

Findlay City Council Water & Sewer Committee Meeting Date: May 31, 2023

Committee Members:		Staff:
Randy Greeno, at-large – Committee Chair		Tammy Kirkpatrick, Billing Supervisor
📈 Joshua Palmer, Ward 7	∇	Jason Phillips, Water Treatment & Distribution Superintendent
		Dave Beach, WPCC Superintendent
		Jeremy Kalb, City Engineer
Meeting Start Time: 4:30 Meeting End Time: 4:57		Guests: Rob Martin, Don Rasmussen Jim Staschiak

Agenda:

Call to Order

Roll Call

New Items

review of the progress on the internal control evaluation for the City Utility Billing Department

Adjournment

Randy Greens, Water & Sewer Committee Chair

COMMITTEE REPORT

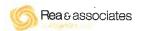
THE CITY COUNCIL OF THE CITY OF FINDLAY, OHIO

The **WATER AND SEWER COMMITTEE** met on May 31, 2023 to review of the progress on the internal control evaluation for the City Utility Billing Department.

We recommend that the Utility billing department Continue to implement improvements for the internal Control evaluation.

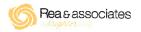
1	Chande Speans Moti	อิท
Aye ☐ Nay	Randy Greeno, Chairman	LEGISLATION:
☑ Aye ☐ Nay	Josh Palmer	DATED: May 31, 2023
☑ Aye □ Nay	3.T Classel Grant Russel	COMMITTEE: WATER & SEWER





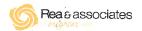
Recommendation Action Number	DESCRIPTION	STATUS	COMMENTS
	BILLING BILLING		
<i>REC. 1:</i> ACTION 1:	Install an Advanced Metering Infrastructure (AMI) system to import meter reads into Utility Billing System City is currently in the process of installing an AMI system	In Progress	Document last updated 5/31/23 Next Site visit scheduled 7/13/23
REC 2:	We recommend that the City review meter readings prior to sending to their third-party vendor or processing billing to identify any potential errors in meter readings, large billings that were caused by leaks, misread readings and documentation of this review and should be maintained by the UBD	In Progress	
ACTION 2:	Create a documentation process to support existing process and validate information sent to smart Bill with two layers of verification.		Water Superintendent and Deputy Auditor finalizing workflow to be
REC 3:	We recommend that there be some level of segregation of duties between the billing and collections over services provided by the Utility Department	In Progress	implemented in June, 2023
ACTION 3:	No action necessary - covered in Recommendation #2		
REC 4:	We recommend the City establish a set of shut-off procedures on aging delinquent accounts	Complete	
ACTION 4:	The City has established utility shut-off policies and procedures.		×
REC 5:	To ensure all accounts are collected in full, we recommend that City exercise their right to certify delinquent amounts with the County Auditor's office at least annually.	Complete	
ACTION 5:	The City certifies delinquent accounts with the County Auditor's office at least annually		





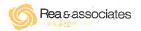
Recommendation Number	DESCRIPTION	STATUS	COMMENTS
	Collections and Balancing		
REC 1:	We recommend the City develop/purchase an updated Point of Sale system (POS)		Diamed to succeed after the service of
ACTION 1:	The City does have a POS system and we acknowledge that the City plans to upgrade this system once other utility software system upgrades have been completed.	Acknowledge	Planned to proceed after transmitter project complete
REC 2:	At the time of processing payments (window, mail, drop box, etc.), we recommend that each employee sign into the POS using their own log-in to post the payment to the customer's account.	In Progress	Water Superintendent and Deputy Auditor finalizing workflow to be implemented in June, 2023
ACTION 2:	UB does have a POS, however, it is not used to its full capabilities. Having an updated POS would allow the ability for all transactions to be posted in real time, receipts to be generated for customers, improve accuracy, and to expedite all reconciliation processes.		
REC 3: ACTION 3:	We recommend that each cash drawer be lockable. Each cash drawer should be locked when the Clerk is on break or when not in use. Access to cash drawers should be monitored and access codes should be kept secure. Purchase of lockable cash drawers. Drawers will not be assigned per clerk, they will be labeled numerically.	In Progress	Purchase locakable drawers w/ space for checks. Also each drawer will have own key and a master set in department for emergency situations.





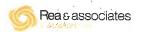
Recommendation Action Number	DESCRIPTION	STATUS	COMMENTS
	Collections and Balancing		
REC 4:	We recommend the Clerk stamp the billing stub as "paid" at the time of collection and indicate on the billing stub if the payment was paid by check, cash or credit card and the amount paid. In addition, we recommend that each employee who has collections duties have their own individually identifiable stamp. This stamp could include the employee number (similar to the POS system employee number), name and/or initials	In Progress	UB team is mocking up demo for review SSD provided examples to JP to mock up stamps with UB relevant content
ACTION 4:	Creation of a stamp for each employee that has all collection duties listed and can be checked off and initialed		
REC 5:	We recommend the City run all cash bills through a counterfeit bill detector at the time of collection.	Complete	
ACTION: 5	This is currently being done		
REC 6:	We recommend the Utility Department's Clerk maintain all cash, check, and credit card slips collected each day in their respective individual lockable cash drawer	In Progress	workflow being designed for
ACTION 6:	Utility Department's Clerk maintain all cash, checks, and credit card slips collected each day in their cash drawer		implementation
REC 7:	If a cash drawer is not being used, we recommend the cash drawer be kept in a locked safe		
ACTION 7:	If cash drawers not being used kept in a locked safe. Purchase new safe and place in Check Remit room	Complete	Implement 5/3/23





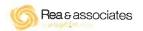
Collections and Balancing commend the Clerk(s) who open the daily mail or drop box collections summarize all amounts (or run through the check scanner) and then a separate Clerk post ments to the system set of eyes on posting checks, the clerk that opens is different than the clerk that e checks. commend that each cash drawer be balanced daily, with one cash drawer being ed to handle collections during the latter part of the day. The reconciliation	In Progress	at UB 5/25/23 taking observations and creating workflow improvements DA & WS conducted process mapping of
all amounts (or run through the check scanner) and then a separate Clerk post ments to the system set of eyes on posting checks, the clerk that opens is different than the clerk that e checks. commend that each cash drawer be balanced daily, with one cash drawer being ed to handle collections during the latter part of the day. The reconciliation	In Progress	DA & WS conducted process mapping of workflow on 5/31/23. Implementation to occur in June.
ed to handle collections during the latter part of the day. The reconciliation		
should be started late enough in the day to ensure as much collections as can be deposited at the bank during banking hours the same day of collections. ections in the sole remaining drawer left should be reconciled, reviewed, locked ht in a safe and become part of the next day's collections and posting.	In Progress	Deputy Auditor completed observation at UB 5/25/23 taking observations and creating workflow improvements DA & WS conducted process mapping of workflow on 5/31/23. Implementation to
cash drawers earlier in the afternoon to make them part of the days deposit and re one or two cash drawers open up for the remaining balance of the day. e the amount of cash stored overnight. "Next day business" drawers are to be ed at end of day.		occur in June. This will be rectified with workflow improvement
mmend that there be some level of segregation of duties between the ns and daily reconciliation procedures performed by the Utility Department.	In Progress	See Above. This will be rectified with workflow
k that preforms the daily reconciliation should have segregation of duties with ns.	3,000	improvement
e e e e e e e e e e e e e e e e e e e	the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. In the amount of cash stored overnight. "Next day business" drawers are to be date end of day. In the amount of cash stored overnight. "Next day business" drawers are to be date end of day. In the amount of cash stored overnight. "Next day business" drawers are to be date end of day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Next day business" drawers are to be day. In the amount of cash stored overnight. "Nex	the amount of cash stored overnight. "Next day business" drawers are to be dat end of day. Inmend that there be some level of segregation of duties between the as and daily reconciliation procedures performed by the Utility Department. In Progress that preforms the daily reconciliation should have segregation of duties with





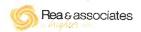
Recommendatio Action Number	DESCRIPTION	STATUS	COMMENTS
	Collections and Balancing		
REC 11: ACTION 11:	We recommend that each cash drawer is counted/reconciled in the presence of the respective cash drawer owner. In addition, a summary of this reconciliation should be completed and signed by both the cash drawer owner and reviewer. As part of the process, each cash drawer should have its own bank deposit slip to be deposited to the bank on the same day as collected. The reconciliation process should be completed, even for the cash drawers that were not required to be used during the day. Finally, we recommend that all deposits be placed into "tamper-evident" deposit bags. This bag should include such information as the deposit/collection date, amount, and those employees' signatures who participated in the reconciliation process Each cash drawer is counted/reconciled in the presence of the respective cash draw owner. Each draw should have its own bank deposit slip to the bank in "tamper-evident" deposit bags.	In Progress	Deputy Auditor completed observation at UB 5/25/23 taking observations and creating workflow improvements DA & WS conducted process mapping of workflow on 5/31/23. Implementation to occur in June. This will be rectified with workflow improvement
REC 12:	We recommend that documentation be maintained for the daily reconciliation include a POS system report (or the system report that is currently in place).	In Progress	See Above. This will be rectified with other workflow
ACTION 12:	Each batch and drawer should have its own individual deposit		improvements





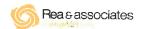
Recommendation Action Number	DESCRIPTION	STATUS	COMMENTS
	Collections and Balancing		
REC 13: ACTION 13:	We recommend that all daily collections that have not been deposited in the bank to be stored in a lockable safe at the end of each day. In addition, any employee deemed to need access to the safe should have their own individual access code to open the safe. The safe should remain locked when not being accessed. "Next day business" collections not deposited in the bank to be stored in a lockable safe.	In Progress	Currently researching best fit for safe purchase
REC 14:	We recommend that the Department's Supervisor and/or Service Safety Director conduct random cash drawer reconciliations throughout the year.		UD and WS to Implement after other
ACTION 14:	Quarterly, random cash drawer reconciliations will be conducted by Auditors office and Superintendent.	In Progress	process improvements have been executed
REC 15:	We recommend that there be cameras installed in all areas where cash/collections can travel. In addition, camera shut-off access should not be available to any Utility Department personnel.	Complete	Installed the week of May 8, 2023
ACTION 15:	Install an additional camera in Check remit room. No cash in Supervisors office, therefore no camera necessary	complete	





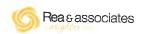
Recommendation Action Number	n/ DESCRIPTION	STATUS	COMMENTS
	Depositing		
REC 1:	We recommend that there be some level of segregation of duties between the daily reconciliation and depositing procedures performed by the Utility Department. The Utility Department employee who prepares the daily deposits should not be the employee who takes the deposits to the bank (unless the daily deposit slips contain dual authentication). In addition, a bonded employee should be the one taking the deposit to the bank daily.	Complete	Tammy to start as primary delivery the deposit effective 5/3/23
ACTION 1:	Bonded employee should be the one taking the deposit on a daily basis.		
REC 2:	After the deposit is prepared, we recommend that the Utility Department Clerk place the deposit bags into a locked safe until taken to the bank.	Complete	Start locking 5/3/23. observe the amount
ACTION 2:	After the daily deposit is prepared, the deposit bags are placed in the safe. Safe needs to remained locked until deposit taken to the bank	Complete	of times safe required to be accessed on a daily basis
REC 3:	We recommend the Utility Department employee who takes the deposit to the bank have a City police escort. As an alternative, the City could contract with a local bank courier service to pick up the deposit at the Utility Department. Daily deposits could contain large amounts of cash. Safeguarding employees and the deposits should be a high priority of City management.	Complete	Start random rotation of bank branches 5/3/23
ACTION 3:	Explore a local bank courier of time large cash deposits with Municipal court to minimize exposure. Consiedr a PD escort		
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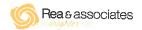
ecommendation			TTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTTT
tion Number	DESCRIPTION	STATUS	COMMENTS
F5.56	Reporting		
REC 1:	We recommend that a copy of all bank deposit slips be submitted to the City Auditor's Office for each deposit.		
ACTION 1:	The Utility Department provides a copy of all bank deposits that are validated by the bank.	Complete	
REC 2:	We recommend that the Utility Department and City Auditor reconcile their systems monthly by fund and receipt code	Complete	
ACTION 2:	This reconciliation is currently being performed.		





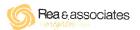
Recommendatio Action Number	DESCRIPTION	STATUS	COMMENTS
	Adjustments		
REC 1:	We recommend the Utility Department establish an individual threshold that requires the approval of the Safety Service Director for an adjustment prior to processing. We understand that there could be some timing constraints as to when the Service-Safety Director is available versus when an adjustment needs to be processed. The policy could include a clause that the approval be done within a certain number of days after the processing of the adjustment. For all other adjustments that fall below this threshold, we recommend that the policy include the approval of the Service-Safety Director on a periodic basis (ex. monthly or quarterly). For any adjustments not approved by the Safety-Service Director prior to processing, we recommend the policy and procedures identify a staff member (ex. Department Supervisor or Superintendent) who has the authority to approve.	Complete	Decision to not identify a specifc threshold
ACTION 1:	Recommend all adjustments receive approval of the Safety Service Director		
REC 2:	For all adjustments processed, we recommend that employees who are part of the approval process (see previous recommendation) be segregated from the employee who is requesting the adjustment and the employee who is posting the adjustment to the utility system.	In Progress	This will be resolved with workflow implementation in June and SSD sign-off of adjustment files
ACTION 2:	Create a process that has Superintendent and safety service director be part of the adjustment process		





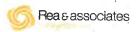
Recommendation Action Number		STATUS	COMMENTS
	Adjustments		
REC 3:	We recommend a monthly or quarterly listing of all adjustments be provided to the Service Safety Director and the City Auditor (or other City Management) to monitor the purposes/trends/risks associated with adjustments occurring within the Utility Department	Complete	Process started May 2023
ACTION 3:	Create a process for sign off by the Service Safety Director to align with billing cycle		
REC 4:	No more than monthly, we recommend that all approved adjustments be reconciled to the utility accounting system to ensure that only amounts approved have been posted.	In Progress	IT is complete. Just need to document process in policy
ACTION 4:	Monthly reconciliation of adjustments to the utility accounting system to ensure only approved amounts by the Superintendent or Safety Service Director are posted.		
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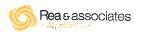
ecommendatio ction Number	DESCRIPTION	STATUS	COMMENTS
	Other General Controls		
REC 1:	We recommend that the City establish policies and procedures where daily cash shortages are required to be replenished by processing a City voucher requisition from the City Auditor's office. This request should include support for the balancing process signed off by the owner of the cash drawer and second clerk or supervisory person involved in the cash drawer reconciliation process. In addition, we recommend that any cash overages be included in the daily deposit to the bank. At no point should the Utility Department maintain a cash overage/shortage petty-cash type fund within the Department.	Complete	Procedure established through the Auditor's Office effective 4/24/23
ACTION 1:	Removal of the overage/shortage petty-cash and set up procedure with the Auditors office.		
REC 2:	We recommend UB establish an individual threshold that requires the approval of the Service-Safety Director for refunds. We understand that there could be some timing constraints as to when the Service-Safety Director is available versus when a refund needs to be processed. The policy could include a clause that the approval be done within a certain number of days after the processing of the refund. For all other refunds that fall below this threshold, we recommend that the policy include the approval by the Service-Safety Director on a periodic basis (ex. monthly or quarterly). For any refunds not approved prior to processing, we recommend the policy and procedures identify a staff member (ex. Department Supervisor or Superintendent) who has the authority to approve.	Complete	
ACTION 2:	Currently, the City does not have a process that involves the Service-Safety Director or Superintendent.		





Recommendation Action Number	DESCRIPTION	STATUS	COMMENTS
	Other General Controls		
REC 3:	For all refunds processed, we recommend that employees who are part of the approval process (see previous recommendation) be segregated from the employee who is requesting the refund and the employee who is posting the refund to the utility system.	Complete	
ACTION 3:	Currently, the Utility Department's Supervisor approves and submits all refunds to the City Auditor.		
REC 4:	We recommend all refunds be processed through the accounts payable function within the City Auditor's office.	Complete	
ACTION 4:	All refunds are processed through the City Auditor's office.		
REC 5:	We recommend the City implement a mandatory vacation policy. However, if the City cannot implement a mandatory vacation policy, we recommend that the Utility Department implement a system to cross-train employees and establish a periodic/rotation of duties. When this is done, we recommend that management evaluate any changes in collections, adjustments, refunds, unexpected trends, etc. that may indicate potential fraud risk red flags.	In Progress	Pending options from HR to review
ACTION 5:	There is currently no mandatory vacation policy in place. Various staff are cross trained, however there are no established rotation of duties in place. HR is working to establish options to implement		





Recommendation Action Number	DESCRIPTION	STATUS	COMMENTS
	Other General Controls		
REC 6:	If practical, we recommend that the City of Findlay establish a central collection point under of the direction of the City Auditor's office for most/all revenues collected by outside departments. This would strengthen internal controls and safeguard the cash collection process.	Acknowledge	Not practical based on layout of all City operations and cash handlings throughout the city
ACTION 6:	The City does not have a central collection point for revenue collections.		amoughout the dity
REC 7:	We recommend that the Utility Department use bar code scanners to process payment stubs.		Now company all he involved at least
ACTION 7:	Will explore the option of why currently not using and see if this will help with the processing of payments.	In Progress	New scanners will be implemented with new software. Timeline TBD
REC 8:	We recommend that each employee who handles receipt collections be covered under an employee bond or the City insurance policy (depending what the City feels is sufficient coverage based on assigned duties) as an additional safeguard over a loss of assets caused by employee theft. However, we recommend that any employee who makes the daily deposits to the bank be covered by an employee bond.	Complete	
ACTION 8:	Employees are covered under the City of Findlay's insurance and Tammy's Bond. Tammy should be the primary individual responsbile for this function.		