

Utilities Billing Internal Audit Engagement Planning Memo



Objectives

The objectives of the Utilities Billing Internal Audit are to:

1. Independently examine the policies and procedures in place for the utilities billing process to determine if internal controls are in place and are operating effectively.
2. Evaluate the utility billing process for operating efficiencies and applicability of best practices.

Scope

Our internal audit will include activity from December 1, 2020 to November 30, 2021. In order to achieve the objectives above, we plan to perform the following actions:

- Interviews with personnel in the Utilities Department and Finance Department responsible for the utilities billing process. The objectives of these interviews will be to understand these processes and document them written via narratives and/or process flows.
- Evaluate the following areas to determine whether procedures over these areas are operating effectively and identify opportunities for improvement:
 - Customer initiation of service including deposits
 - Customer billing cycles
 - The collection of meter read data and generation of customer bills
 - Available payment methods including budget billing
 - Disconnections and payment arrangements
 - Cash receipts and posting the payments to customer accounts (Finance Dept.)
- Evaluate billing and/or cash collection done outside of the core Utilities Management System (water and electric) to assess the related internal controls and identify areas for improvement. This will include each of these five utilities:
 - Electric
 - Water
 - Sewer
 - Storm Water
 - Solid Waste
- Perform limited testing of key controls identified in the interview process. This will include:
 - Walkthrough of one utility accounts receivable transaction from creation through entry in the general ledger.
 - Walkthrough of one billing adjustment from creation through entry the general ledger.

NOTE: The scope of this internal audit will not include evaluating the rate development process.

City of Columbia

Engagement Planning Memo (continued)

Timeline

Estimated planning meeting	Week of November 8, 2021
Fieldwork (performed remotely)	Throughout December 2021
Estimated closing meeting w/ Management	January 21, 2022
Estimated draft report issued (with Management Responses)	February 4, 2022

City of Columbia Contacts

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RubinBrown Audit Team

Name	Title	Phone	Email
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Budget

	Hours	Allocation
Partner (Feldt)	15	8%
Manager (Meyer)	50	27%
Staff	120	65%
Total	185	100%

Fees for the utility billing internal audit will not exceed \$45,000