



INTERNAL AUDIT REPORT FOR

Water Billing and Collections

Department of Water Resources
Audit Plan Year 2024

March 26, 2025

**GWINNETT COUNTY
INTERNAL AUDIT DIVISION**

75 Langley Drive | Lawrenceville, GA 30046
O: 770.822.7757 | F: 770.822.7725
GwinnettCounty.com

Auditors: Jonathan Miller, CFE, Senior Internal Auditor
Keenan Niemann, CFE, Operational Audit Division Director

Distribution:

To: Rebecca Shelton, Water Resources Director

CC: Buffy Alexzulian, CPA, Chief Financial Officer, Gwinnett County Audit Committee
Kirkland Carden, Board of Commissioners – District 1, Gwinnett County Audit Committee
Tiana Garner, Clerk of Court, Gwinnett County Audit Committee
Ben Ku, Board of Commissioners – District 2, Gwinnett County Audit Committee Chairman
Glenn Stephens, County Administrator, Gwinnett County Audit Committee

Jonathan Kandel, Deputy County Attorney

This report is intended solely for the individuals contained in the distribution list. Do not send to any other recipients without written authorization.

Table of Contents

| | |
|--|---|
| Background & Scope..... | 4 |
| Assessment..... | 4 |
| Recommendations..... | 4 |
| Other Considerations..... | 5 |
| Exhibit A: Summary of Audit Procedures | 7 |

Background & Scope

The Gwinnett County Department of Water Resources (DWR) produces over 70 million gallons of clean water each day, delivered to the public through approximately 4,000 miles of pipes. The County charges consumers for water based on rates approved by the Board of Commissioners (BOC) and usage measured by water flow meters. A third party, Bermex, captures usage from the meters based on predetermined bill cycle periods and transmits the usage data to DWR Customer Care for monthly billing. Customers pay their water bills through various ways including but not limited to online, over the phone, by mail, or in person via DWR's Customer Care team. The County uses the revenue to recover production, maintenance, and infrastructure expansion costs. DWR collected approximately \$642 million in water billing payments over the course of 20 months during the audit period of January 1, 2023, through August 31, 2024. Management's key control objectives for these activities are as follows:

- Accurately bill customers for water usage and collect payments timely.
- Settle customer inquiries, including credit and refund requests, according to DWR guidelines.
- Adhere to water meter maintenance schedules to ensure accurate measurements.
- Maintain safeguards to prevent theft, loss, and misuse.

The purpose of the audit was to assess compliance with key guidelines and evaluate the adequacy and effectiveness of management's control activities that are designed to provide reasonable assurance of achieving the objectives. Internal Audit (IA) conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* (Standards). The Standards require that we plan and perform the audit to identify and evaluate sufficient information to support engagement results. We interviewed employees, observed certain control activities, and reviewed business documents on a sample basis for the audit period. We believe the evidence provided a reasonable basis for our assessment. See **Exhibit A** for a summary of our audit procedures. The scope of this audit covered business and residential accounts but excluded municipalities, which the County bills at wholesale rates under a different process.

Assessment

Management's control activities were generally adequate and effective in providing reasonable assurance of achieving their control objectives. We made one recommendation to improve control activities. The recommendation is an improvement activity rather than a significant weakness that could prevent management from achieving their control objectives.

Recommendations

1. Credits were sometimes inconsistent.

DWR Customer Care can issue billing adjustments upon request for leaks, pool fills, and new sod irrigation with some restrictions. They will also adjust and rebill for any water meter misreads that occur. Adjustments are governed by guidelines contained in DWR's Billing Adjustment and Refund Policies. IA selected a judgmental sample of 30 customer service transcripts and 175 credits issued during the audit period to evaluate compliance with the guidelines. While overall compliance was good, we noted that Customer Service Representatives waived a meter tampering fee and other fees without detailed explanations for the adjustments. Though these waived fees were monetarily immaterial, they could have been higher without detection. Management monitors phone conversations and reviews transcripts on a sample basis to assess service performance. Currently, management reviews four transactions per agent per month, but sample selection is not based on credits activity. Also, while management requires supervisory approval for individual credits over a certain threshold, the system does not prevent cumulative credits from exceeding predetermined thresholds in a period. The system also does not prevent users from applying credits to their own accounts. Lastly, management review of user access privileges was infrequent.

RECOMMENDATION

Management should periodically select a sample of customer interactions based on credit activity and review transcripts to assess performance. Target training based on individual performance trends. DWR should implement a system control to prevent cumulative credits from exceeding predetermined thresholds in a period or self-credits. DWR should include detailed explanations in customer notes when approving the waiver of tampering and other fees. Management should periodically review SAP CRM user access privileges for appropriateness.

Management Response

Water Resources agrees with this recommendation. During the next six months, our team will develop a process for reviewing credits that have been provided to customers. This new process will act as a system of control to reduce the risk of excess credits being provided.

Water Resources will also develop an annual review process to review system user access privileges to ensure that the list is up to date within the same six-month time period.

Other Considerations

IA observed opportunities to improve certain business activities based on best practices and included advisory comments for management consideration only. Management is not required to provide written responses or corrective action plans. The advisory comments are as follows:

- We recommend financial analysts review meter readings and SAP CRM calculations on a sample basis to confirm invoice accuracy. This may include reconciliations of invoices to source data such as meter volume readings.
- The Field Operations team is responsible for operational effectiveness of meters. They manage repairs and replacements through automated work orders in Arch Logix and Lacity. We physically compared work order instructions to nine meters to validate their maintenance work. Based on our physical observation of maintenance and repair work, management should assess trouble or skip codes for precision and modify, if applicable, repair schedules. Also, integration of the work order systems with Oracle/UMAX should enhance communication and coordination.

- Field staff periodically test water meters in the field for functionality. Meter inspections are important to confirm water usage is being properly measured for billing. During fieldwork, we were unable to validate inspection records for larger meters. Field staff should inspect larger meters on a consistent basis to ensure that all faulty meters are replaced or repaired to avoid loss of revenue.

Exhibit A: Summary of Audit Procedures

IA performed the following procedures to evaluate the adequacy and effectiveness of control activities:

- Interviewed departmental management to identify key control activities. Walked through key activities to confirm understanding and validate operations.
- Selected a sample of 145 water billing accounts from four different months in the audit period (January 2023, February 2023, July 2024, August 2024). Billing accounts included skip code readings, implausible readings, and zero-gallon usage. Analyzed applicable meter reading data and invoices for accuracy. Ensured that remediation steps were performed when necessary. Recalculated amounts due according to Rate Resolution. Identified any discrepancies and inquired with management further when needed.
- Reviewed a judgmental sample of customer interactions for 30 accounts. Also, evaluated an associated 175 billing adjustment requests, including credits, for compliance with departmental policy (**Recommendation 1**).
- Assessed completeness of water billing procedures to capture and invoice customer accounts for all water activity. Reviewed data transfer reconciliation procedures at each step in the billing process.
- Reviewed physical security measures for in person payments at DWR headquarters.
- Selected a judgmental sample of eight daily revenue reconciliation reports and vouched supporting documentation to GL for accuracy.
- Selected a judgmental sample of 46 delinquent customer accounts. Reviewed delinquency procedures for compliance and appropriateness, including Customer Care responses, shutoffs, write-offs, liens, and collections procedures.
- Assessed appropriateness of user profiles in SAP CRM, including access privileges, authorization limits and approval workflows.
- Physically observed a judgmental sample of nine meters. Traced meter readings to SAP CRM and invoices for accuracy when applicable. Determined if work orders were completed or initiated to address meter reading issues.