



Utility Billing Risk Review

Why OCA did this project:

OCA's data analytics include a component that shows trends in financial risks. The analysis compares each financial module's risk relative to the other financial modules. This provides information to help choose which financial module to focus on for a deeper analysis of risk indicators. OCA chose the Utility Billing module for review because it had the largest number of flags compared to other modules.

Project Scope

This is a review of analytics with flagged data that is deemed high risk in the Utility Billing module for the quarter ending 6/30/2023.

How OCA did this project

The Utility Billing module contains fourteen analytics that provide information related to customer billing. Seven indicators were selected for transaction analysis based on impact and likelihood of risk events. The attached Risk Wall and project procedures provides more detail on the risk analysis.

Key observation

- There were no findings within the scope of our analytic testing.
- Follow-up test work will be conducted on a future audit to ensure creator/approver controls are in place to mitigate risks identified in a related process.

Audit Report

Utility Billing Risk Review

Audit Objective

Review high risk transactions in the Utility Billing module.

Procedures

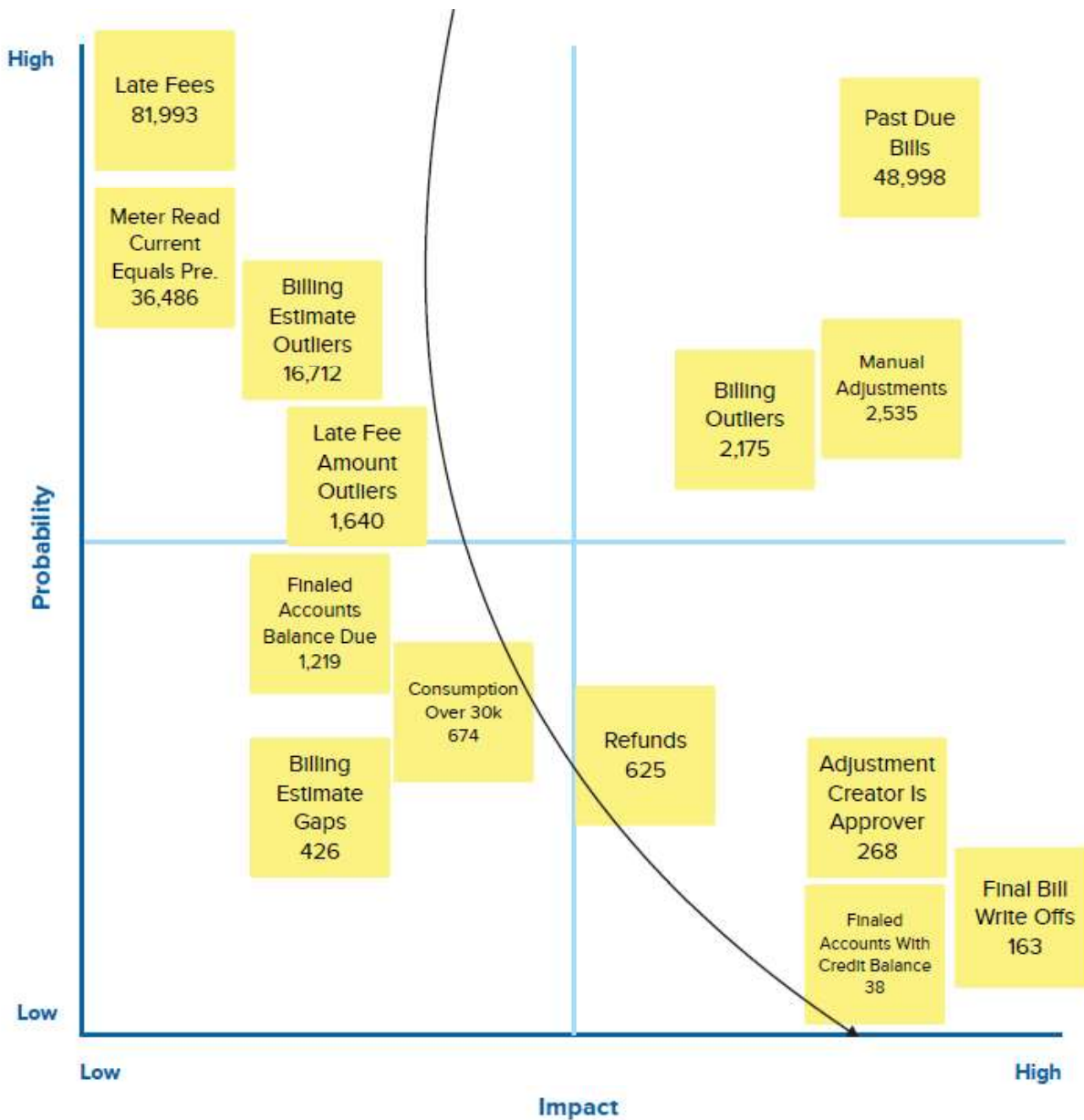
Project procedures included a review of the following business processes:

- **1. Past Due Bills** – Flags a bill if the payment date is greater than the pay by date.
- **2. Manual Adjustments** – Flags if a bill was adjusted manually.
- **3. Billing Outliers** - Flags a bill if the percent change of the amount from the previous month is two times greater than the average percent change.
- **4. Refunds** - Flags if a bill is finaled and a refund is issued.
- **5. Adjustment Creator is Approver** - Flags if a bill was adjusted and approved by the same employee.
- **6. Finaled Accounts with Credit Balance** - Flags a bill if the service is labeled as final and a credit is owed to the account.
- **7. Final Bill Write Offs** - Flags a bill if it is a final bill and has been written off.

Risk Wall Exhibit

A risk matrix was created to evaluate the impact and probability of each analytic to determine scope of testing. The probability was determined by the number of flags for each analytic and is included below the analytic name in each box below. Impact was determined by auditor discretion and discussion with management. The upper right quadrant of the risk wall indicates high impact and high probability of risk events. The seven analytics inside the arc were chosen for deeper analysis due to their elevated audit risk because of their high probability or high impact.

Each box's name correlates to the analytics descriptions listed in the procedures section above.



Observations

Observation 1:

There were no findings within the scope of our analytic testing; however, a creator/approver issue was discovered in a related process.

During our initial test work, we found several instances where employees were creating and approving the same adjustments. Following the start of our audit, the City's financial system was upgraded, and a new control was implemented that excludes originators in workflow. We performed additional test work following the upgrade and confirmed that there have been no creators approving adjustments since this control was put in effect.

Also, during this audit, Utility Billing discovered that the newly implemented control was causing unexpected issues for a related process outside the scope of our analytics. They have temporarily disabled the control while they determine the best way to implement it and maintain efficiency for customers. OCA will revisit this process in future audit test work to ensure that the necessary steps have been taken to mitigate this risk.