill them timely. Further, the departments have created an interdepartmental group to develop queries, identify barriers to accurate and timely billing, and explore needed process changes to improve the accuracy of the billing of these fees. According to staff, this forum has been a useful tool to address issues with non-metered fees and implement the recommendations from the 2004 audit. Because they implemented the recommendations, this group no longer meets, and another interdepartmental group has been created to address issues related to the CIS replacement scheduled for 2011.

**From our analysis of a random sample of 383 accounts we conclude with statistical validity that some inconsistencies and inaccuracies in the administration of the non-metered fees still exist, though not as significant as those found in the 2004 audits.** The City Code states that the ALS is billable to accounts with active utility service within the City full purpose jurisdiction (City limits), regardless of whether the premise is occupied or vacant. It also states that DUF and TUF apply to utility customers within the City limits, and establishes that TUF is billable to occupied premises only. Further, the Texas Local Government Code requires that a certificate of occupancy (C.O.) be issued before a property can be affected by drainage ordinances and, therefore, billed the DUF.

From our analysis of a random sample of 383 accounts, we identified 17 accounts which were not consistently billed the non-metered fees in accordance with City Code. As detailed in Exhibit 4 below, each of the 17 accounts had one or more of the non-metered fees applied inaccurately, resulting in either undercharges or overcharges to customers' accounts.

- Undercharges:
  - Fees were added late to accounts (more than one billing cycle after the installation of a permanent water or electric meter);
  - Fees were never applied to accounts.
- Overcharges:
  - Fees were applied to ineligible or exempt accounts.

**EXHIBIT 4  
17 ACCOUNTS WITH NON-METERED FEE DISCREPANCIES**

	ALS charged late	ALS not charged	ALS erroneously charged	DUF charged late	DUF not charged	DUF erroneously charged	TUF charged late	TUF not charged	TUF erroneously charged
# of accounts	7	3	1	4	5	3	0	2	3
total # of months	18	42	24	7	27	59	0	18	60
\$ impact	\$ 49.20	\$ 109.20	\$ (135.75)	\$ 50.05	\$ 193.05	\$ (421.85)	\$ -	\$ 82.35	\$ (206.30)

Total \$ undercharged: \$483.85  
Total \$ overcharged: (\$763.90)

SOURCE: OCA analysis of a random sample of accounts initiated between October 2005 and September 2008.

While 17 accounts represent 4.44 percent of our statistical sample of 383 accounts, which projects to 24,029 utility accounts (4.44 percent of the population of accounts analyzed), the financial impact of the errors found is not significant. As shown above, the absolute value of the dollars charged incorrectly in our sample was \$1,248 (\$483.85 in undercharges and \$763.90 in overcharges). The over- and under-charges of non-metered fees identified do not have a material impact on the overall utility revenues. We estimated that for the period beginning November 2005 and ending July 2009, the potential financial impact to customers resulting from the errors for non-metered fees is approximately \$746,000 in undercharges and \$1 million dollars in overcharges. However, overcharges and undercharges together only represent 0.032 percent of the utility revenues collected between FY 06 and FY 08 which totaled approximately \$5.5 billion.

Causes for errors in non-metered fee billing are discussed below.

**The City often assesses the non-metered fees in error on residential accounts for newly built homes, which are still in the name of the builders.** As long as a home is under construction, the account status in CIS should be “construction loop” or other temporary status and should be exempt from the non-metered fees according to City Code until the City installs a permanent meter. However, once the City has installed a permanent electric or water meter, AE opens a new residential account that should be billed the ALS fee. When the home receives a final inspection, the City issues a certificate of occupancy (C.O.), and at that time the account should be billed the DUF. However, the third non-metered fee, the TUF, does not apply to these accounts because according to City Code, only occupied properties should be billed the TUF.

Because we identified this as a potential cause for inaccurate billing of fees, we judgmentally sampled 27 residential accounts for newly built homes which were still in the name of the builders and found that 25 accounts were not charged the non-metered fees according to City Code. As detailed in Exhibit 5 below, the City applied one or more of the non-metered fees to each of the 25 accounts inaccurately. Specifically:

- Fees were added late to accounts (more than one billing cycle after the installation of a permanent water or electric meter);
- Fees were never applied to accounts; and
- Fees were applied to ineligible accounts (such as TUF billed to vacant premises or DUF billed to premises before their Certificate of Occupancy was issued).

**EXHIBIT 5  
25 BUILDERS' ACCOUNTS WITH NON-METERED FEE DISCREPANCIES**

	ALS charged late	ALS not charged	ALS erroneously charged	DUF charged late	DUF not charged	DUF erroneously charged	TUF charged late	TUF not charged	TUF erroneously charged
# of accounts	6	16	2	1	2	3	0	0	7
total # of months	29	63	3	2	42	12	0	0	7
\$ impact	\$75.40	\$163.80	(\$7.80)	\$14.30	\$300.30	(\$85.80)	\$0.00	\$0.00	(\$28.51)

Total \$ undercharged: \$533.80  
Total \$ overcharged: (\$122.11)

SOURCE: OCA analysis of a judgmental sample of accounts located in new developments, July 2009.

These builder accounts represent a small portion of all accounts in CIS, and the accounts in this sample were active an average of 8 months. WPDR is ultimately responsible for the administration of TUF and DUF, and SWS is responsible for billing the ALS fee; however, some of the billing tasks for non-metered fee administration are shared with AE. We found that the procedures for administering the non-metered fees on new builder accounts are unclear, and as a result these accounts are often overlooked.

**The City assessed the non-metered fees inconsistently for premises located along Lake Austin below the 504.9' contour line.** The strip of land along Lake Austin, below a certain elevation, known as the 504.9' contour line, has been within the City limits since 1891. As a result, accounts for premises located in this area should be billed the non-metered fees. However, we observed that departments involved inconsistently bill the non-metered fees in this area.

We judgmentally sampled 44 accounts for premises located entirely below the contour line to verify charges for the non-metered fees. As shown in the map in Exhibit 6, we found inconsistencies in the application of the non-metered fees resulting in unequal treatment of customers. From the 44 accounts sampled, we estimated approximately \$10,000 in revenue loss to the City over the life of these accounts.

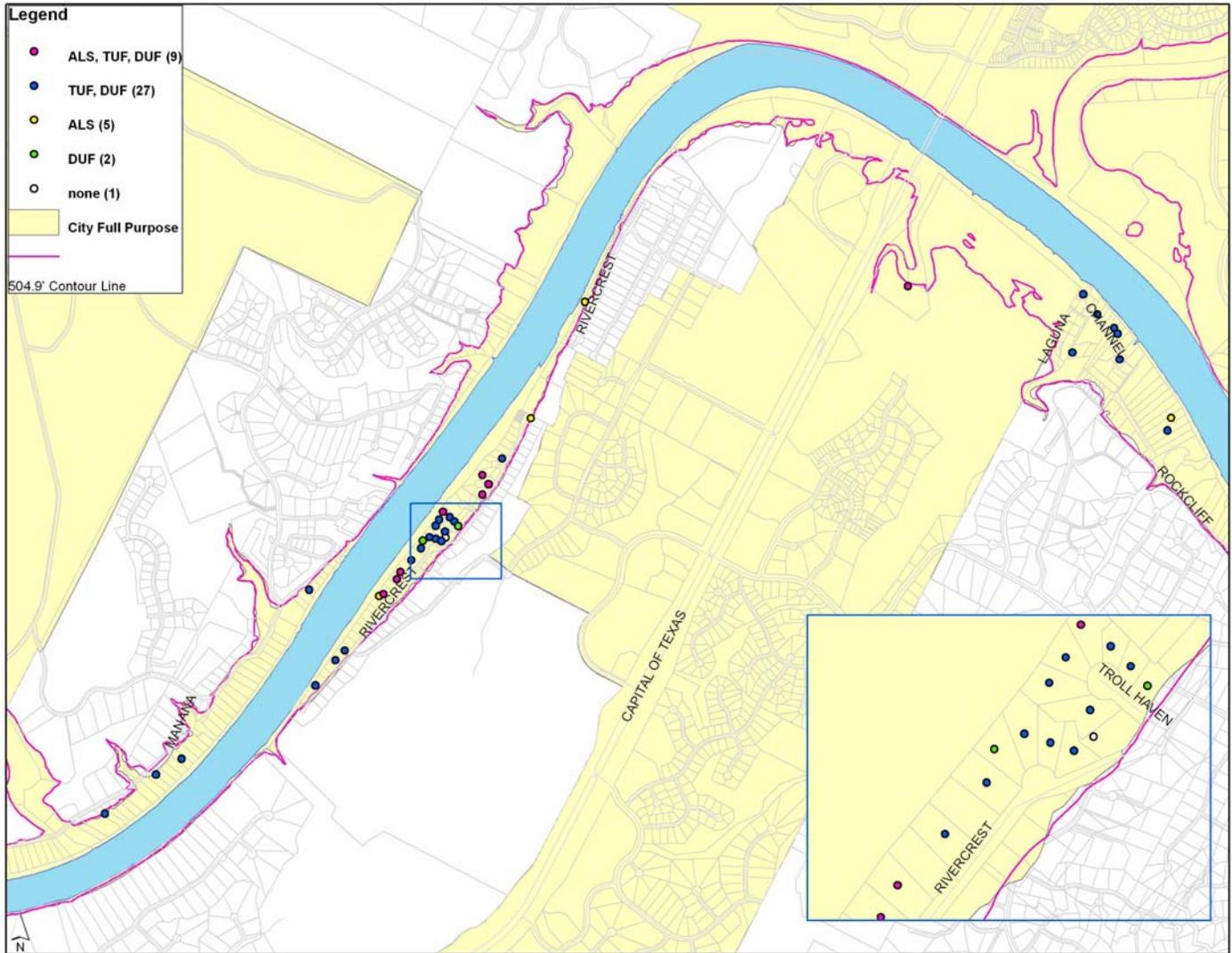
Out of the 44 accounts sampled below the 504.9' contour line, we observed that the following:

- 9 accounts are billed for ALS, TUF, and DUF;
- 27 accounts are billed for TUF and DUF;
- 5 accounts are billed the ALS only;
- 2 accounts are billed the DUF only; and
- 1 account is not billed for any fees.

Based on discussions with staff, we found that inconsistencies in applying non-metered fees to properties below the 504.9' contour line result from confusion because these properties are exempt from property taxes. The properties, however, are subject to other City fees and taxes. Because not all properties in this area receive all City services, each department involved in the billing process has developed its own practices on how to apply the non-metered fees.

- SWS reported that they do not bill ALS in this area due to instructions from the department director because SWS is unable to provide all services funded by the ALS in this area.
- WPDR reported that they bill properties in this area for TUF and DUF, provided at least 50 percent of the lot is located inside the City limits or the structure falls below the 504.9' contour line.
- In the absence of a clearly stated policy, AE leaves the final decision on whether to assess the non-metered fees to the discretion of SWS and WPDR.

**EXHIBIT 6  
DISCREPANCIES IN THE BILLING OF NON-METERED FEES FOR 44 ACCOUNTS LOCATED  
BELOW THE 504.9' CONTOUR LINE**



SOURCE: OCA analysis of a judgmental sample of accounts located below the 504.9' contour line along Lake Austin, June 2009.

**Finally, through analysis of the universe of accounts reviewed, we identified a few accounts that were erroneously charged one or more of the non-metered fees.**

According to City Code, the ALS, TUF, and DUF only apply to utility accounts located within the City limits. We analyzed 541,367 accounts opened between FY 06 and FY 08 and found nine accounts for which the customers were erroneously charged one or more of the non-metered fees because they were outside the city limits. During our review of these accounts we learned that AE does not routinely run a query to identify accounts coded as being outside the City limits which are billed for TUF and DUF. We also identified 3 irrigation accounts, which should be exempt from the ALS fee, that were erroneously charged the fee. However, because the nine accounts identified only represent 0.001 percent of the entire universe of accounts, they do not indicate a material problem.

**Inconsistencies and errors in the assessment of the non-metered fees may be a result of the decentralization of their administration.** Currently, the non-metered fees are added and modified by SWS and WPDR in addition to various AE divisions. Because individual departments and divisions have limited visibility of the fees or charges for which they are not responsible, they do not consider logical relationships among the fees and charges, such as the region and taxing jurisdiction fields. For example, if an account is billed the ALS, it should also be billed the DUF, the premise should be coded as inside the City limits, and the taxing jurisdiction should be Austin. As a result of the fragmentation, inconsistencies and errors in the billing of the non-metered fees are not easily identified.

**Recommendations:**

1. In order to ensure consistency in the billing of the non-metered fees, the Vice President of Customer Care should conduct a process review to identify and initiate necessary improvements to the administration of the non-metered fees and incorporate these results in the Service Level Agreements prescribed by Recommendation # 9.

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**MANAGEMENT RESPONSE:** Agree/Planned

Austin Energy Vice President will work with the Directors of WPDR and SWS to conduct a process review of the administration of non-metered services. This review will take into account the policy and procedures specified by the One-Stop-Shop project

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2. In order to ensure accurate billing of the 58 accounts with errors identified during this audit, the Vice President of Customer Care should direct AE billing staff to make corrections as necessary.

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**MANAGEMENT RESPONSE:** Agree/Underway

Austin Energy will correct active accounts. The client departments have decided not to adjust (correct) inactive accounts, because the cost of correction exceeds the potential value recovered from accounts. Therefore, 15 of the 58 accounts will be corrected.

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3. In order to ensure that all accounts are billed timely and accurately for the non-metered fees, the Vice President of Customer Care should direct AE billing staff to

clarify processes for adding non-metered fees to residential accounts for newly built homes which are in the name of builders.

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**MANAGEMENT RESPONSE:** Agree/Underway

Austin Energy will clarify procedures and processes in order to standardize the application of non-metered fees in accordance with each City department's codes.

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4. In order to ensure equitable treatment of all utility customers, the Vice President of Customer Care should consult with the City Law department to obtain clarification on how to bill the non-metered fees and implement a policy that ensures consistency in the billing of these fees to premises located along the 504.9' contour line.

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**MANAGEMENT RESPONSE:** Agree/Planned

To ensure consistency Austin Energy will consult with City Law department and the other departments regarding the assessment of fees along the 504.9' contour line.

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5. To ensure that customers located outside the City limits are not being assessed the non-metered fees, the Vice President of Customer Care should assign staff to develop a query that identifies accounts coded as outside the City limits that are being charged the non-metered fees.

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**MANAGEMENT RESPONSE:** Agree/Underway

Austin Energy will develop and implement a query to identify the outside City accounts that are being charged non-metered services.

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**We identified a small number of accounts with incomplete or inaccurate information, but they do not indicate a material problem.**

In addition to the billing inconsistencies discussed in the previous section of this report, we also found that CIS contains incomplete or inaccurate account data for a small number of accounts. While these accounts represent a small percentage of the universe tested, and therefore are not statistically significant, it is important for AE to ensure that CIS contains complete and accurate account data especially in light of the transfer to the new billing system.

**We tested the universe of 541,367 accounts initiated between FY 06 and FY 08 and identified some incompatibilities among account information, which resulted in some incorrect bills.** The combination of certain account fields in CIS should determine whether fees or taxes should be applied to an account. For example, accounts coded as inside the City limits should have taxing jurisdictions corresponding to areas inside the City and be assessed the non-metered fees. Similarly, accounts that are coded as outside the City limits should not have taxing jurisdictions corresponding to areas inside the City limits. We analyzed the combination of these fields for congruency and identified a few anomalies; however, they are not statistically significant:

- 19 accounts had an incorrect taxing district, resulting in an inaccurate bill because they were charged the wrong sales tax amount.
- 8 accounts had incorrect region fields, but they did not impact the accuracy of the bills.

**Additionally, we identified a number of accounts with blank fields whose information should dictate whether the non-metered fees are applicable; however, these omissions did not necessarily result in inaccurate bills.** As described below, these accounts represent a very small percentage of the accounts analyzed; nonetheless, AE should maintain accurate and complete data for each account, especially in light of the upcoming transition to the new billing system. Our analysis identified the following issues:

- 889 accounts (or 0.16%) had a blank region field; this field is necessary to distinguish a premise as being located inside the City limits or outside. Only premises located inside the City’s full purpose jurisdiction are subject to the non-metered fees.
- 249 accounts (or 0.05%) had a blank premise type field, which indicates whether the premise is a house, an office, a warehouse, etc.; additionally, this field dictates the rate for TUF and DUF. Generally, a house or apartment unit would be subject to the TUF and DUF, but an irrigation or sprinkler system and billboards/signs would not.

**Recommendations:**

6. To ensure that complete and accurate data is transferred to the new billing system, the Vice President of Customer Care should assign staff to update the region and premise type on the accounts that lack key information and perform other data clean-up as necessary, and create queries that identify blank fields and illogical relationships among fields.

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**MANAGEMENT RESPONSE:** Agree/Planned

Austin Energy is currently assembling a team to perform data clean-up activities in preparation for the transition to the new billing system. This team will work with CIS project team members to identify data pertinent to the new system. The data clean-up team will ensure that all required fields contain the proper data prior to data conversion.

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**We observed some organizational disconnects among departments and divisions and a lack of documentation of billing processes resulting in billing process inefficiencies.**

Throughout the audit, we observed some confusion in the expectations that each department has regarding AE’s billing responsibilities and a general lack of clearly defined policies and procedures that details the various aspects of AE billing processes including billing adjustments.

**AE, SWS, and WPDR do not always have clearly defined expectations of each entity’s roles and responsibilities in the billing process.** Departments responsible for part of the billing process should have a clear understanding of their responsibilities and how their roles fit into the overall billing process. In reviewing the utility billing process and the information flow among departments, we found that SWS, AWU, WPDR, and AE have expectations of each other’s roles and responsibilities that are unclear and insufficiently documented.

- We observed some confusion between SWS and AE regarding who is responsible for adding the ALS to utility accounts.
- We also noted that AWU and AE have misunderstandings about who is responsible for addressing water- and wastewater-related billing calls.
- Further, we observed communication gaps between AE and WPDR regarding the issue of residential accounts for newly built homes discussed earlier in this report.

The three examples described above indicate that there are not clearly defined expectations set regarding the responsibilities of departments involved in the billing process. The disconnect among departments seems to be a result of a lack of coordination, communication, and effective management among departments. Without clear distinctions of roles, there appear to be discord among departments and inefficiencies resulting from duplication of work. Further, customers may be treated differently depending on which department they contact; therefore, all departments should share a common set of policies and procedures and incorporate ongoing inter-departmental training.

**AE lacks shared criteria regarding imposing certain fees and charges among divisions within AE, which may result in customers being treated inconsistently.**

The process and procedure for calculating utility services consumed and adding those charges to customers' bills should be consistent across divisions within AE. The Revenue Measurement (RM) division of AE is the group responsible for identifying tampering cases and calculating corresponding charges. Once identified, these charges are forwarded to the billing division to be added to customers' accounts. Since customers are not given prior notification, they are likely to call AE to dispute the charges. These calls are escalated to the group of Customer Solutions Coordinators (CSCs). CSC staff reported that they often remove the charges imposed by RM because they do not agree with the calculations or their legitimacy. In fact, the CSCs sometimes refer issues to another AE division, Electric Service Delivery (ESD), to request that the charges be recalculated to ensure accuracy.

- We observed several cases of accounts that were billed large sums for meter tampering or malfunctioning meters, and weeks or months later the accounts were issued a credit for the entire amount.
- According to Revenue Measurement (RM) management, there may be over \$1 million per year of unrecovered revenue related to miscellaneous fees that are not collected (i.e., of charges imposed by this group being taken off by other groups).

Because one division makes the calculations and another division must explain the information to customers who are often irate when they call AE, there is a distinct possibility that the originally intended message about the charges does not reach the customer. The misinterpretation of charges on an account is a result of a lack of information regarding the origin of the numbers used to calculate the charges and the lack of clear policies and procedures to guide divisions when calculating and billing for tampering or otherwise unbilled services.

**The City lacks clearly defined policies and procedures governing the billing adjustment process, resulting in the possible inconsistent treatment of customers.**

AE should have clearly defined policies and procedures for billing adjustments to ensure that adjustments are applied consistently to all customers. AE has a policy detailing which level of staff can approve requests for adjustments based on the amount involved. However, besides the authorizing requirement, there are not official adjustment policies and procedures.

A small group of people in the Billing Services division is the only group authorized to process adjustments to customer bills in CIS. This group receives requests for adjustments from various departments (AWU, WPDR, and SWS) and AE divisions. Given the variety of scenarios for which adjustments may be granted, we found that there is limited guidance for adjustments, and that staff mainly relies on their experience in previous cases. In fact, staff interviewed asserted that they were not aware of policies documenting typical scenarios in which fees and penalties could be waived or adjustments granted and that they use their own judgment and primarily rely on their experience when granting adjustments.

**Finally, our experience while conducting this audit and working with AE divisions revealed a lack of communication and a lack of clearly defined billing policies and procedures.** Communication of policies and procedures among divisions at AE is necessary to ensure that divisions have a clear understanding of how their work fits into those of the overall organization and for the consistent billing of utility customers. Throughout the audit, the team experienced difficulties in obtaining information, consistent answers, and documented policies and procedures. In fact, when we requested documentation to support procedures, such as assessing or reversing tampering charges and whether closed accounts may be credited when errors are found, staff reported that they were relying primarily on their own experience and established practices. When the team was given access to the electronic AE Billing policies and procedures, we found that policies were often unsigned, and it was not clear if they were current and in effect.

Currently, AE is working to become certified with the International Organization for Standardization (ISO); ISO certifies that formalized business processes are being applied. Because ISO requires a standardization of process, AE is currently working on documenting processes and clarifying existing policies and procedures. AE expects to obtain this certification by May 2010.

**Recommendations:**

7. In order to ensure consistent billing and equitable treatment of utility customers, the Vice President of Customer Care should:
  - a) Clearly define and document billing policies and procedures, including policies on adjustments, and make them available to each department and division involved in the billing process.
  - b) Provide ongoing formal training on billing and adjustment policies and procedures to all AE divisions and departments involved in the billing process.

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**MANAGEMENT RESPONSE:** Agree/Planned

- a) AE has begun documentation of all Customer Care billing processes as a step towards ISO 9001/2008 registration of the Customer Care business unit. Upon successful registration Customer Care will have a set of clearly defined policies and procedures for all processes including billing and adjustments.
  - b) As a part of meeting the ISO registration requirements training will be provided to all employees on the documented processes. Also, refresher training will be provided for employees periodically.
- 

8. In order to improve efficiency and communication, and ensure accurate billing, the Vice President of Customer Care should determine what information is needed by AE divisions involved in the billing process and make it available as appropriate.
- 

**MANAGEMENT RESPONSE:** Agree/Planned

As a part of the finalized adjustment policy and process, Austin Energy will define and document the information needed by each division as it relates to billing adjustments.

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9. In order to clarify billing expectations among utility departments, the Vice President of Customer Care should work with each department involved in the billing process and create a Service Level Agreement so that expectations, roles, and responsibilities are clear.
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**MANAGEMENT RESPONSE:** Agree/Planned

As a part of the process review (see response to recommendation #1) Austin Energy will outline staff roles and responsibilities.

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## ISSUE FOR FURTHER STUDY

**The process for assessing TUF and DUF on commercial accounts may not ensure that all eligible accounts are assessed these fees accurately and in a timely manner.** Commercial TUF and DUF are administered by the “fee office” within the WPDR department, which has limited oversight. Assessment of the commercial TUF and DUF requires taking detailed measurements in the field and applying complex calculations. For every new, modified, or annexed commercial property in the City, there is only one City employee trained to measure commercial properties and to calculate the TUF and DUF. Approximately 16,000 commercial accounts located inside the City limits became active in CIS between FY 06 and FY 08 (including annexations). DUF revenues for commercial accounts from FY 06 to FY 08 averaged \$23.8 million per year, and the TUF revenues for commercial accounts averaged \$10 million per year.

Therefore, there is a risk to the City that the calculation of these non-metered fees for commercial accounts may be calculated incorrectly or assessed untimely which would result in revenue loss for the City.



**APPENDIX A**  
**MANAGEMENT RESPONSE**





## MEMORANDUM

**TO:** Russell Needler, Assistant City Auditor  
Nikki Raggi, Auditor-In-Charge, Office of the City Auditor

**FROM:**  Jawana Gutierrez, Vice President of Customer Care, Austin Energy

**COPY:** Elaine Hart, Sr. VP of Finance, Austin Energy

**DATE:** September 18, 2009

**SUBJECT:** CIS Billing Audit Management Response

Enclosed please find Austin Energy's response to the CIS Billing audit. This audit included a review of the processes responsible for accurate billing of City utility services including metered consumption for electricity, water, wastewater, and non-metered services and fees such as garbage cart usage, the Anti-Litter service fee, the Drainage Utility Fee, and the Transportation User Fee. Austin Energy is pleased that the review found that customers were correctly and accurately billed for metered services which represent 95% of total billed revenue (\$1.8 billion), and of the remaining 5%, the audit found 96% of the non-metered fees to be correct and accurate. This is a great accomplishment considering the fact that we prepare and send over 5 million bills each year.

Austin Energy is committed to continuous improvement of internal processes and to excellence in providing customer service. In fact, the Customer Care business unit is currently preparing for ISO 9001/2008 registration. During this preparation, we have focused on standardization of processes and procedures. As we continue to improve our internal processes we also see the need to address cross functional processes that include our client departments, specifically Solid Waste Services, Austin Water Utility, and Watershed Protection. We look forward to working with these departments to improve processes further.

Austin Energy concurs with the nine recommendations provided in the CIS Billing Audit report. These recommendations will help us achieve our goals of becoming a best-in-class billing division.

Concur:   
Kerry Overton, Deputy General Manager, Austin Energy



**ACTION PLAN  
CIS Billing Audit**

<b>Rec #</b>	<b>RECOMMENDATION TEXT</b>	<b>Concurrence</b>	<b>Proposed Strategies for Implementation</b>	<b>Status of Strategies</b>	<b>Responsible Person/ Phone Number</b>	<b>Proposed Implementation Date</b>
01	In order to ensure consistency in the billing of the non-metered fees, the Vice President of Customer Care should conduct a process review to identify and initiate necessary improvements to the administration of the non-metered fees and incorporate these results in the Service Level Agreements prescribed by Recommendation # 9.	Concur	Austin Energy Vice President will work with the Directors of WPDR and SWS to conduct a process review of the administration of non-metered services. This review will take into account the policy and procedures specified by the One-Stop-Shop project.	Planned	Jawana Gutierrez , VP Customer Care 322-6596	April 2010
02	In order to ensure accurate billing of the 58 accounts with errors identified during this audit, the Vice President of Customer Care should direct AE billing staff to make corrections as necessary.	Concur	Austin Energy will correct active accounts. The client departments have decided not to adjust (correct) inactive accounts, because the cost of correction exceeds the potential value recovered from accounts. Therefore, 15 of the 58 accounts will be corrected.	Underway	Peggy Miller, Process Manager Billing Services 972-7701	October 2009

<b>Rec #</b>	<b>RECOMMENDATION TEXT</b>	<b>Concurrence</b>	<b>Proposed Strategies for Implementation</b>	<b>Status of Strategies</b>	<b>Responsible Person/ Phone Number</b>	<b>Proposed Implementation Date</b>
03	In order to ensure that all accounts are billed timely and accurately for the non-metered fees, the Vice President of Customer Care should direct AE billing staff to clarify processes for adding non-metered fees to residential accounts for newly built homes which are in the name of builders.	Concur	Austin Energy will clarify procedures and processes in order to standardize the application of non-metered fees in accordance with each City department's codes.	Underway	Jawana Gutierrez , VP Customer Care 322-6596	January 2010
04	In order to ensure equitable treatment of all utility customers, the Vice President of Customer Care should consult with the City Law department to obtain clarification on how to bill the non-metered fees and implement a policy that ensures consistency in the billing of these fees to premises located along the 504.9' contour line.	Concur	To ensure consistency Austin Energy will consult with City Law department and the other departments regarding the assessment of fees along the 504.9' contour line.	Planned	Jawana Gutierrez , VP Customer Care 322-6596	April 2010

<b>Rec #</b>	<b>RECOMMENDATION TEXT</b>	<b>Concurrence</b>	<b>Proposed Strategies for Implementation</b>	<b>Status of Strategies</b>	<b>Responsible Person/ Phone Number</b>	<b>Proposed Implementation Date</b>
05	To ensure that customers located outside the City limits are not being assessed the non-metered fess, the Vice President of Customer Care should assign staff to develop a query that identifies accounts coded as outside the City limits that are being charged the non-metered fees.	Concur	Austin Energy will develop and implement a query to identify the outside City accounts that are being charged non-metered services.	Underway	Peggy Miller, Process Manager Billing Services 972-7701	November 2009
06	To ensure that complete and accurate data is transferred to the new billing system, the Vice President of Customer Care should assign staff to update the region and premise type on the accounts that lack key information and perform other data clean-up as necessary, and create queries that identify blank fields and illogical relationships among fields.	Concur	Austin Energy is currently assembling a team to perform data clean-up activities in preparation for the transition to the new billing system. This team will work with CIS project team members to identify data that is pertinent to the new system. The data clean-up team will ensure that all required fields contain the proper data prior to data conversion.	Planned	Jawana Gutierrez , VP Customer Care 322-6596	January 20, 2011

Rec #	RECOMMENDATION TEXT	Concurrence	Proposed Strategies for Implementation	Status of Strategies	Responsible Person/ Phone Number	Proposed Implementation Date
07	<p>In order to ensure consistent billing and equitable treatment of utility customers, the Vice President of Customer Care should:</p> <ol style="list-style-type: none"> <li>1. Clearly define and document billing policies and procedures, including policies on adjustments, and make them available to each department and division involved in the billing process.</li> <li>2. Provide ongoing formal training on billing and adjustment policies and procedures to all AE divisions and departments involved in the billing process.</li> </ol>	Concur	<p>a) AE has begun documentation of all Customer Care billing processes as a step towards ISO 9001/2008 registration of the Customer Care business unit. Upon successful registration Customer Care will have a set of clearly defined policies and procedures for all processes including billing and adjustments.</p> <p>b) As a part of meeting the ISO registration requirements training will be provided to all employees on the documented processes. Also, refresher training will be provided for employees periodically.</p>	Underway	JJ Jawana Gutierrez , VP Customer Care 322-6596	May 2010 (in conjunction with ISO registration)

<b>Rec #</b>	<b>RECOMMENDATION TEXT</b>	<b>Concurrence</b>	<b>Proposed Strategies for Implementation</b>	<b>Status of Strategies</b>	<b>Responsible Person/ Phone Number</b>	<b>Proposed Implementation Date</b>
08	In order to improve efficiency and communication, and ensure accurate billing, the Vice President of Customer Care should determine what information is needed by AE divisions involved in the billing process and make it available as appropriate.	Concur	As a part of the finalized adjustment policy and process, Austin Energy will define and document the information needed by each division as it relates to billing adjustments.	Planned	JJ Jawana Gutierrez , VP Customer Care 322-6596	February 2010
9	In order to clarify billing expectations among utility departments, the Vice President of Customer Care should work with each department involved in the billing process and create a Service Level Agreement so that expectations, roles, and responsibilities are clear.	Concur	As a part of the process review (see response to recommendation #1) Austin Energy will outline staff roles and responsibilities.	Planned	JJ Jawana Gutierrez , VP Customer Care 322-6596	May 2010



**APPENDIX B**  
**DETAILED METHODOLOGY FOR RANDOM SAMPLE OF**  
**383 CIS ACCOUNTS**



## Detailed Methodology for Random Sample of 383 Accounts

As described in the methodology section of this report, we assessed the reliability of charges for services provided and billed for by the City. To accomplish this, we selected a random representative sample of 383 utility accounts, selected from all 541,367 accounts initiated in CIS between FY 06 and FY 08. For each account sampled, we tested the first and the third bill to ensure completeness, accuracy, and timeliness of charges. We tested the third bill to ensure that the accounts had been active at least 17 days and were, therefore, billed the non-metered fees. Additionally:

- For all accounts that were open for more than five months, we also tested the second to last bill to confirm billing accuracy throughout the time the accounts were active.
- For those accounts that were open fewer than five months, we only tested the third bill, because of the short life of the account.
- For accounts that were active as of the time of our test, July 2009, we selected the most recent available bill.
- We also mapped location of the 383 accounts to confirm accuracy of the location (inside or outside the City limits) and taxing jurisdiction.

Specifically, for the selected bills, we tested the following:

- Accuracy of consumption charges and customer charges for electricity, water, waste water, and solid waste services, by comparing the charges on the bill to the account billing class (residential versus commercial) and the annual rates approved by City Council.
- Accuracy of the sales tax charges for electric, solid waste services, and miscellaneous charges, based on the corresponding taxing jurisdiction.
- Accuracy and timeliness of the non-metered fees, based on location (inside or outside the City limits) and the annual rates approved by City Council.

We did not test the accuracy of the consumption measured by electric and water meters, as these processes were not in the scope of the audit. Additionally, we did not test the fuel charge because it is a pass-through charge for recovering costs and there is no profit margin, and it is based on consumption, which we did not test.

The exhibit on the following page illustrates a sample bill and all the line items that were tested.

**SAMPLE OF CIS UTILITY BILL**

 <b>Electric Service</b>	<b>Meter #</b>	<b>Read Date</b>	<b>Reading</b>	
	#####	12/10/2008	14961.00	
		11/07/2008	13695.00	
		<b>Read Difference</b>	1266.00	
		<b>Total Consumption in KWH</b>	<b>1,266</b>	
	Billing Rate: Residential Service Winter			
	Customer Charge		\$6.00	
	Energy Charge	500.00 @ \$ .0355000 per KWH	\$17.75	
		766.00 @ \$ .0602000 per KWH	\$46.11	
	Fuel Charge	1,266.00 @ \$ .0365300 per KWH	\$46.25	
Sales Tax		\$1.16		
<b>TOTAL CURRENT CHARGES - Electric</b>			<b>\$117.27</b>	
 <b>Water Service</b>	<b>Meter #</b>	<b>Read Date</b>	<b>Reading</b>	
	#####	12/10/2008	7826.00	
		11/07/2008	7749.00	
		<b>Read Difference in Hundreds</b>	77.00	
		<b>Total Consumption in Gallons</b>	<b>7,700</b>	
	Billing Rate: Inside Residential Water			
	Customer Charge		\$6.25	
	Consumption Charge	2,000 Gallons @ \$ .9800000 per 1,000	\$1.96	
		5,700 Gallons @ \$ 2.5900000 per 1,000	\$14.76	
	Total Consumption:	7,700 Gallons		
<b>TOTAL CURRENT CHARGES - Water</b>			<b>\$22.97</b>	
 <b>Wastewater Service</b>	Customer Charge		\$8.00	
	Flow Charge	2,000 Gallons @ \$ 3.2900000 per 1,000	\$6.58	
		3,000 Gallons @ \$ 7.4400000 per 1,000	\$22.32	
	Total Flows:	5,000 Gallons		
	<b>TOTAL CURRENT CHARGES - Wastewater</b>			<b>\$36.90</b>
 <b>Solid Waste Service</b>	Anti-Litter Residential		\$5.00	
	Res. - Base Customer Charge		\$8.75	
	Res 30 Gallon Cart@ \$4.75 each		\$4.75	
	Sales Tax		\$1.13	
	<b>TOTAL CURRENT CHARGES - Solid Waste</b>			<b>\$19.63</b>
 <b>Drainage/ Street Service</b>	Comprehensive Drainage Fee		\$7.15	
	Transportation User Fee		\$4.47	
	<b>TOTAL CURRENT CHARGES - Drainage/Street Service</b>			<b>\$11.62</b>

SOURCE: Austin Energy Customer Information System Sample Bill, September 2008.

**APPENDIX C**  
**IMPLEMENTATION STATUS OF RECOMENDATIONS FROM OCA 2004**  
**AUDITS ON NON-METERED FEES**



## Implementation Status of Recommendations from OCA 2004 Audits on Non-Metered Fees

AUDIT	#	RECOMMENDATION	IMPLEMENTATION STATUS
<b>Antilitter (ALS)</b>	1	In order to ensure complete and timely billing of the antilitter service fee, the Director of SWS and the GM of AE should appoint personnel to sit on interdepartmental work group tasked to accomplish the following: a. Develop reliable and useful data queries to help identify potential ALS customers that are not being billed; b. Identify and address barriers to the accurate and timely billing of customers for the ALS with the current procedures; and c. Explore possible future process changes including enhancements to data housed within CIS that would make the billing of ALS more efficient.	<b>Implemented</b> AE, SWS, and WPDR created an inter-departmental team that addressed issues related to non-metered fees, and identified and created queries to identify accounts that should be billed the ALS, TUF, and DUF. This group is no longer meeting because many of its members were transferred to the CIS Replacement group which addresses departments' requirements for the new utility billing system.
	2	The Director of SWS should prepare a proposal for the City Manager regarding the resolution, in accordance with the City Code, of unbilled fees for both active and inactive utility accounts.	<b>Implemented</b> SWS charged utility accounts identified in the audit for six months of unbilled fees.
<b>Transportation Fee (TUF) and Drainage Fee (DUF)</b>	1	In order to ensure complete and timely billing of the drainage and transportation user fees, the Director of WPDR and the GM of AE should appoint personnel to sit on interdepartmental work group tasked to accomplish the following: a. Develop reliable and useful data queries to help identify potential residential and commercial TUF and DUF customers that are not being billed; b. Identify and address barriers to the accurate and timely billing of customers for the TUF and DUF with the current procedures; and c. Explore possible future process changes including enhancements to data housed within CIS that would make the billing of TUF and DUF more efficient.	<b>Implemented</b> AE, SWS, and WPDR created an inter-departmental team that addressed issues related to non-metered fees, and identified and created queries to identify accounts that should be billed the ALS, TUF, and DUF. This group is no longer meeting because many of its members were transferred to the CIS Replacement group which addresses departments' requirements for the new utility billing system.
	2	In order to ensure that each customer is billed the appropriate amount of sales tax for applicable electric and solid waste services, the GM of AE should direct the appropriate personnel within AE to review and correct any errors in the sales tax district codes for all utility customers billed via the CIS. [Note: this step could also facilitate departmental identification of accounts that should be billed for non-metered services].	<b>Implemented</b> The Rate and Tax group of AE has developed queries to identify errors in the billing of sales tax and routinely reviews accounts for possible errors. Our work identified a small number of accounts with errors (0.001 percent of the entire universe of accounts reviewed).
	4	In order to ensure that all eligible commercial accounts are billing for DUF and TUF, and to facilitate the management of commercial DUF and TUF accounts, the Director of WPDR should direct appropriate staff to: a. develop procedures to review commercial account data in CIS to identify accounts within City limits that are not billing for DUF and TUF, but do not have appropriate exemptions noted or were not appropriately closed; b. employee procedures to systematically research each account that is identified to determine whether they should be billing for DUF and TUF; c. initiate billing for accounts that should be billed; and d. properly note valid exemptions and close DUF and TUF services for accounts that should not be billed.	<b>Partially implemented; our work indicated that controls over billing for commercial TUF and DUF could be further strengthened, and we recommend this as an issue for further study.</b> For the most part, these two recommendations have been implemented. Specifically, WPDR has developed a manual which details laws, policies, and procedures related to the administration of the TUF and DUF. Additionally, AE, and WPDR have created queries designed to identify accounts that should be billed TUF and DUF and a process to bill them timely.
	5	In order to ensure timely billing of commercial accounts for DUF and TUF, the Director of WPDR should review the feasibility and cost effectiveness of: a. adopting the use of data that is currently obtained or that could be obtained by WPDR during the development review process to determine the appropriate billing factors for the commercial TUF fees; and b. developing processes to ensure the initiation of billing for the DUF and TUF fees upon the issuance by WPDR of a certificate of occupancy.	
	6	The Director of WPDR should prepare a proposal for the City Manager regarding the resolution, in accordance with the City Code, of unbilled fees for both active and inactive utility accounts.	<b>Implemented</b> WPDR was directed by City Management not to backbill utility accounts identified in the audit.
	7	Once process and data improvements have been implemented, the Director of WPDR should evaluate staffing levels to ensure that WPDR has sufficient staff to provide complete and timely billing and other administrative responsibilities for residential and commercial TUF and DUF customers.	<b>Implemented</b> WPDR has conducted an informal evaluation of staffing level but did not make changes to it.
	7		

SOURCE: OCA analysis of recommendation implementation status, July 2009.