

# **Follow-Up of the Audit of OUC's Billing of Orange County Wastewater Customers**

**Report by the  
Office of County Comptroller**

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**Report No. 418  
January 2012**

TABLE OF CONTENTS

Transmittal Letter ..... 3

Implementation Status of Previous Recommendations For Improvement ..... 4

Introduction ..... 6

    Scope and Methodology ..... 7

Follow-Up To Previous Recommendations For Improvement..... 8

    1. The County Should Take Appropriate Steps to Ensure All Customers Are Billed for  
    Wastewater Services Provided..... 9

    2. The County Should Enhance the Accuracy of the Wastewater Customer Database ..... 10

January 4, 2012

Teresa Jacobs, County Mayor  
And  
Board of County Commissioners

We have conducted a follow-up of the Audit of the Orlando Utilities Commission's (OUC) billing of Orange County wastewater customers. Our original audit (Report No. 361) included the months of August 2003 and January 2004. Testing of the status of the previous Recommendations for Improvement was performed for the period September 1, 2008 through February 28, 2009.

We conducted this 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.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous conditions and the previous recommendations. Following each recommendation is a summary of the current status as determined in this review. In addition, the Manager of the Utilities Customer Service Division provided a response to recommendations which is included herein.

We appreciate the cooperation of the personnel of the Utilities Customer Service Division during the course of the audit.

Martha O. Haynie, CPA  
County Comptroller

c: Ajit Lalchandani, County Administrator  
Raymond Hanson, Director, Utilities Department  
Tim Armstrong, Division Manager, Customer Service Division

**IMPLEMENTATION STATUS OF  
PREVIOUS RECOMMENDATIONS  
FOR IMPROVEMENT**

**FOLLOW-UP OF THE AUDIT OF OUC'S BILLING OF ORANGE COUNTY WASTEWATER CUSTOMERS  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

<b>NO.</b>	<b>PREVIOUS RECOMMENDATION</b>	<b>IMPLEMENTATION STATUS</b>			
		<b>IMPLEMENTED</b>	<b>PARTIALLY IMPLEMENTED</b>	<b>NOT IMPLEMENTED</b>	<b>NOT APPLICABLE</b>
1.	We recommend the County takes appropriate steps to ensure all customers are billed for wastewater services provided. Also, as part of the new utility billing system, we encourage a function to compare the Cycle 5 database to wastewater billings be implemented, or alternative billing methods be established. Management would then be able to identify potentially unbilled customers.	✓			
2.	We recommend that the County enhances the accuracy of the Cycle 5 customer database. Addresses that do not correspond to an account should be removed. If there are individuals at the addresses that were located in property records, they should be billed for any County utility services received.		✓		

# INTRODUCTION

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## INTRODUCTION



Follow-Up of the Audit of OUC's Billing of  
Orange County Wastewater Customers

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### Scope and Methodology

We have conducted a follow-up of the Audit of OUC's Billing of Orange County Wastewater Customers (Report No. 361). Our original audit included the months of August 2003 and January 2004. Testing of the status of the previous Recommendations for Improvement was performed for the period September 2008 through February 2009. Our follow-up audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

We performed the tests necessary to determine the implementation status of the previous recommendations. We have described the specific methodologies utilized during our review in the implementation status of each recommendation in the Follow-Up to Previous Recommendations for Improvement section of this report.

In the original audit report County wastewater customers billed by OUC were referred to as "Cycle 5 customers." In each implementation status section of this report these customers are referred to as "joint customers."

**FOLLOW-UP TO PREVIOUS  
RECOMMENDATIONS FOR  
IMPROVEMENT**





**1. The County Should Take Appropriate Steps to Ensure All Customers Are Billed for Wastewater Services Provided**

During the prior audit, we noted the County was not receiving revenue from all of its wastewater customers that should have been billed by OUC. During our review, we noted at least 527 accounts, identified in the County's records as an account that should have been billed by OUC (and monies forwarded to the County), that were not billed by OUC. An estimated \$2.1 million of past sewer charges could have been collected from these customers.

**We Recommend** the County takes appropriate steps to ensure all customers are billed for wastewater services provided. Also, as part of the new utility billing system, we encourage a function to compare the Cycle 5 database to wastewater billings be implemented, or alternative billing methods be established. Management would then be able to identify potentially unbilled customers.

**Status:**

Implemented. We compared OUC's collections from joint customers to the County's service address database. Of the approximately 39,000 joint customer accounts only 55 were not billed by OUC. Although the number of exceptions is small, management should take steps to ensure that these accounts are billed by OUC. Annual revenue from these accounts would total \$32,016.60 even at the monthly flat rate of \$48.51 for wastewater only customers.

**Management's Response:**

When presented with the findings of the follow-up audit, Customer Service immediately began investigating the 55 accounts identified out of the approximately 39,000 joint accounts as potentially not being billed by OUC. Of the 55 accounts, 12 were back billed the required 12-month period. The remaining 43 were either accounts in our service area with no service currently available, or no current tenant



signed up for service at the time the follow-up audit was completed.

**2. The County Should Enhance the Accuracy of the Wastewater Customer Database**

During our prior audit, we noted the database of wastewater customers in OUC water service areas had numerous discrepancies. We were unable to trace 1,039 addresses recorded in the database to a corresponding customer account on OUC's billing system.

A number of factors may explain the inability to trace these addresses to an account. Addresses that were part of construction projects never completed may have inadvertently been posted to the report. In other cases, demolished structures may not have been removed from the database. Finally, house numbers today are assigned as part of Orange County's plans coordination process; however, the method, and accuracy thereof, used decades ago to do the same is indeterminable. The multitude of possibilities and the extended passage of time preclude us from determining the specific reason for the discrepancies.

Discrepancies in the database hinder management's ability to ascertain what addresses correspond to valid accounts subject to monthly service charges.

**We Recommend** the County enhances the accuracy of the Cycle 5 customer database. Addresses that do not correspond to an account should be removed. If there are individuals at the addresses that were located in property records, they should be billed for any County utility services received.

**Status:**

Partially Implemented. During our current testing, we compared the Utilities database to the OUC database of accounts billed for Orange County. As a result of this

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**STATUS OF PREVIOUS  
RECOMMENDATIONS  
FOR IMPROVEMENT**



Follow-Up of the Audit of OUC's Billing of  
Orange County Wastewater Customers

testing, we noted 750 addresses that were in the County's database, but were not in the OUC database (our testing during the follow-up represents the entire population of possible exceptions and could contain some of the same items noted in the original report). Upon further examination for these 750 addresses to determine if the address was valid, we determined the following:

EXCEPTION CATEGORY	NUMBER OF EXCEPTIONS
Service Address Does Not Appear To Exist	14
Service Address Cannot Be Verified As A Joint Customer	17
Other – "Orlando" Sewer Service Coding	44
Other – Single Address Mismatches	675
TOTAL EXCEPTIONS	750

The Other – "Orlando" Sewer Service Coding category is customers identified in the County's billing system as Orlando wastewater customers and not County wastewater customers. The Other Single category consists of customers, not being billed for wastewater services, whose address is the only address for their street that appears on the joint customer database. We researched account histories and property records and found that exceptions in these two categories include customers that have septic tanks. It appears many of these addresses could represent addresses that are either not valid joint customers and should not be recorded as a joint customer. Utilities should further research these addresses and make the appropriate adjustments to the records.

**We Again Recommend** the County enhances the accuracy of the joint customer database. Addresses that do not correspond to an account or are septic tank locations should be removed.

**Management's Response:**

We concur. When presented with the findings of the prior audit, Customer Service immediately began investigating the 1,039 addresses that were identified as being in the

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## STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT



Follow-Up of the Audit of OUC's Billing of  
Orange County Wastewater Customers

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County's database but not in the OUC database. The follow-up audit status acknowledges that this recommendation has been partially implemented in that 750 addresses remain that have not been reconciled between the two databases.

As we continue to work this long term project, we have noted that there are two service configurations where discrepancies occur. The first is where the customer receives OUC water and has a septic tank as the means of wastewater disposal. The second is where the customer receives OUC water and the City of Orlando is the wastewater service provider. In both instances, these customers will be removed from the County's database. Once work on this project is completed, the County database will be limited to customers who receive OUC water service and OCU wastewater service.

A more prevalent discrepancy occurs when addresses are incorrect or incomplete. These addresses will be researched and corrected and a determination will be made if there are any valid business reasons why the address needs to be tracked in the County's database. To date, Customer Service has investigated approximately 50 percent of the 750 discrepancies and most are in fact addressing discrepancies. In the coming months, the investigation will be completed and all addressing issues will be resolved. Customers not belonging to the database will be removed, and any customers who should be back billed for the requisite 12-month period, will be properly notified and billed accordingly.