



Committee Members:

- Randy Greeno, at-large – Committee Chair
- Joshua Palmer, Ward 7
- Grant Russel, at-large

Staff:

- Tammy Kirkpatrick, Billing Supervisor
- Jason Phillips, Water Treatment & Distribution Superintendent
- Dave Beach, WPCC Superintendent
- Jeremy Kalb, City Engineer

Meeting Start Time: 4:30

Meeting End Time: 4:51

Guests: Rob Martin, Don Rasmussen
Jim Staschrak

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 Greeno
Randy Greeno, 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.

Aye Nay

Randy Greeno Motion
Randy Greeno, Chairman

LEGISLATION: _____

Aye Nay

Josh Palmer 2nd
Josh Palmer

DATED: May 31, 2023

Aye Nay

Grant Russel
Grant Russel

COMMITTEE:
WATER & SEWER

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
BILLING			
REC 1: ACTION 1:	<i>Install an Advanced Metering Infrastructure (AMI) system to import meter reads into Utility Billing System</i> 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: ACTION 2:	<i>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</i> Create a documentation process to support existing process and validate information sent to smart Bill with two layers of verification.	In Progress	Water Superintendent and Deputy Auditor finalizing workflow to be implemented in June, 2023
REC 3: ACTION 3:	<i>We recommend that there be some level of segregation of duties between the billing and collections over services provided by the Utility Department</i> No action necessary - covered in Recommendation #2	In Progress	
REC 4: ACTION 4:	<i>We recommend the City establish a set of shut-off procedures on aging delinquent accounts</i> The City has established utility shut-off policies and procedures.	Complete	
REC 5: ACTION 5:	<i>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.</i> The City certifies delinquent accounts with the County Auditor's office at least annually	Complete	

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Collections and Balancing			
<p>REC 1:</p> <p>ACTION 1:</p>	<p><i>We recommend the City develop/purchase an updated Point of Sale system (POS)</i></p> <p>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.</p>	<p>Acknowledge</p>	<p>Planned to proceed after transmitter project complete</p>
<p>REC 2:</p> <p>ACTION 2:</p>	<p><i>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.</i></p> <p>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.</p>	<p>In Progress</p>	<p>Water Superintendent and Deputy Auditor finalizing workflow to be implemented in June, 2023</p>
<p>REC 3:</p> <p>ACTION 3:</p>	<p><i>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.</i></p> <p>Purchase of lockable cash drawers. Drawers will not be assigned per clerk, they will be labeled numerically.</p>	<p>In Progress</p>	<p>Purchase lockable drawers w/ space for checks. Also each drawer will have own key and a master set in department for emergency situations.</p>

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Collections and Balancing			
REC 4: ACTION 4:	<p><i>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</i></p> <p>Creation of a stamp for each employee that has all collection duties listed and can be checked off and initialed</p>	<p style="background-color: #90EE90; padding: 5px;">In Progress</p>	<p>UB team is mocking up demo for review SSD provided examples to JP to mock up stamps with UB relevant content</p>
REC 5: ACTION: 5	<p><i>We recommend the City run all cash bills through a counterfeit bill detector at the time of collection.</i></p> <p>This is currently being done</p>	<p style="background-color: #008000; color: white; padding: 5px;">Complete</p>	
REC 6: ACTION 6:	<p><i>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</i></p> <p>Utility Department's Clerk maintain all cash, checks, and credit card slips collected each day in their cash drawer</p>	<p style="background-color: #90EE90; padding: 5px;">In Progress</p>	<p>workflow being designed for implementation</p>
REC 7: ACTION 7:	<p><i>If a cash drawer is not being used, we recommend the cash drawer be kept in a locked safe</i></p> <p>If cash drawers not being used kept in a locked safe. Purchase new safe and place in Check Remit room</p>	<p style="background-color: #008000; color: white; padding: 5px;">Complete</p>	<p>Implement 5/3/23</p>

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Collections and Balancing			
<p>REC 8:</p> <p>ACTION 8:</p>	<p><i>We recommend the Clerk(s) who open the daily mail or drop box collections summarize the total amounts (or run through the check scanner) and then a separate Clerk post the payments to the system</i></p> <p>Second set of eyes on posting checks, the clerk that opens is different than the clerk that posts the checks.</p>	<p>In Progress</p>	<p><u>Deputy Auditor completed observation at UB 5/25/23 taking observations and creating workflow improvements</u></p> <p>DA & WS conducted process mapping of workflow on 5/31/23. Implementation to occur in June.</p> <p>This will be rectified with workflow</p>
<p>REC 9:</p> <p>ACTION 9:</p>	<p><i>We recommend that each cash drawer be balanced daily, with one cash drawer being re-opened to handle collections during the latter part of the day. The reconciliation process should be started late enough in the day to ensure as much collections as possible can be deposited at the bank during banking hours the same day of collections. Any collections in the sole remaining drawer left should be reconciled, reviewed, locked overnight in a safe and become part of the next day's collections and posting.</i></p> <p>Balance cash drawers earlier in the afternoon to make them part of the days deposit and only have one or two cash drawers open up for the remaining balance of the day. Minimize the amount of cash stored overnight. "Next day business" drawers are to be reconciled at end of day.</p>	<p>In Progress</p>	<p><u>Deputy Auditor completed observation at UB 5/25/23 taking observations and creating workflow improvements</u></p> <p>DA & WS conducted process mapping of workflow on 5/31/23. Implementation to occur in June.</p> <p>This will be rectified with workflow improvement</p>
<p>REC 10:</p> <p>ACTION 10:</p>	<p><i>We recommend that there be some level of segregation of duties between the collections and daily reconciliation procedures performed by the Utility Department.</i></p> <p>The clerk that preforms the daily reconciliation should have segregation of duties with collections.</p>	<p>In Progress</p>	<p>See Above.</p> <p>This will be rectified with workflow improvement</p>

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Collections and Balancing			
<p>REC 11:</p>	<p><i>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</i></p> <p>ACTION 11: 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.</p>	<p>In Progress</p>	<p><u>Deputy Auditor completed observation at UB 5/25/23 taking observations and creating workflow improvements</u></p> <p>DA & WS conducted process mapping of workflow on 5/31/23. Implementation to occur in June.</p> <p>This will be rectified with workflow improvement</p>
<p>REC 12:</p>	<p><i>We recommend that documentation be maintained for the daily reconciliation include a POS system report (or the system report that is currently in place).</i></p> <p>ACTION 12: Each batch and drawer should have its own individual deposit</p>	<p>In Progress</p>	<p style="text-align: center;">See Above.</p> <p>This will be rectified with other workflow improvements</p>

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Collections and Balancing			
<p>REC 13:</p> <p>ACTION 13:</p>	<p><i>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.</i></p> <p>“Next day business” collections not deposited in the bank to be stored in a lockable safe.</p>	<p>In Progress</p>	<p>Currently researching best fit for safe purchase</p>
<p>REC 14:</p> <p>ACTION 14:</p>	<p><i>We recommend that the Department’s Supervisor and/or Service Safety Director conduct random cash drawer reconciliations throughout the year.</i></p> <p>Quarterly, random cash drawer reconciliations will be conducted by Auditors office and Superintendent.</p>	<p>In Progress</p>	<p>UD and WS to Implement after other process improvements have been executed</p>
<p>REC 15:</p> <p>ACTION 15:</p>	<p><i>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.</i></p> <p>Install an additional camera in Check remit room. No cash in Supervisors office, therefore no camera necessary</p>	<p>Complete</p>	<p>Installed the week of May 8, 2023</p>

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Depositing			
<p>REC 1: <i>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.</i></p> <p>ACTION 1: Bonded employee should be the one taking the deposit on a daily basis.</p>		Complete	<p>Tammy to start as primary delivery the deposit effective 5/3/23</p>
<p>REC 2: <i>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.</i></p> <p>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</p>		Complete	<p>Start locking 5/3/23. observe the amount of times safe required to be accessed on a daily basis</p>
<p>REC 3: <i>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.</i></p> <p>ACTION 3: Explore a local bank courier of time large cash deposits with Municipal court to minimize exposure. Considr a PD escort</p>		Complete	<p>Start random rotation of bank branches 5/3/23</p>

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Reporting			
REC 1: ACTION 1:	<i>We recommend that a copy of all bank deposit slips be submitted to the City Auditor's Office for each deposit.</i> The Utility Department provides a copy of all bank deposits that are validated by the bank.	Complete	
REC 2: ACTION 2:	<i>We recommend that the Utility Department and City Auditor reconcile their systems monthly by fund and receipt code</i> This reconciliation is currently being performed.	Complete	

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Adjustments			
REC 1:	<p><i>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.</i></p>	Complete	Decision to not identify a specific threshold
ACTION 1:	Recommend all adjustments receive approval of the Safety Service Director		
REC 2:	<p><i>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.</i></p>	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		

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Adjustments			
REC 3: ACTION 3:	<p><i>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</i></p> <p>Create a process for sign off by the Service Safety Director to align with billing cycle</p>	Complete	Process started May 2023
REC 4: ACTION 4:	<p><i>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.</i></p> <p>Monthly reconciliation of adjustments to the utility accounting system to ensure only approved amounts by the Superintendent or Safety Service Director are posted.</p>	In Progress	IT is complete. Just need to document process in policy

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Other General Controls			
<p>REC 1:</p> <p>ACTION 1:</p>	<p><i>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.</i></p> <p>Removal of the overage/shortage petty-cash and set up procedure with the Auditors office.</p>	<p>Complete</p>	<p>Procedure established through the Auditor's Office effective 4/24/23</p>
<p>REC 2:</p> <p>ACTION 2:</p>	<p><i>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.</i></p> <p>Currently, the City does not have a process that involves the Service-Safety Director or Superintendent.</p>	<p>Complete</p>	

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Other General Controls			
REC 3: ACTION 3:	<p><i>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.</i></p> <p>Currently, the Utility Department's Supervisor approves and submits all refunds to the City Auditor.</p>	Complete	
REC 4: ACTION 4:	<p><i>We recommend all refunds be processed through the accounts payable function within the City Auditor's office.</i></p> <p>All refunds are processed through the City Auditor's office.</p>	Complete	
REC 5: ACTION 5:	<p><i>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.</i></p> <p>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</p>	In Progress	Pending options from HR to review

INTERNAL CONTROL EVALUATION - CITY UTILITY BILLING DEPARTMENT

Recommendation/ Action Number	DESCRIPTION	STATUS	COMMENTS
Other General Controls			
REC 6: <i>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.</i>	ACTION 6: The City does not have a central collection point for revenue collections.	Acknowledge	Not practical based on layout of all City operations and cash handlings throughout the city
REC 7: <i>We recommend that the Utility Department use bar code scanners to process payment stubs.</i>	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: <i>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.</i>	ACTION 8: Employees are covered under the City of Findlay's insurance and Tammy's Bond. Tammy should be the primary individual responsible for this function.	Complete	