

GAS REVENUES

AUDIT REPORT #0409

April 2004



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Audit conducted by:
Bert Fletcher, CPA, Audit Manager
Sam M. McCall, CPA, CIA, CGFM, City Auditor

April 12, 2004



Sam M. McCall, CPA, CGFM, CIA, CGAP
City Auditor

AUDIT OF CITY GAS REVENUES

Opportunities to Improve Operational Efficiency

HIGHLIGHTS

Highlights of City Auditor Report #0409, a report to the City Commission and City management.

WHY THIS AUDIT WAS DONE

The implementation of the new CIS system, along with the significance of the Gas Utility to City operations, provided a good opportunity for an audit of this function. The primary focus of our audit addressed revenues generated from the sale of gas to City customers. We also reviewed activities pertaining to revenues generated from initiation and reconnection of gas services and the City's Light Pilot Program. Efficiencies and management oversight of these activities were considered.

As of the end of FY 2003, the City was servicing 21,212 residential and 1,336 commercial gas accounts. Consumption revenues during FY 2003 totaled \$22.4 million. FY 2003 was the first year that the PeopleSoft Customer Information System (CIS) was operational. City departments impacting gas operations in addition to the Gas Utility include Utility Business and Customer Services and Growth Management.

WHAT WE RECOMMEND

Methods to measure consumption at service points operating off elevated pressures should be standardized, additional training should be provided, and comprehensive procedures and guidelines should be developed.

Management should increase use of the PeopleSoft CIS to manage and monitor tasks. Periodic reconciliations should be done as a means to detect unbilled consumption. The meter-testing program should be documented, reasonable, and followed.

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Audit Conducted by T. Bert Fletcher, CPA

WHAT WE FOUND

Overall, gas consumption was properly determined and billed to customers. Fees for connections and reconnections and pilot lighting services were generally properly assessed. The PeopleSoft CIS was effectively used in regard to gas utility activities.

Issues were identified that indicate the need to better manage financial risks created by the complexity of measuring and billing consumption for large commercial customers operating off elevated delivery pressures. In addition, there is a need for better use of the PeopleSoft CIS as a management tool as well as a need for enhanced meter management.

Elevated Pressures. Larger commercial customers often operate off pressures that are significantly higher than the standard line pressure. To accurately determine consumption for those customers, specialized instruments must be attached to their gas meters or "multipliers" must be applied in the billing system. Our tests of 51 commercial customers operating off elevated pressures showed that six customers were over-billed or under-billed amounts due to errors in determining consumption. These ranged from an under-billing of \$9,272 to an over-billing of \$8,556 during FY 2003.

Managing Activity Through the PeopleSoft CIS. The PeopleSoft CIS is used to plan and schedule various tasks through the creation of field activities and field orders. There is a need for (1) improvements in the creation and processing of field activities and field orders and (2) increased managerial use of the system to ensure that tasks are properly and timely completed. Additional use of the system query tool could help identify improper billing conditions. Our testing also disclosed that the practice of charging reconnection fees based on the related disconnection activity may occasionally result in the improper assessment of those fees.

Meter Management. Periodic reconciliations of available meters to un-installed meters in the PeopleSoft CIS would be a control to detect unbilled consumption. In addition, meters have not been tested on a frequent basis to ensure consumption is accurately determined. Furthermore, improved efficiency could occur by eliminating the manual card system after meter shop staff becomes familiar and comfortable using the PeopleSoft CIS as an inventory management tool.

Office of the City Auditor



MEMORANDUM

To: Mayor and Members of the City Commission
From: Sam M. McCall, City Auditor
Date: April 12, 2004
Subject: Report on an Audit of Gas Revenues (#0409)

We have completed an audit of Gas Revenues (#0409). We submit this report, which contains our audit issues and recommended actions and the response from the City Manager. We will periodically review the implementation of these recommended actions.

We thank the employees of the Gas Utility, Utility Customer Services, Utility Accounting, and Growth Management for sharing their knowledge and opinions in this cooperative effort.

Please let me know if you need further information or wish a briefing on this report.

Respectfully submitted,

A handwritten signature in cursive that reads "Sam M. McCall".

Sam M. McCall
City Auditor

SMM/mbd
attachment

cc: Members of the Audit Committee
Appointed Officials
Executive Team
Sam Davis, General Manager – Gas Utility
Cynthia Barber, Utility Business and Customer Services
Robert Herman, Director, Growth Management
Paula G. Cook, Records Management Officer

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While most customers operate off the standard ¼ pound line pressure, there are numerous customers operating off elevated pressures ranging from 2# to 90#. 15

Two methods are used to determine consumption for customers operating off elevated pressures, (1) telecorrector and index instruments attached to the gas meters and (2) system multipliers. 16

System multipliers are also used to adjust measured consumption to the correct billing units. 17

We identified and made site visits to 51 gas service points that operated off elevated pressures. 17

Our tests and analyses showed that customers for 6 of the 51 service points were being under-billed or over-billed due to errors in determining consumption. 18

Other instances of significant under-billing- and over-billing occurred in prior years due to similar errors in determining consumption. 19

Instances of under- and over-billings can be attributed to several factors, to include: (1) errors, (2) lack of standardization, (3) multiple groups of meter readers with different levels of knowledge and understandings, and (4) lack of written procedures. 21

Management should mitigate the risks and issues identified relative to determining consumption for customers operating off elevated pressures. 23

Issue No. 2 - The PeopleSoft CIS as a Tool to Provide Accountability and Enhance Management..... 24

A total of 17,803 field activities/orders were created and submitted to the Gas Utility during the first nine months that PeopleSoft CIS was operational. 24

We performed data mining, analyses, and testing of field activities and orders created and processed within the PeopleSoft CIS. 24

Our audit procedures indicated the need for: (1) more consistent, efficient, logical, and timely creation and processing of field activities and orders; (2) increased managerial use of the PeopleSoft CIS to ensure that tasks are properly and timely completed; and (3) additional uses of the system query tool to ensure proper billing conditions. 25

Instances were noted where the PeopleSoft CIS was not used to plan, schedule, and/or document tasks, thereby increasing the risk for unbilled consumption and limiting accountability for completed tasks. 25

Field activities and/or orders were not always timely finalized after the tasks had been completed, thereby limiting management’s ability to monitor and track work and to timely charge certain fees. 26

Administration of the City’s light pilot program has been cumbersome and inefficient in regard to fee assessments. 27

Instances were noted where the creation or finalization and completion of field activities and/or orders were not proper, logical, or consistent, thereby reducing the integrity of the system data. 28

Consideration is being given to splitting the field activity/order process for gas taps and meter sets to improve efficiency. 30

Staff needs to research and resolve field activities and orders that have been in a pending status for lengthy periods. 30

Requests for reviews and investigations should be processed through PeopleSoft CIS field activities/orders, thereby providing consistent tracking of those requests and related dispositions. 31

A few instances were noted where fees for connection and pilot lighting services were not properly charged. 32

The system process for charging certain reconnection fees may occasionally result in the improper assessment of those fees. 32

Additional system queries that detect improper billing conditions should be developed and run periodically. 34

Recommendations were made that address the identified issues, to include: (1) additional training, (2) establishment of written procedures, (3) changing and/or establishing processes and queries, and (4) complying with City ordinances. 36

Consideration should be given to automating the fee determination process for the City's gas appliance pilot light program. 37

Issue No. 3 - Meter Management..... 37

The meter inventory maintained in the gas meter shop is tracked and accounted for in the PeopleSoft Financials System, the PeopleSoft CIS, and a manual card system. 37

Periodic reconciliations of un-installed meters in the PeopleSoft CIS to meters in the meter shop inventory should be done as one means to identify unbilled consumption. 38

The meter-testing program should be evaluated, documented, and followed to ensure meters are accurately measuring consumption. 39

Consideration should be given to eliminating the manual meter inventory card system. 40

We made recommendations to address the noted issues. 41

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Overall, gas consumption and related fees are properly billed and charged; however, issues were identified that (1) increase the risk that charges and fees are not accurate or proper and (2) indicate that gas activities should be better managed and monitored. 41

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GAS REVENUES



Sam M. McCall, CPA, CGFM, CIA, CGAP
City Auditor

Report #0409

April 12, 2004

Executive Summary

We reviewed Gas Utility revenue activities during the first year PeopleSoft CIS was operational.

The City's gas customers generated revenues exceeding \$22 million.

Overall, gas consumption was properly determined and billed; related fees were properly assessed; and PeopleSoft CIS was effectively used.

The City has customers that operate off elevated pressures; two methods are used to measure consumption for those customers.

This audit reviewed gas utility revenues and activities during fiscal year (FY) 2003, the first year that the PeopleSoft Customer Information System (CIS) was operational. The primary focus of our review addressed revenues generated from the sale of natural gas to City customers. We also reviewed activities related to revenues generated from charges for initiation of gas services, reconnection of gas services, and the City's gas appliance lighting program. Efficiencies and management oversight of revenue related activities were considered.

As of the end of FY 2003, the City was servicing 21,212 residential accounts and 1,336 commercial accounts. Consumption revenue during FY 2003 totaled \$22,413,490, with residential customers charged \$9,853,706 and commercial customers charged \$12,559,784.

Overall, we found gas consumption was properly determined and billed to customers. Also, fees for connections and reconnections and pilot lighting services were generally properly assessed. In addition, the PeopleSoft CIS was effectively used in regard to gas utility activities. However, we identified issues that indicate the need to better manage financial risks created by the complexity of measuring and billing consumption for customers (especially large commercial customers) operating off elevated delivery pressures. In addition, we noted the need for better use of the PeopleSoft CIS as a management tool as well as the need for enhanced meter management.

Elevated Pressures. The City's larger commercial customers often operate off pressures that are significantly greater than the standard line pressure used by most customers. Also, certain residential and commercial customers operate off pressures that are slightly higher than the standard line pressure. For those customers operating off elevated pressures, specialized instruments must be attached to the gas meters to accurately determine consumption. Alternatively,

“multipliers” must be applied in the billing system to adjust the measured consumption for the elevated pressures. Those system multipliers are also applied to adjust consumption measured in units different than billing units, e.g., adjust “MCFs” (1000 cubic feet) to “CCFs” (100 cubic feet).

We reviewed 51 gas service points operating off elevated pressures; six of those were under- or over-billed for consumption.

Our tests of 51 gas service points operating off elevated pressures showed that six commercial customers were over-billed or under-billed due to errors in determining consumption. The amounts ranged between an under-billing of \$9,272 to an over-billing of \$8,556 during FY 2003.

Our recommendations to address these over-billings and under-billings include: (1) standardize methods used to measure consumption; (2) designate and train specific staff within the Gas Utility to measure and record the consumption for these more technical service points; and (3) develop comprehensive written procedures and guidelines. In addition, for managerial purposes, consideration should be given to using the PeopleSoft CIS or another system to designate, track, and monitor service points operating off elevated pressures.

During the first nine months approximately 18,000 field activities and orders were sent to the Gas Utility for various actions.

Managing Activity Through the PeopleSoft CIS. The PeopleSoft CIS is used to plan and schedule various tasks through the creation of field activities and field orders. Tasks include gas taps, meter installations, gas turn ons (connections and reconnections) at service points, lighting pilot lights, meter removals and exchanges, and miscellaneous items such as investigating customer complaints or suspected gas leaks. During the first nine months that the PeopleSoft CIS was operational, almost 18,000 field activities/orders were created and dispatched to the Gas Utility.

Our analyses and testing showed the need for: (1) improvements in the creation and processing of field activities and field orders and (2) increased managerial use of the PeopleSoft CIS to ensure that tasks are properly and timely completed. Also, additional use of the system query tool could be used to help identify improper billing conditions. We recommend that staff/management:

- Use the PeopleSoft CIS to schedule or request all applicable tasks;

Improvements are needed in the creation and processing of field activities and orders; management should increase the use of the PeopleSoft CIS to manage and monitor tasks.

- Timely finalize field activities and/or field orders after the tasks are done;
- Correctly finalize field activities and field orders so dispositions (completed, cancelled, dispatched, etc.) are correct and logical;
- Follow up on field activities and field orders that have been in a pending status for excessive periods;
- Properly and accurately charge connection and reconnection fees and fees for pilot lighting services;
- Periodically run existing queries established to identify unbilled consumption and work the results;
- Develop and periodically run additional queries to identify improper billing conditions; and
- Consider changes to the field activity/order process for certain tasks to realize efficiencies in staff time and managerial reviews.

The charging of reconnection fees based on the related disconnection activity may occasionally result in the improper assessments of those fees.

Our review also showed that certain fees for reconnecting services are charged based on the related disconnection for nonpayment by the customer. UBCS staff indicated that this practice (i.e., charging reconnection fees based on the disconnect action instead of the subsequent reconnect action) is intended to maximize operational efficiency and was also in place under the prior customer information system. However, the practice may result in a \$20 overcharge in those instances when customers, whose services are discontinued for nonpayment, choose to not have the services reconnected. We noted one such instance in our review. Utility Business and Customer Services staff indicates that instances where such an overcharge occurs and is paid by the customer should be rare and would be financially insignificant to the City's gas operations. However, charging such reconnect fees based on the disconnect action could be interpreted not to be in strict compliance with City Ordinance 21-33, which appears to provide for the \$20 fee to be based on the reconnection activity. Consideration should be given to changing the process to ensure the \$20 fee is not charged when customers do not have services restored (reconnected). Alternatively, consideration should be given to revising the ordinance.

Periodic reconciliations of available meters to un-installed meters in the PeopleSoft CIS would help detect unbilled consumption.

Meters have not been tested on a frequent basis; the meter maintenance program should be evaluated, documented, and followed to ensure meters are accurately measuring consumption.

Consideration should be given to eliminating the manual meter inventory card system.

Meter Management. As part of this audit, we also reviewed controls and processes for gas meter inventory and maintenance. The City's meter readers serve as one critical method for identifying gas consumption that is not being billed by the PeopleSoft CIS. In addition, a periodic reconciliation of un-installed meters per the billing system records (PeopleSoft CIS) to meters physically on hand in the gas meter shop was not, but should be done, to help detect instances of unbilled consumption.

Scheduled periodic testing of meters should be done to help ensure those meters accurately measure consumption. Our review showed that gas meters are not being tested frequently. During the last seven years there was an average of approximately 20,000 active meters (currently 25,059 active meters). Of these, records show that only 810 meters were tested over the last seven years, or an average of 116 per year. The meter-testing program should be evaluated, documented, and followed. The program should have reasonable goals and objectives.

Currently, the Gas Utility meter shop uses both the PeopleSoft CIS and a manual card system to track and account for gas meters. Maintaining both methods is not efficient. Considerations should be given to eliminating the manual card system after applicable meter shop staff becomes familiar with and comfortable using the PeopleSoft CIS as an inventory management tool.

We would like to acknowledge the full and complete cooperation and support of the staffs of the Gas Utility, Utility Accounting, Utility Customer Services, Growth Management, and Information Systems Services during this audit.

GAS REVENUES



Sam M. McCall, CPA, CGFM, CIA, CGAP
City Auditor

Report #0409

April 12, 2004

Objectives

This audit focused on the proper, timely, and efficient billing of gas consumption and other related revenues, as well as management's role in identifying and mitigating associated risks.

The objectives of this audit were to determine whether: (1) gas consumption is properly measured and billed to City customers; (2) amounts billed are proper based on customer class, premises location, contractual terms and conditions, and applicable City ordinances; (3) functions (processing of system field activities and orders, meter reading, etc.) that impact billing of consumption and other related gas revenues are proper and efficient; (4) controls and processes pertaining to gas meter inventory and maintenance are adequate; and (5) management has taken an active role in identifying and reducing and/or mitigating risks relating to the Gas Utility revenues.

Scope

Revenues and activity were reviewed during the first 13 months that the City's new PeopleSoft CIS system was used to account and charge customers for gas consumption.

The scope of this audit included a review of activity impacting revenues relating to the Gas Utility during the period October 1, 2002, through the end of our audit fieldwork in November 2003. Our audit period was designed to address activity during the first year that the City's new PeopleSoft Customer Information System (CIS) was operational and used to account and bill customers for gas (as well as electric and water) consumption. The primary focus of our audit addressed revenues generated from the sale of gas to City customers. We also reviewed activities pertaining to revenues generated from charges to customers for initiation of gas services, reconnection of gas services after disconnection because of nonpayment by the customer, and the City's "light pilot" program. Efficiencies and management oversight of these activities were considered during this audit.

Methodology

To address the stated audit objectives, we reviewed gas-related operations and activities performed by the following departments: Gas Utility, Utility Accounting, Utility Customer Services, and Growth Management. We interviewed staff from those departments

We reviewed operations and activities of the Gas Utility and other City departments as they relate to gas revenues.

and performed various tests and analyses of information maintained in the PeopleSoft CIS. We also made site visits to selected customer premises to observe gas meters, service points, and meter reading activities.

Specific procedures performed included:

- Reviewing and obtaining an understanding of the processes and factors that impact Gas Utility revenues, to include:
 - Creating new gas service points at a premises (i.e., connect a new or existing house or business facility to the City’s gas transmission line or “main”).
 - Starting gas service for a customer (connections).
 - Reconnecting gas services for customers disconnected because of nonpayment after they pay the delinquent bill.
 - The City’s “light pilot” program.
 - Meter reading activities.
 - Meter inventory and maintenance.
 - Customer type (e.g., residential versus commercial).
 - Service point location (inside or outside City limits).
 - Meter type and measurements (i.e., different meter types may measure consumption in different measurement units).
- Identifying and analyzing the population of field activities and orders created and dispatched to the Gas Utility through the PeopleSoft CIS; also, sampling and testing items from that population to determine if proper and timely actions were taken, and whether applicable fees were charged.
- Selecting and testing various samples of gas service points to ascertain if customers were properly and timely billed based on amount of recorded consumption, customer type, service point

Areas reviewed included City activities for measuring and billing consumption, processing field activities and orders through the PeopleSoft CIS, and gas meter inventory and maintenance.

Audit procedures included observations and site visits, interviews of staff, sampling and testing transactions and events, and analytical and data mining procedures.

location, rates established by City ordinance, applicable taxes, and any controlling contractual terms and conditions.

- Making site visits to selected service points, reviewing billing set-ups in the PeopleSoft CIS, and reviewing meter reading activities to determine if consumption was being properly and efficiently measured and recorded in the PeopleSoft CIS for billing purposes.
- Performing data mining of the PeopleSoft CIS to identify improper classifications of customer accounts as to service point location and as to customer type (commercial or residential). (Different rates and taxes are charged to customers that reside outside the city limits, and different rates and taxes are charged residential customers versus commercial customers.)

NOTE: Data mining involves the analyses of entire transaction or account populations for the purpose of identifying unusual activity or transactions likely to have been executed in error.

- Performing additional data mining of the PeopleSoft CIS to identify instances where consumption was occurring but not being billed (e.g., to identify where there is an active gas service point with consumption but no associated service agreement for customer billing purposes).
- Identifying and testing the controls over the meter inventory.
- Determining and reviewing procedures for periodic testing and maintenance of gas meters.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards and Standards for the Professional Practice of Internal Auditing, as applicable.

Background

General. The City has been providing gas services to City customers since 1956. As of September 30, 2003, there were approximately 25,280 active gas service points (locations where gas can be consumed if there is a meter and a customer with an active

As of the end of FY 2003, the City was serving 22,548 gas customers; of those 21,212 were residential and 1,336 were commercial.

Revenues for the sale of gas during FY 2003 totaled \$22.4 million; of which \$9.85 million was attributable to residential customers and \$12.55 million to commercial customers.

Other revenues were collected for connection and reconnection charges, gas tap fees, and the light pilot program; these revenues totaled \$508,827.

service agreement). There were 22,548 active customer service agreements for those service points as of that date. Of those customers, 21,212 (94%) were residential accounts and 1,336 (6%) were commercial accounts. During the City fiscal year (FY) 2003, approximately 22 million CCFs (a CCF equals 100 cubic feet) of gas were consumed and billed to City customers. That consumption excludes gas purchased and consumed by the Hopkins and Purdom power plants in the generation of electricity.

Revenues billed for FY 2003 consumption totaled \$22,413,490. Of that amount, \$9,853,706 was billed to residential customers and \$12,559,784 was billed to commercial customers. Some of the larger commercial customers that consume significant amounts and thus generate significant revenues include Florida State University, Florida A&M University, State of Florida, Mitchell Brothers, Inc., Tallahassee Memorial Hospital, Capital Regional Medical Center, Primex Technologies, Inc., and National Linen Service. Many of the larger commercial customers have executed gas contracts with the City. Rates and charges for their consumption are based, in part, on the applicable contractual terms and conditions.

Other revenues generated for related services included fees for connection and reconnection services, gas taps (new gas service points), and the City's "light pilot" program. Revenues for FY 2003 relating to gas operations are shown in the following table:

TABLE 1 – FY 2003 GAS REVENUES		
TYPE	AMOUNT	PERCENT OF TOTAL
Consumption Charges	\$22,413,490	97.7%
Connection Fees	138,294	.6%
Reconnection Fees	322,217	1.4%
Gas Tapping Fees	13,100	.1%
Light Pilot Program	10,143	.1%
Miscellaneous	25,073	.1%
TOTAL	\$22,922,317	100%

Revenue Generating Activities – Consumption, Taps, and Service Connections.

Before consumption can occur, there must be an active gas service point (gas line connected to the City’s gas main) at a premises (e.g., house or business facility). Before billing can occur, there must be an active customer service agreement for the service point.

Growth Management establishes new gas service points in PeopleSoft CIS after contractors apply and pay the tap fee; the Gas Utility then physically creates the service point at the applicable premise.

Service points are created in the PeopleSoft CIS by staff of the Growth Management Department when gas contractors submit applications for a new gas service point at a premises. There are associated application and tap fees. When creating the service points in the PeopleSoft CIS, Growth Management determines the service point location and codes that status into PeopleSoft CIS. Once the application is approved and the service point created in the PeopleSoft CIS, a request (field activity) is submitted through that system by Growth Management to the Gas Utility for the gas tap and meter set. The gas tap represents the physical creation of the service point by tapping into the City’s gas main and running a gas line to the premises. The meter set represents the physical installation of a meter on the service point for the purpose of measuring consumption. Gas taps are completed by the City’s contractor (MasTec Energy Services, Inc.), with oversight by the Gas Utility. Meter sets are completed by staff of the gas meter shop within the Gas Utility. (See description “A” in Figure 1 on the following page.)

Utility Customer Services initiates services and billing activity for new customers within the PeopleSoft CIS.

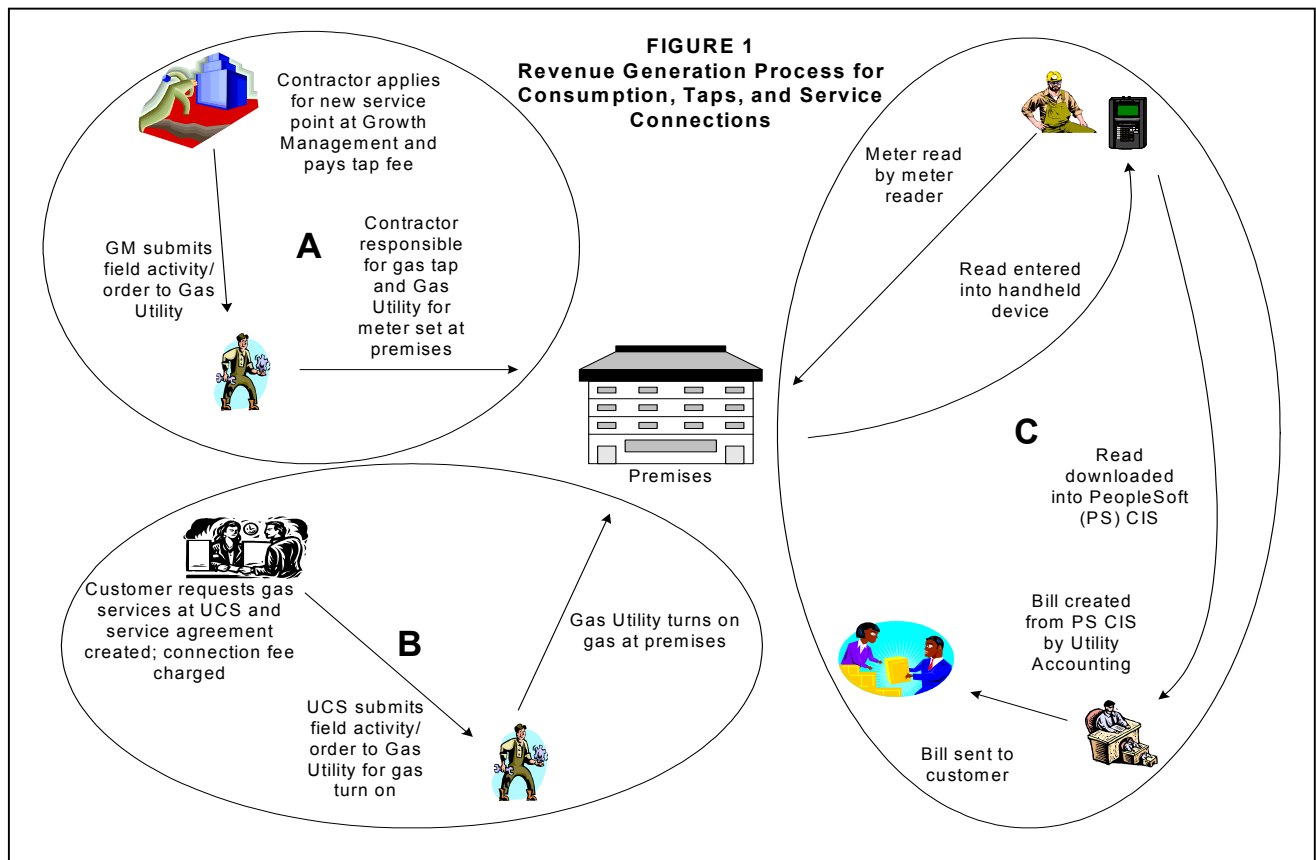
Once a gas service point has been created, the customer residing or using the premises must request gas services through Utility Customer Services (UCS), which is organizationally part of the Utility Business and Customer Services (UBCS) Department. UCS staff process the request and create and activate a service agreement within the PeopleSoft CIS. The customer type (residential or commercial, taxable or tax exempt) is determined by UCS staff and coded into PeopleSoft CIS to ensure the customer is billed at the proper rates. A request for a “meter turn on” is then created by UCS staff through the PeopleSoft CIS and sent to the Gas Utility. Upon receipt of the request, Gas Utility staff goes to the premises

and physically turns on the gas at the service point. Gas Utility staff then updates the PeopleSoft CIS to reflect the status of the service as “on.” There is a standard \$17 fee charged the customer to start the service (connection fee). (See description “B” in Figure 1 below.)

Consumption is determined by meter readers and recorded in PeopleSoft CIS for billing purposes.

Meter readers make monthly site visits to premises and record the meter readings into handheld devices. The readings are then downloaded into the PeopleSoft CIS, which calculates consumption and generates the customer bill. These meter readers are organizationally part of UBCS. For certain large commercial customers, the meters are read by staff of the Gas Utility or Electric Utility. Those reads are then manually entered into the PeopleSoft CIS for billing purposes. Those large commercial customers generally have more technically complex meters and measuring devices as compared to most gas customers. (See description “C” in Figure 1 below.)

Figure 1 below provides an overview of the process described in the preceding paragraphs.



City ordinances provide for a \$20 charge to customers whose gas services are reconnected after having been disconnected for failure to pay delinquent bills.

Revenue Generating Activities – Reconnections. When a customer does not pay the bill timely, the PeopleSoft CIS is designed to generate and submit a request to stop (disconnect) the customer’s services. Those requests are sent to the Field Services section of UCS. Field Services staff goes to the applicable premises and turns off the gas at the service point. The PeopleSoft CIS is then updated by Field Services staff to reflect the disconnection of the services.

In the event that the customer subsequently pays the delinquent bill, UCS staff creates and submits through the PeopleSoft CIS a request to have the gas services reconnected. That request is submitted to the Gas Utility. After turning the gas services back on at the service point, Gas Utility staff updates the PeopleSoft CIS to reflect the reconnection of the services. City Ordinance 21-33 provides for a \$20 reconnect fee to be charged to customers under these circumstances. If the reconnection is performed after normal work hours, the ordinance provides for an additional \$9 charge.

The Gas Utility operates a gas appliance lighting service for City customers; customers receive one free service annually and are charged for additional services and when the service is performed after normal working hours.

Revenue Generating Activities – Light Pilot Program. City Ordinance 21-433 establishes a gas appliance pilot lighting service for City customers. Under that program, an existing City customer will receive one pilot lighting service free of charge every 12 months, as long as the service is provided during normal work hours. A charge of \$17 will be assessed for any additional pilot lighting services during that same 12-month period. A charge of \$29 will be assessed for any pilot lighting service conducted after normal work hours. These light pilot program charges are not applied as part of initial connections and reconnections after services were disconnected for nonpayment.

Fees and Charges. Fees and charges associated with the above processes are shown in the following table:

TABLE 2 – FEES/CHARGES	
TYPE	STANDARD AMOUNT (1)
Consumption Charge – Residential	Fixed monthly charge of \$7 and fixed charge per CCF (100 cubic feet), plus applicable taxes (2)
Consumption Charge – Commercial	Fixed monthly charge of \$12 and fixed charge per CCF, plus applicable taxes; large users subject to charges based on contractual terms and conditions (2)
Connection Fees	Fixed charge of \$17
Reconnection Fees	Fixed charge of \$20; \$29 if reconnection performed after normal work hours
Light Pilot Fees	\$17 each service after one free service used; \$29 if pilot lighting service conducted after normal work hours
Gas Tapping and Permit Fees (3)	Application fee of \$40, connection fee of \$7, tap fee of \$50 for residential or \$100 for commercial

(1) Some of these fees may vary or be waived under specific circumstances.

(2) The fixed charges per CCF are re-determined quarterly after considering changes in the cost of natural gas.

(3) These fees are not accounted for through the PeopleSoft CIS and were not included in the scope of this audit.

Tasks are requested of the Gas Utility through PeopleSoft CIS field activities/orders; tasks include gas taps and meter sets, connections and reconnections, meter exchanges and removals, pilot lighting, and service investigations.

PeopleSoft CIS Field Activities and Orders. The City successfully converted to the PeopleSoft CIS on October 15, 2002. The implementation of that system was a major project that involved many City staff and resources over a three-year period. Overall, the system has been used to effectively determine consumption and bill customers for gas services.

Applicable City departments and offices request various actions of the Gas Utility (or other City departments) through the PeopleSoft CIS. These requests are termed field activities and field orders. The field activity represents the request, and the field order represents the dispatch (within the system) of that activity to staff designated to perform the applicable task. Once the physical task has been done, the field activity and order should be “completed” in the PS CIS. In regard to gas operations, there were several types of field activities and orders submitted to the Gas Utility during the period October 15, 2002, through July 20, 2003 (that period from the “go live” date for PeopleSoft CIS to the beginning of our audit

fieldwork). The types and pertinent information are described in the following table.

TABLE 3 – FIELD ACTIVITIES/ORDERS SUBMITTED TO THE GAS UTILITY FROM OCTOBER 15, 2002, TO JULY 20, 2003 (1)			
Type	Requesting Department (2)	Description	Number Submitted
Meter Connect Service Point	Growth Management	Request for a gas tap at a new service point	3
Meter Install	Growth Management	Request for a meter set at a new service point	76
Meter Connect/Install	Growth Management	Combined request for a gas tap and meter set at a new service point	897
Meter On	UCS	Request for connection of services for a new customer at a new or an existing service point	1,882
Meter Reconnect	UCS	Request for reconnection of services after existing customer pays delinquent bill	7,371
Meter Miscellaneous	UCS or Utility Accounting	Request for corrective action for broken meter or dirty meter dial, check for leaks, or other miscellaneous activity	735
Meter Service Investigation	UCS or Utility Accounting	Request for review based on customer disputes or to determine if meters are tied to the correct premises in PeopleSoft CIS, etc.	8
Gas Light Pilot – Free or Charge	Gas or other Utility	Based on a customer request for either appliance pilot lighting services or to return to a premises to turn gas services on – determination whether “free” or “charge” based on applicable circumstances and ordinances	6,698
Meter Exchange	Gas Utility or UCS	Request to replace a meter with another meter at a service point; reasons could be to replace a defective meter or to remove a meter for maintenance	57
Meter Removal	Gas Utility or UCS	Request to remove a meter from a service point; reason could be service point is being abolished when a building is demolished	41
Various	Various	Various requests such as replace seal, test meter, reread meter, etc.	35
TOTAL			17,803

(1) Requests for “disconnects” are generally completed by Field Services section staff in UCS, not the Gas Utility.

(2) Department/office that typically initiates request and creates field activity.

Management has initiated efforts to identify and mitigate risks.

Management Efforts to Identify and Mitigate Risks. Efforts by management of the Gas Utility and Utility Services have been made and are on-going to identify and mitigate financial risks relating to Gas Utility revenues. Examples brought to our attention included internal reviews of processes involving meter reading, billing set-ups in the customer information system, and detecting meter failures and malfunctions. Reviews of communications between various departments and offices have also been made. Those efforts identified various financial risks, for which management has been partially successful in mitigating. For example, some of these efforts resulted in the identification and correction of instances where gas was being consumed and not billed or instances where gas consumption was not accurately measured for billing purposes.

In addition, in June 2003 the Gas Utility hired an external consultant to independently evaluate the validity and reliability of consumption determination and billing for large, non-residential (commercial) customers. The scope of that consultant's work also includes meter testing, verification of all data used to calculate bills, and a recalculation of a random sample of bills. As of the end of our audit fieldwork, the consultant had not completed the work or issued a report.

Overall Summary

The results of our audit procedures showed that, overall, gas consumption was being properly read by meter readers, recorded in the PeopleSoft CIS, and billed to City customers. Also, the determinations of amounts to bill for that consumption were generally correct based on customer classification (e.g., residential versus commercial), premises location (inside or outside City limits), contractual terms and conditions (i.e., for large customers), and applicable City ordinances.

Overall, gas consumption was properly determined and accurately billed, related fees were properly assessed, and PeopleSoft CIS was effectively used; however, issues were identified.

Our audit showed that the functions that impact the billing of consumption and other related gas revenues were effective and mostly efficient. In addition, controls and processes were in place regarding meter inventory and maintenance. Furthermore, management of the Gas Utility, Utility Accounting, and Utility Customer Services has already taken some steps to identify and mitigate risks relating to operations impacting gas revenues.

In addition to the overall conclusions as stated above, we did identify issues that indicate risks need to be better managed in three areas: (1) consumption determination for service points operating off elevated pressures, (2) the PeopleSoft CIS as a tool to manage activities and operations, and (3) meter management. These issues are addressed in the following sections of this report.

Issue No. 1 - Consumption Determination for Elevated Pressures

While most customers operate off the standard ¼ pound line pressure, there are numerous customers operating off elevated pressures ranging from 2# to 90#.

Overview. The vast majority of City residential and commercial gas customers operate off standard pressure, which is ¼ pound per square inch (¼ pound). Certain residential and large commercial customers operate off pressures greater than the ¼ pound standard. Those elevated pressure users operate off pressures that range from 2 to 90 pounds. Some of the customers operating off the highest pressures include Mitchell Brothers, Inc. (90 pounds), Florida State and Florida A&M Universities (18 to 28 pounds), various State of Florida buildings (18 to 26 pounds), Tallahassee Memorial Hospital (18 pounds), Capital Regional Medical Center (18 pounds), Primex Technologies, Inc. (12 pounds), and Florida Rock Industries, Inc. (20 pounds). The number of customers operating off elevated pressures is not documented in the PeopleSoft CIS or other system. However, numerous other customers operate off pressures noted above as well as 2# and 5# pressures.

Two methods are used to determine consumption for customers operating off elevated pressures, (1) telecorrector and index instruments attached to the gas meters and (2) system multipliers.

Gas meters used by the City are designed to measure consumption at the standard pressure of ¼ pound. Accordingly, certain adjustments to meter reads are necessary for determining consumption for customers operating off elevated pressures. Adjustments can be made using one of two methods. The first method is to place a “telecorrector” or “index” instrument on the gas meter. Those instruments are designed to measure consumption at the elevated pressures. The telecorrector instruments, which are used for the higher pressures (e.g., greater than 5 pounds), also adjust consumption for minor variations in line pressure and temperature. The index instruments, which are used for customers operating off 2 pound and 5 pound pressures, assume a static line pressure and temperature. However, any fluctuations in those factors at those pressure levels are not significant in determining consumption.

The second method is to apply a standard “multiplier” to consumption as determined by the standard gas meter. Each pressure level has a standard multiplier. These standard multipliers are determined based on line pressure and the standard atmospheric pressure for this geographical region. Table 4 provides the standard multipliers for certain pressures in this geographical region.

TABLE 4 – STANDARD MULTIPLIERS	
Line Pressure	Multiplier
2#	1.11
5#	1.32
18#	2.20
20#	2.34
26#	2.74

Either method is acceptable. The City employs both methods.

System multipliers are also used to adjust measured consumption to the correct billing units.

When the multiplier method is used, the Gas Utility enters the applicable multiplier in the PeopleSoft CIS for the customer. That multiplier is then applied to measured consumption determined by meter readers and entered into the billing system. For example, if consumption is read and entered as 100 CCFs and the multiplier is 1.11 (2 pound pressure), the system bills for 111 CCFs.

Multipliers are also applied in the billing system for an additional reason. That circumstance involves instances where a telecorrector instrument measures consumption (for elevated pressure customers) in MCFs (1000 cubic feet) instead of CCFs (100 cubic feet). To convert the measured consumption from MCFs to CCFs, a multiplier of 10 is applied in the billing system. For example, if consumption is read and entered in the system as 10 MCFs, the system applies the multiplier such that the customer is properly billed for 100 CCFs.

We identified and made site visits to 51 gas service points that operated off elevated pressures.

Issues. As part of our audit, we identified and reviewed all 38 gas service points that had multipliers applied by the PeopleSoft CIS for billing purposes. We reviewed the circumstances and PeopleSoft CIS billing set-ups for each of these 38 service points. We made site visits to 25 of those 38 service points. Although not identified in the PeopleSoft CIS, we also made site visits to and reviewed the PeopleSoft CIS billing set-ups for 26 service points that operated off elevated pressures and had no multipliers applied by the system. Those 26 service points were identified based on discussions with Gas Utility staff and observations during site visits to other service points. For the 51 service points visited, we noted the following issues:

- One commercial customer (apartment complex) operating off standard $\frac{1}{4}$ pound (#) pressure with a standard meter that measured CCFs had a multiplier of 10 applied by the billing system. A multiplier was not appropriate under these circumstances. As a result, the customer was over-billed \$8,556 during the period October 2002 through September

2003 (FY 2003). (During this period the customer's cumulative bill totaled \$9,762; it should have totaled \$1,206.)

Our tests and analyses showed that customers for 6 of the 51 service points were being under-billed or over-billed due to errors in determining consumption.

- Two commercial customers (restaurants) operating off 2# pressures had multipliers of 1.11 applied by the billing system, but also had index instruments attached that adjusted metered consumption for the 2# pressures. Either one of the two methods (multiplier or index instrument) was appropriate but the application of both methods at the same time resulted in the customers being over-billed. During FY 2003, these two customers were over-billed \$2,693 and \$785. (The customers' cumulative bills for that period totaled \$29,138 and \$8,396, respectively; they should have been billed \$26,445 and \$7,611, respectively.)
- One commercial customer (Florida State University) was over-billed \$391 during FY 2003 for one of its gas service points. This over-billing occurred when a multiplier of 1.11 (used for 2# pressures) was improperly applied by the billing system for a service point that operated off standard ¼ # pressure. (While the university has numerous gas service points [e.g., heating plant] for which approximately \$3 million is paid annually, the cumulative bill during FY 2003 for this service point totaled \$4,100; it should have totaled \$3,709.)
- One commercial customer (State Satellite Office Complex) was under-billed \$9,272 during FY 2003 for one of its service points. This occurred because the applicable service point, which operates off a 26# line pressure, had neither a telecorrector instrument attached to the meter nor a multiplier in the billing system. (The total amount billed for this service point during FY 2003 was \$5,487; it should have been \$14,759.)
- One commercial customer (a Leon County public school) was under-billed \$53 during FY 2003, because there was no index

instrument attached to the meter and no system multiplier in the PeopleSoft CIS billing system for a service point that operates off a 2# line pressure. (The amount billed during FY 2003 for this service point totaled \$669; it should have totaled \$722.)

Our interviews of Gas Utility and UBCS staff and review of available documentation disclosed that four similar instances had been identified in prior years. In two of these instances, significant under-billings and over-billings occurred before UCS staff, Gas Utility staff, and the customers detected and resolved the errors. Those two instances involved the following:

Other instances of significant under-billing and over-billing occurred in prior years due to similar errors in determining consumption.

- Tallahassee Community College (TCC) was under-billed during the period December 1997 through June 2002 because meter readers read and entered consumption as MCFs (1000 cubic feet), but the billing system in effect at the time billed that consumption as CCFs (100 cubic feet). There was no system multiplier (factor of 10) or other adjustments made to change the measured consumption for billing purposes. The result was that TCC was under-billed by a factor of 10, or approximately \$282,000, for the applicable five-year period. TCC was back-billed and paid \$82,610 for the most recent of those years. The remaining \$200,000 was not back-billed or recovered as it is the City's practice to not back-bill beyond the last 12-month period for undercharges resulting from City error.

(NOTE: The City's policy for not back-billing for a period greater than 12 months due to a City error is based on Section 25-7.0851, Florida Administrative Code, which provides that "investor-owned" utilities may not back-bill for a period greater than 12 months when the undercharge in billing is the result of the utility's mistake. Although not subject to that requirement as a municipal utility, the City has elected to follow that provision.)

- A commercial customer (State of Florida) was both under-billed and over-billed when a system multiplier was incorrectly applied to one service point (Senate Office Building) and incorrectly not applied to another service point that was in close proximity (Collins Building). This over-billing error occurred for approximately five months (December 2001 through April 2002), while the under-billing error occurred for approximately five years (1998 through 2002) before detection. Corrections were made, and the State was (1) reimbursed \$177,774 for the over-billing relating to the Senate Office Building and (2) back-billed \$124,633 for the under-billing relating to the Collins Building. The \$177,774 reimbursement was for the entire five-month period that the overcharges occurred. However, because of the City's practice for recovering under-billings as noted above, the \$124,633 recovery pertained only to the most recent 12 months prior to the determination of the error. Based on our analysis of activity for this service point, it appears that other adjustments were made in prior years to recover some of the remaining under-billed amounts. However, we estimate that as much as \$200,000 was not back-billed and recovered due to this error.

These instances of under-billing and over-billing customers operating off elevated pressures can be attributed to several factors. Those factors include:

- Errors by staff when establishing the billing set-up for a meter or gas service point (e.g., setting multipliers) in the customer information system.

Instances of under- and over-billings can be attributed to several factors, to include: (1) errors, (2) lack of standardization, (3) multiple groups of meter readers with different levels of knowledge and understandings, and (4) lack of written procedures.

- The lack of standardized methods for measuring and billing consumption for service points with similar characteristics.

This includes:

- Using index instruments for some service points operating off 2# or 5# pressures but then using system multipliers for others.
- Using telecorrector instruments for most customers operating off line pressure greater than 5# but not using a telecorrector instrument for one such customer (i.e., for that customer a system multiplier was used to adjust consumption for the elevated line pressure).
- Using different types of telecorrector instruments for customers operating off pressures greater than 5#. The features between types vary, such that the meter reader must be knowledgeable of the differences and their impact on consumption measurement. As an example, one instrument type measures only in MCFs and thus requires a corresponding multiplier in the billing system, while other types measure CCFs as well and do not require a multiplier.

Standardization of the methods for similar circumstances should reduce the risk of billing errors.

- Instead of one well-trained group, several different groups perform meter reading. Staff of the Gas Utility read and record in PeopleSoft CIS consumption for 13 service points operating off pressures from 2# to 90#. Utility Accounting (regular) meter readers read and record consumption for numerous other customers operating off elevated pressures. Additional service points operating off elevated pressures may be read by the Electric Department when they read their meters. Because of the technical aspects of these elevated service points (e.g.,

telecorrector instruments), it may ensure more timely identification of problems, in addition to more accurate consumption measurement and billing, if one group is designated to read those meters. That designated group should have a good understanding of the technical and system aspects of the service points, meters, instruments, and the PeopleSoft CIS billing process.

- The lack of comprehensive written procedures and guidelines for determining consumption at service points operating off elevated pressures, including how different meter types and related instruments should be read. The meter type, size, and undercarriage determine which digits should be read for determining CCFs, MCFs, and CFs. Each type of telecorrector measures consumption differently than other types (e.g., some measure consumption only in MCFs while others can measure in both CCFs and MCFs). Currently, there are only two employees within the Gas Utility that have been assigned to read and understand some of the more complex meters and telecorrector instruments. In the event that both employees were away from work for any extended period of time, comprehensive and documented procedures would assist management in continuing accurate and proper meter reads.

Recommendations. Management of the Gas Utility and Utility Business and Customer Services should take an active role in identifying financial risks that have resulted or may result in significant under-billings or over-billings to gas customers. Once identified, management should follow up to ensure that appropriate (and cost-effective) actions are taken to mitigate those risks to acceptable levels. This should be a dynamic and on-going process.

In regard to the specific issues identified above, we recommend that management consider the following:

Management should mitigate the risks and issues identified relative to determining consumption for customers operating off elevated pressures.

- Standardize the methods for measuring and billing consumption for service points/customers operating off elevated pressures. This should include, to the extent practicable, eliminating duplicate methods for measuring consumption at service points operating off similar pressures. Consideration should also be given to selecting the best and most efficient telecorrector type and only using that type to measure consumption at applicable service points.
- Select and train (as needed) one group of meter readers to determine and record consumption in the PeopleSoft CIS for those customers operating off pressures greater than 5#. In addition to ensuring more accurate consumption determinations and more timely identification of technical problems at service points, implementation of this recommendation would eliminate the current practice where regular Utility Accounting meter readers as well as Gas Utility staff make site visits to the same service points for different reasons (i.e., inefficiencies due to duplicate trips). A sufficient number of staff should be trained so that back-up readers are available in the event that the primary readers are not available for extended periods.
- Develop and distribute to meter readers and their supervisors comprehensive written procedures and guidelines for determining consumption at service points operating off elevated pressures. This should include, among other things, how to read and interpret information from the different meter types and telecorrector/index instruments.

In addition, for managerial purposes, consideration should be given to using the PeopleSoft CIS or another system to designate, track, and monitor service points operating off elevated pressures.

***Issue No. 2 -
The PeopleSoft
CIS as a Tool to
Provide
Accountability
and Enhance
Management***

A total of 17,803 field activities/orders were created and submitted to the Gas Utility during the first nine months that PeopleSoft CIS was operational.

We performed data mining, analyses, and testing of field activities and orders created and processed within the PeopleSoft CIS.

Overview. As described in the Background section of this report, various tasks are requested of the Gas Utility through PeopleSoft CIS field activities and field orders. Those field activities and orders provide: (1) a mechanism for scheduling work, (2) accountability for tasks requested and completed, and (3) a tool for management to monitor and track performance. During the period October 15, 2002 (conversion date to PeopleSoft CIS), through the beginning of our audit fieldwork on July 20, 2003, there was a total of 17,803 field activities/orders created and submitted to the Gas Utility. Those field activities/orders are described in Table 3 in the Background section of this report.

Issues. As part of our audit, we analyzed and data mined these field activities and field orders, and selected a sample of 107 items, to: (1) determine and evaluate their impact on gas revenues and (2) determine if they were created and processed properly, logically, and timely.

In addition, we created and ran several queries of data in PeopleSoft CIS for the purpose of identifying improper billing conditions. (A query is a software tool designed to extract certain information based on parameters set by the query builder.) Examples of improper billing conditions include billing commercial customers at residential rates, and billing customers located outside the city limits at rates set for customers inside the city limits.

Our audit procedures indicated the need for: (1) more consistent, efficient, logical, and timely creation and processing of field activities and orders; (2) increased managerial use of the PeopleSoft CIS to ensure that tasks are properly and timely completed; and (3) additional uses of the system query tool to ensure proper billing conditions.

Our queries, analyses, and testing disclosed several issues indicating the need for (1) more consistent, efficient, logical, and timely creation and processing of field activities/orders, (2) increased managerial review of field activities and field orders for the purpose of ensuring that actions and tasks are being properly and timely completed and the PeopleSoft CIS is properly and timely updated, and (3) increased uses of the PeopleSoft query tool to ensure proper billing conditions. In addition, we noted instances where fees for connection, reconnection, and pilot lighting services were not properly charged based on documented circumstances and the City's ordinances.

The following paragraphs provide a more detailed description of these issues. (NOTE: While each individual issue addressed in the following paragraphs may not merit concern if considered in isolation, the collective consideration of all identified issues is indicative of the need to improve use of the PeopleSoft CIS as a tool for managing Gas Utility activities.)

Field activities and orders were not always properly, logically, efficiently, and/or timely created and processed. Our data mining and tests showed the following:

Instances were noted where the PeopleSoft CIS was not used to plan, schedule, and/or document tasks, thereby increasing the risk for unbilled consumption and limiting accountability for completed tasks.

- *Instances where field activities and field orders for gas taps and meter sets, as well as meter removals and exchanges, were not created until after the physical tasks had been completed. In some of those instances a field activity was created but not a field order. Creating field activities after the tasks have been done implies that the work was not properly planned and scheduled in the PeopleSoft CIS. Planning and scheduling work is one of the primary purposes of the system. Our testing of 32 applicable items showed two instances where field activities and orders for gas taps and meter sets were created after the taps and sets had been done. Allowing a gas tap to be done and a meter installed without a corresponding field activity and field order in the system will preclude the initiation*

of billing services in the event that the gas gets turned on and consumed at the applicable service point.

Our queries identified instances similar to the above in regard to meter removals, exchanges, and installations. In those instances it appears that staff of the gas meter shop created and completed field activities for those actions after completing the tasks. For those instances a corresponding field order was not properly created. Without a field order, there is no record in the PeopleSoft CIS of the staff that completed the actual removal, exchange, or installation or the date the tasks were done. That limits management's ability to determine responsibility for the tasks. (Attributable to the Gas Utility.)

Field activities and/or orders were not always timely finalized after the tasks had been completed, thereby limiting management's ability to monitor and track work and to timely charge certain fees.

- *Instances where field activities and/or orders were not timely finalized in the PeopleSoft CIS after the physical task had been completed.* The result of not finalizing field activities and/or orders is that the PeopleSoft CIS shows the tasks as pending completion when they are actually completed. Examples noted included:
 - Pending status of field activities/orders for connecting service points (gas taps) when the tasks were done as evidenced by the fact that the service points were being billed for consumption (three of 107 items tested; all attributable to the Gas Utility).
 - Tasks completed and the field activity updated to reflect the completion but the corresponding field order still shows a pending status (i.e., "dispatched" instead of "completed"). The tasks associated with these instances included gas taps, meter sets, service investigations, connections and reconnections, and pilot lighting services (12 of 107 items tested; all attributable to the Gas Utility except one instance attributable to Utility Accounting).

Administration of the City's light pilot program has been cumbersome and inefficient in regard to fee assessments.

- Field activities and field orders for pilot lighting services were completed in the PeopleSoft CIS 25 to 215 days after the tasks had been completed (12 of 21 items tested). In addition, our data mining activities showed that more than 50 percent of all such field activities/orders are completed more than two months after their creation date. Based on discussions with Gas Utility staff, this is attributed, at least in part, to the volume of field activities/orders generated for this service (6,698 for the 9-month period reviewed) and the research that is required to determine if a fee should be charged for each request (i.e., field activity). Specifically, for each field activity, before staff can determine if a fee should be charged they must first determine (1) if the service relates to an initial connection or a reconnection after a disconnection for nonpayment, (2) if the service relates to a customer request, and, if so, how many requests were received during the past year, and/or (3) what date and time the service was provided. Staff indicated that it takes several minutes to manually process one completed request because of this research. (Attributable to the Gas Utility.)

Not timely finalizing field activities and field orders in the system: (1) limits the use of the PeopleSoft CIS as a management tool for effectively monitoring and tracking work status and actions and (2) may result in untimely billing and collection of revenues due the City (e.g., in certain circumstances consumption will not be billed, and connection and light pilot fees cannot be assessed, until the applicable field activities/orders are completed in the system).

- *The creation or finalization and completion of field activities and/or field orders in PeopleSoft CIS were not always proper, logical, or consistent.* Examples noted included:

Instances were noted where the creation or finalization and completion of field activities and/or orders were not proper, logical, or consistent, thereby reducing the integrity of the system data.

- Instances where the field activity was cancelled (task no longer necessary) but the corresponding field order was “completed.” When the field activity is cancelled the corresponding field order should also be finalized with a “cancelled” status. Otherwise, the completed status infers that the work was done (eight of 107 items tested; attributable to the Gas Utility except one instance attributable to Utility Accounting).
- Instances where the task was determined not necessary and the field activity was cancelled but the corresponding field order still showed a “dispatched” (pending) status (nine of 107 items tested; attributable to Growth Management, Utility Accounting, and UCS as well as the Gas Utility).
- Instances where multiple field activity/order types were used to request the same tasks. Specifically, we noted 897 instances where a “meter connect/install” field activity was used to request a gas tap and meter set at a service point and another 76 instances where a “meter install” field activity was used to request the same thing. (Primarily attributable to Growth Management and Utility Accounting staff.) We also noted that three different types of field activities (“meter install,” “meter connect SP,” and “meter miscellaneous”) were used by Growth Management staff to request relocations of existing meters. In addition, both “meter miscellaneous” and “meter service investigation” field activities were used by UCS staff to make requests for investigations/reviews based on customer complaints.
- Instances where the disposition of field activities and field orders is not logical when compared to the other activities documented in the PeopleSoft CIS for the applicable service points. For example, there was a “completed” field activity and field order for a reconnect request (used for instances where a customer pays a delinquent bill after

services had been disconnected for nonpayment), but the associated field activity for disconnecting the services had been “cancelled.” Those circumstances imply that the services were reconnected without ever having been disconnected. Another example was the “completion” of a field activity for a pilot light request that should have been “cancelled” based on the corresponding field order and other field activities for that service point (five of 107 items tested; attributable to the Gas Utility and/or Utility Accounting).

- One instance where a field order associated with a specific “meter install” request was “completed” but the activity was “cancelled.” Further analysis showed that the field order was “completed” and tied indirectly (i.e., via notes in a comment box) to an unassociated field activity pertaining to a different service point. It would have been more logical to have cancelled that field order and created a new field order for the different field activity and service point. Under the current circumstances, management would infer from an overview of data that a task was done for which there was no field activity (one of 107 items tested; attributable to the Gas Utility).
- Instances when Gas Utility staff completed field activities and field orders in the PeopleSoft CIS after the tasks were done but inadvertently did not update other aspects of the system. Specifically, for two field activities/orders completed for gas taps and meter sets, the status of the applicable service points was not changed from “disconnected” to “connected.” The connected status indicates that the service point has been connected to the City’s gas main. Thus, the system shows the incorrect status of those service points. In an additional instance, staff did not change the meter status back to “on” when the services were reconnected. As a result, the PeopleSoft CIS

incorrectly showed that the meter was still turned off. While these instances did not impact the billing for consumption at these service points, they did reduce the integrity of the system data (three of 107 instances). (NOTE: Our queries identified similar instances, including: (1) not changing the status of the service point from “connected” to “disconnected at the meter” when meters are removed and (2) not changing the meter status to “off” when gas service is terminated for a customer.) (Attributable to the Gas Utility.)

Not properly, consistently, or logically creating and finalizing field activities and orders reduces management’s ability to rely on that information for monitoring requested tasks and actions.

Consideration is being given to splitting the field activity/order process for gas taps and meter sets to improve efficiency.

- *The field activity/order process for requesting gas taps and meter sets is not efficient.* Requests for gas taps and related meter sets were usually combined into a single field activity/order (i.e., “meter connect/install”). The meter sets are often done months after the gas tap is completed. As a result, the PeopleSoft CIS will not reflect the completion of the gas tap until after the meter set has been done (e.g., field activity and field order are not completed until both tasks are done). This limits management’s use of the PeopleSoft CIS data as a tool for monitoring the status of requested gas taps. The Gas Utility and Utility Accounting indicated that they are considering splitting the combined gas tap/meter set requests into separate field activities/orders.

Staff needs to research and resolve field activities and orders that have been in a pending status for lengthy periods.

- *Field activities and field orders that have been in “pending/dispatched” status for excessive periods are not being identified, researched, and resolved.* Our analyses showed the following instances where field activities and orders had been outstanding for longer than 60 days:

- 210 field activities and orders for miscellaneous actions (dirty dials, meter change outs, suspicious gas odors, check for gas leaks, etc.);
- 77 meter reconnect requests;
- 9 meter turn-on requests (connections); and
- 1 field activity and field order for a service investigation based on a customer complaint (disputed reading).

These field activities and field orders need to be properly (1) worked, resolved, or cancelled and the system updated to reflect that status, or (2) updated in the system to reflect that the task has already been completed. Our review showed the need to cancel some of these as the work was done under different field activities and field orders.

Requests for reviews and investigations should be processed through PeopleSoft CIS field activities/orders, thereby providing consistent tracking of those requests and related dispositions.

- *Requests for reviews and investigations by Revenue Specialists within the UCS were not always processed through the PeopleSoft CIS. Revenue Specialists within UCS analyze and review utility activity and sometimes make requests for reviews and investigations as a result. Examples relating to the Gas Utility include requests of Gas Utility staff to investigate potential defective meters or inaccurate consumption measurements. These requests and the investigative results are sometimes communicated only through e-mail. It would be more appropriate to process all such requests and dispositions through PeopleSoft CIS “service investigation” field activities and field orders. This would ensure consistent tracking and accounting for these requests and dispositions, as well as making that information more accessible by management.*

Available documentation indicated some instances where fees for connection services and pilot lighting services were not properly charged. Specifically, for the service points relating to the 107 items tested, we noted:

A few instances were noted where fees for connection and pilot lighting services were not properly charged.

- Four instances where the \$17 connection fee was not charged for the initiation of services;
- Two instances where a \$9 after hours fee (meter reconnects) was not charged;
- One instance where a \$9 after hours fee was inappropriately charged twice; and
- One instance where a \$20 reconnect fee was waived when the reconnect service was subsequently determined to be the result of a City error, but the associated \$9 after hours fee was not also waived.

These eight instances were reviewed with Gas Utility and Utility Accounting staff. Some of these improper charges were attributed to completion of the field activities/orders by staff not familiar with the charges. Other instances were attributed to errors due to the workload volume. For example, each light pilot field activity/order must be individually reviewed to determine if a charge is appropriate. As previously noted in this report, a total of 6,698 such field activities/orders were created during the 9-month period covered in our review.

The system process for charging certain reconnection fees may occasionally result in the improper assessment of those fees.

Under certain circumstances, the practice of charging the \$20 fee for reconnection services based on the related disconnection of services for nonpayment will result in that fee being incorrectly assessed. City Ordinance 21-33 provides, in part, that “when service is discontinued or ordered discontinued for cause or because of nonpayment of amounts due, there shall be a service charge of \$20 for the reestablishment of gas utility service connections made

during normal work hours.” We noted that the PeopleSoft CIS is set up to charge that fee based on the disconnection (for nonpayment) action instead of the reconnection of the services. In the vast majority of such instances the applicable customers pay their delinquent bill and have their gas services restored (reconnected). In those instances there is no impact of charging the fee based on the disconnect activity. However, in those occasional instances where the services are disconnected for nonpayment and the customer chooses to not have services restored (e.g., customer moves from premises or decides not to continue gas services), the \$20 fee is still charged. A charge under those circumstances is not proper and not in accordance with the ordinance. In addition, the practice of charging the fee based on the disconnect activity instead of the reconnect activity could be interpreted not to be in accordance with City Ordinance 21-33.

We noted one instance in our review where a \$20 reconnect fee was charged when gas services for a customer were disconnected for nonpayment, but the services were not restored. In response to our inquiry, Utility Accounting identified 479 instances where it is likely that this circumstance occurred in fiscal year 2003. UBCS staff indicated that in the majority of such instances, the applicable customers do not pay the delinquent bill (e.g., the customer moves from the applicable premises without paying the delinquent bill or requesting reconnection of services). Accordingly, they believe instances where an overcharge is collected will be rare. Furthermore, the financial impact on the City’s gas operations would be insignificant.

UBCS staff also stated that this practice (i.e., charging reconnection fees based on the disconnect action instead of the subsequent reconnect action) is intended to maximize operational efficiency and was also in place under the prior customer information system. They stated that reprogramming the PeopleSoft CIS to charge the fee based on the reconnection instead of the disconnection would require a system modification that may be inefficient in the long

term (i.e., system modifications make future system upgrades more difficult and expensive). However, they indicated that alternative system enhancements would be made to ensure that customers (disconnected for nonpayment) are properly credited for the \$20 charge in the event their gas services are not restored. We recommend that these enhancements be made.

Additional system queries designed to detect improper billing conditions should be developed and periodically run and worked by staff; existing queries should be run and the results worked more often. Staffs of Utility Accounting and UCS have developed certain system queries of information in the PeopleSoft CIS that identify improper billing circumstances. For example, they have developed a query to identify instances where the gas meter status for a service point is “on” but there is no active service agreement to allow billing to a customer.

Additional system queries that detect improper billing conditions should be developed and run periodically.

During this audit, we developed additional queries (with the assistance of Information Systems Services) for the purpose of identifying improper conditions. We also ran the existing query described above and reviewed the results. Our review showed that, overall, billing conditions within the PeopleSoft CIS were proper. However, in a few instances errors were identified. Specifically:

- The existing query to identify service points with a meter status of “on” but no active service agreement was not being run and worked frequently. When we ran the query, it produced 64 items that met the described circumstances. Our review of 20 of those items showed eight instances where gas has been consumed and not billed and no action taken by Utility Accounting or UCS staff. Unbilled consumption for these service points had been occurring for periods up to 10 months. This test shows the query has not been run and worked by staff frequently. (NOTE: An additional instance of unbilled consumption under these circumstances was identified in other

audit procedures. Upon our notification of that instance, UCS back-billed the applicable customer \$949.)

- Two queries developed for this audit disclosed 12 instances where customer service agreements were improperly coded as commercial when the customers at those locations were residential, or vice versa. As a result, the customers were billed at incorrect rates, fees, and taxes.
- One query developed for this audit (using both PeopleSoft CIS and premises location from the Geographical Information System located on the City's Intranet) disclosed 13 instances where premises for gas service points were coded as being outside the city limits when they were located inside the city limits. Because of these incorrect classifications the applicable customers were charged incorrect fees and taxes.

The queries covered all gas service points and customers (22,548 as of September 30, 2003). Accordingly, the few instances noted above clearly demonstrate that billing conditions are correct for the vast majority of customers. Notwithstanding that conclusion, the frequent use (running, reviewing results, and taking any needed corrective actions) of the developed queries will help ensure that City customers are properly billed.

Recommendations. Management from the Gas Utility, Utility Accounting, UCS, and Growth Management should take actions to enhance the use of the PeopleSoft CIS as a tool for monitoring and evaluating activities impacting gas operations.

In regard to the specific issues addressed above, we recommend the following:

- Additional training to staff for creating and finalizing system field activities and field orders. That training should include, but not be limited to:

Recommendations were made that address the identified issues, to include: (1) additional training, (2) establishment of written procedures, (3) changing and/or establishing processes and queries, and (4) complying with City ordinances.

- Using the system as a planning and scheduling tool for tasks and actions. This includes the requirement that field activities and orders should be created prior to the performance of the task or action and the need to create/complete a field order for each field activity in order to document the staff completing the task/action and the date of completion.
 - Completing field activities and field orders in a timely manner after the task/action has been performed.
 - Properly, logically, and consistently creating and finalizing field activities and field orders.
 - Properly completing other system fields (e.g., on/off status of meters) when field activities and field orders are completed and tasks are done.
 - Charging proper fees based on completed actions.
- Development and issuance of written procedures for the proper creation and finalization of the different types of field activities and field orders.
 - Management proceed with plans to create separate field activities and field orders for gas taps and meter sets.
 - Management establish a process to identify, research, and resolve field activities and orders that remain in pending status beyond a reasonable time.
 - Management complete appropriate system programming changes to ensure reconnection fees are not applied to customers whose services are not reconnected after being disconnected for nonpayment; also, consider requesting a revision to City Ordinance 21-33.

Consideration should be given to automating the fee determination process for the City's gas appliance pilot light program.

- Staff run existing queries (including working the results) for detecting improper billing conditions more frequently.
- Staff develop and periodically run additional queries to detect instances where customers are billed at incorrect rates and taxes due to errors in type (residential versus commercial) or location (inside versus outside city limits).
- Due to the workload issues encountered in determining if fees should be charged for each field activity and field order created for appliance pilot lighting services, consider developing system programming that will automate the fee determinations.

Issue No. 3 - Meter Management

The meter inventory maintained in the gas meter shop is tracked and accounted for in the PeopleSoft Financials System, the PeopleSoft CIS, and a manual card system.

Overview. Gas consumption is measured by meters. There are various meter types (diaphragm, rotary, and turbine) and sizes. Based on the PeopleSoft CIS, as of November 20, 2003, the City has 25,059 working meters, which included approximately 575 meters in inventory maintained in the Gas Utility meter shop.

New meters are acquired and added to the meter shop inventory through the City's Municipal Supply Center. Meters are removed from that inventory for installation at new service points, replacements (exchanges) at existing service points, and retirement (junked meters). Meters may also be removed from the service points and returned to the meter shop inventory for service and repair or when a service point is eliminated (e.g., demolition of a premises).

The PeopleSoft CIS and the PeopleSoft Financials System are used to account for gas meters. The PeopleSoft Financials System accounts for meters in bulk, whereas the PeopleSoft CIS accounts for and tracks individual meters by badge number. (A unique badge number is assigned to each meter by the meter shop.) Information reflected by the PeopleSoft CIS for each meter includes identification number (badge and system), unit of measure read (e.g., CCF or MCF), location (e.g., service point and premises to

which it is attached), on/off status, installation date, removal date, consumption measured, etc.

In addition to the PeopleSoft CIS, the meter shop utilizes a manual card system to track and account for meters by badge number. The card system is maintained in badge number order within each of three categories: (1) in field, (2) in shop, and (3) retired/junked. The card for each meter reflects identification numbers (serial and badge), date purchased, model and size, service/repair record, test data, and locations installed.

Periodic reconciliations of un-installed meters in the PeopleSoft CIS to meters in the meter shop inventory should be done as one means to identify unbilled consumption.

Issues. Periodic reconciliations are not done as a means for detecting unbilled consumption. Accounting for and controlling meters is essential to ensuring that gas consumption is properly billed. For example, if a meter gets installed and gas turned on at a service point but the PeopleSoft CIS is not updated to reflect that installation (i.e., meter set), the system will not bill that customer for consumption. Controls should be in place to prevent or detect such instances. One critical control in place is the meter readers. Specifically, when a meter reader goes to a premises to determine the utility consumption, they read consumption for any of the three metered services at that premises (i.e., electric, water, and gas). In the event that the PeopleSoft CIS does not reflect gas services for that service point, but gas consumption is read by the meter reader, an exception is identified. However, that control will not detect unbilled consumption at those premises that only have gas services (i.e., as meter readers will not go that location) or where the gas meter is not observed by the meter reader (e.g., not located near the water or electric meters). For those premises, other controls should be in place to detect unbilled consumption.

One such control would be the periodic reconciliation of available un-installed meters per the PeopleSoft CIS records to meters physically located in the meter shop. Any meter showing as un-installed per the PeopleSoft CIS and not found in the meter shop would imply that a meter could be installed at a service point with

gas being consumed and not billed to a customer. In addition, to ensure the accuracy of the PeopleSoft CIS inventory, the number of meters per that system should be periodically reconciled to the number of meters per the PeopleSoft Financials System. We determined that such reconciliations are not being performed. Accordingly, the risk of unbilled consumption has not been assessed and determined to be at an acceptable level.

During implementation of the PeopleSoft CIS, management emphasized efforts to identify gas meters installed in the field that were not reflected as installed by the billing system. The efforts were made by meter readers, who were rewarded for each installed meter they found that was not in the billing system. Our review of correspondence shows that at least 25 such meters were found, with several of the applicable customers being back-billed for the previously unidentified consumption. This shows that meters have been installed without the system being updated and clearly demonstrates the importance of conducting the described reconciliations, which will detect these instances.

The meter-testing program should be evaluated, documented, and followed to ensure meters are accurately measuring consumption.

Meters are not being tested at frequencies sufficient to ensure that the meters accurately measure consumption. Periodic testing of meters should be done to ensure that consumption is accurately measured. While there are no legal requirements for meter testing by municipal-owned utilities, the Gas Utility indicated their intent is to follow the requirements set forth for investor-owned utilities by the Public Service Commission. Those requirements provide that residential and small commercial meters be tested at least once every 10 years and that large commercial meters be tested at least once every five years. The vast majority of the Gas Utility's meters are the residential and small commercial types.

Our review and analysis and interviews of staff showed that the Gas Utility is not testing meters in accordance with those frequencies. With an average of approximately 20,000 active meters in existence over the last seven years this means that, on average, 2,000 meters

(10 percent) should have been tested each year. However, over the last seven years, records show the Gas Utility has tested only 810 meters, or an average of 116 each year. In addition, our tests of a sample of 84 meters that had been in service longer than 10 years showed that only four (5 percent) had been tested within the last 10 years. Based on available records, the other 80 meters had not been tested for periods ranging from 10 to 37 years. Staff of the Gas Utility attributed the infrequent testing of meters to lack of resources and manpower.

Our interviews of UCS staff and review of available documentation disclosed several instances where meters failed to measure consumption. Although eventually detected (sometimes by customers) and corrective actions taken, this substantiates the importance of implementing an active and reasonable meter-testing program.

Consideration should be given to eliminating the manual meter inventory card system.

It is not efficient to maintain two different sets of meter inventory records. As noted above, meters are accounted for in both the PeopleSoft CIS and a manual card system. Meter shop staff has used the card system for numerous years. Notwithstanding meter shop staff's familiarity with the manual card system, it is not efficient to maintain that system in addition to the PeopleSoft CIS system. The PeopleSoft CIS has the capability of storing the same critical data maintained on the manual cards.

Management should consider elimination of the card system. However, that should only be done after applicable meter shop staff have been trained and are familiar with and comfortable using the PeopleSoft CIS as an inventory management tool, and only after it has been verified that all meters have been properly entered into the PeopleSoft CIS.

We made recommendations to address the noted issues.

Recommendations. Gas Utility management should take actions to address the noted issues. Those actions should include:

- Conducting periodic reconciliations of un-installed meters in the PeopleSoft CIS to meters in the meter shop inventory, and the number of meters in inventory per the PeopleSoft Financials System to the number of un-installed meters per the PeopleSoft CIS. Any discrepancies should be timely researched and corrective actions taken.
- Evaluating and documenting the meter-testing program (including ensuring reasonable goals and objectives). Efforts should be made to meet the program's goals and objectives.
- Consider eliminating the manual card system after applicable staff is familiar with using the PeopleSoft CIS as an inventory management tool.

Conclusion

Overall, gas consumption and related fees are properly billed and charged; however, issues were identified that (1) increase the risk that charges and fees are not accurate or proper and (2) indicate that gas activities should be better managed and monitored.

Overall, we found that gas consumption is properly determined and billed to customers. Generally, fees for connections, reconnections, and pilot lighting services are also properly charged. In addition, the PeopleSoft CIS has been effectively implemented in regard to gas utility activities. However, we identified issues that indicate certain risks need to be better managed. Those issues include:

- Under-billing and over-billing customers operating off elevated pressures due to errors and lack of standardization;
- The need for more consistent, efficient, logical, and timely creation and processing of field activities/orders in the PeopleSoft CIS;
- The need for increased managerial use of the PeopleSoft CIS as a tool for monitoring and evaluating activities impacting gas operations;
- The need for additional uses of the PeopleSoft CIS query tool for ensuring proper billing conditions;

- The need to establish additional controls for detecting unbilled consumption; and
- The need for an adequate meter-testing program.

In addition, we noted that: (1) the City's gas appliance light pilot program is cumbersome to administer in regard to charging or waiving fees, (2) the current process for charging reconnection fees may result in occasional instances where those fees are improperly assessed, and (3) having duplicate methods for tracking meter inventory is not efficient. Specific recommendations were made to address these issues and related risks.

We would like to acknowledge the full and complete cooperation and support of the staffs of the Gas Utility, Utility Accounting, UCS, Growth Management, and Information Systems Services during this audit.

***Response From
Appointed
Official***

City Manager:

I'm pleased with the results of this audit. The conclusion that revenues for our gas system are properly determined and assessed reflects management's commitment to internal controls. The work plan to address audit comments is aggressive and complete reflecting the level of commitment by Utility Business and Customer Services, and the Gas Department to improve efficiency and effectiveness.

Copies of this audit report #0409 (project #0304) may be obtained from the City Auditor's web site (<http://talgov.com/citytlh/auditing/index.html>), or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

Audit conducted by:
Bert Fletcher, CPA, Audit Manager
Sam M. McCall, CPA, CGFM, CIA, CGAP, City Auditor

Appendix A – Action Plan

Action Steps	Responsible Employee	Target Date
A. Objective: To ensure proper consumption measurement and billing for customers operating off elevated pressures.		
<i>Utility Accounting</i>		
1. For those instances of under-billing and over-billing identified by this audit (i.e., under-billings of \$9,325 and over-billings of \$12,425), make appropriate adjustments to refund or recover amounts to/from applicable customers.	Kim Meeks Reese Goad	4/30/04
<i>Gas Utility</i>		
2. For those 6 service points operating off elevated pressures identified by this audit as being under-billed and over-billed due to errors in determining consumption, make appropriate adjustments such that subsequent billings are proper and accurate.	Roosevelt Williams	Complete 2/29/04*
3. Select standard methods for measuring consumption for service points operating off elevated pressures. Select the methods after considering cost and resource efficiencies and reliability issues (e.g., not overly expensive but ensures accurate consumption measurements that are not overly difficult to determine). To the extent practicable and cost-efficient, select only one standard method for each elevated pressure level (e.g., not use both system multipliers and index instruments for service points operating off 2# and 5# pressure).	Roosevelt Williams	Complete 3/31/04*
4. In conjunction with the preceding step, determine the most appropriate instrument types (telecorrector and index, as applicable) for measuring consumption. For example, identify the specific type of telecorrector instrument that is the most reliable and accurate, and also cost efficient, for each applicable elevated pressure level.	Mike Ritter	Complete 2/29/04*

Action Steps	Responsible Employee	Target Date
5. Based on the selections and determinations made pursuant to the preceding steps, develop a schedule for the standardization of all service points operating off elevated pressures.	Mike Ritter	Complete 2/29/04*
6. Standardize all service points operating off elevated pressures pursuant to the methods, selections, and schedule noted in the preceding steps.	Mike Ritter	Complete 2/29/04*
7. Designate a sufficient number of staff to read and record gas consumption for service points operating off pressures greater than 5 pounds. Include back-up readers as part of the designated staff in the event that regular readers are not available.	Mike Ritter Dean Poppell	Complete 2/29/04*
8. Train the designated staff (see preceding step) to properly and accurately read/measure consumption at the applicable service points, and record those measures into PeopleSoft CIS.	Mike Ritter Dean Poppell	Complete 2/29/04*
9. After completion of the preceding steps, read all service points operating off elevated pressures greater than 5# and enter those readings into the PeopleSoft CIS (i.e., the Electric Utility will no longer read any of those meters).	Mike Ritter Dean Poppell	Complete 2/29/04*
10. Develop and distribute comprehensive written procedures and guidelines for determining consumption at service points operating off elevated pressures to Gas Utility meter reading staff and their supervisors.	Mike Ritter	9/30/04
11. Use the PeopleSoft CIS or another system to designate, track, and monitor service points operating off elevated pressures.	Mike Ritter	Complete 2/29/04*
B. Objective: To enhance use of the PeopleSoft CIS as a tool to provide accountability and monitor activities.		
<i>Gas Utility</i>		
1. Provide additional training to staff responsible for creating, processing, and finalizing PeopleSoft CIS field activities and field orders. This training will include, but	Roosevelt Williams Earnest Washington	9/30/05

Action Steps	Responsible Employee	Target Date
not be limited to: (1) using the system to plan and schedule tasks, (2) creating and completing a field order for each applicable field activity in order to document staff completing the task and date of task completion, (3) timely completion of field activities and orders after the task has been completed or deemed no longer necessary, (4) charging proper fees based on completed tasks, and (5) the appropriate and logical dispositions for field activities/orders and updating of applicable system status when the tasks are done or otherwise resolved in order to ensure consistency, reasonableness, and data integrity. Cover those instances addressed in the audit report in this training.		
2. To supplement the training pursuant to the preceding step, develop and distribute written procedures to applicable staff on the proper creation and disposition of the different types of field activities and field orders.	Roosevelt Williams Ernest Washington	9/30/05
3. Periodically run and review queries to identify field activities and field orders that: (1) remain in pending status beyond a reasonable time and (2) are not properly, logically, and consistently finalized; take appropriate actions based on the results.	Roosevelt Williams Ernest Washington	9/30/05
4. Research and charge or refund applicable customers for the instances identified in the audit report where connection and light pilot fees were not charged or were improperly charged. Request assistance from Utility Accounting as needed in regard to the connection fees.	Terrill Booker	3/31/05
<i>Utility Accounting</i>		
5. Take part in the training provided to Gas Utility, Growth Management, and UCS staff on the proper and timely creation, processing, and disposition of field activities and field orders.	Martha Johnson Reese Goad	9/30/05

Action Steps	Responsible Employee	Target Date
6. Determine the most appropriate type of field activity/order that should be created and dispatched for each basic circumstance. (For example, the type of field activity/order that should be used to request a meter relocation will be determined.) Based on those determinations, develop and issue instructions to applicable departments/offices responsible for creating field activities (i.e., Growth Management, UCS, and the Gas Utility).	Kim Meeks Reese Goad	9/30/04
7. Revise the process for requesting gas taps and meter sets such that separate field activities/orders are created and dispatched for the tap and the set.	Kim Meeks Reese Goad	9/30/04
8. Provide training to applicable Growth Management and Gas Utility staffs for the revised process addressed in the preceding step.	Martha Johnson Reese Goad	9/30/04
9. Assist Gas Utility staff in determining if customers should be charged connection fees for those instances identified in the audit report. (See step B4.)	Martha Johnson Reese Goad	9/30/05
10. Enhance the system to credit customers for the \$20 reconnect fee in the event that their gas services are not restored after being disconnected for nonpayment.	Cindy McAdams Reese Goad	9/30/04
11. Periodically run the existing query that identifies consumption at service points for which there are no active service agreements (i.e., unbilled consumption), and take appropriate actions based on the results.	Deborah Heiter Reese Goad	Complete 1/31/04*
12. Develop and use additional queries to identify improper billing arrangements. Queries, similar to those developed as part of this audit, will be used (e.g., queries that identified instances where customers were billed incorrect fees and taxes because of misclassifications as to type and location).	Kim Meeks Reese Goad	5/31/04
13. For those instances identified in this audit where customers were billed incorrect rates and taxes, make corrections to the status in PeopleSoft CIS and refund or back-bill customers as applicable.	Kim Meeks Reese Goad	5/31/04

Action Steps	Responsible Employee	Target Date
<i>Growth Management</i>		
14. Participate in the training provided pursuant to step B1 (i.e., staff responsible for creating service points and requesting gas taps and meter sets, including creating field activities and orders for those requests).	Ronnie Spooner	9/30/05
<i>Utility Customer Services</i>		
15. Participate in the training provided pursuant to step B1 (i.e., UCS staff responsible for creating, processing, and/or finalizing field activities/orders).	UCS Administrator	9/30/05
16. Revenue specialists will use the PeopleSoft CIS field activity/order process to request reviews and investigations.	UCS Administrator	9/30/04
C. Objective: To eliminate inefficiencies in processing field activities/orders for pilot lights.		
<i>Gas Utility</i>		
1. Work with Utility Accounting and Information Systems Services to determine if fee determinations for completed light pilot field activities/orders can be automated.	Terrill Booker	3/31/05
2. If a determination is made that the fee determination process for light pilot field activities/orders cannot be automated, research other alternatives (e.g., use temporary staff and/or reassignments of duties among existing staff) to determine if the process can be made more timely and efficient.	Terrill Booker	3/31/05
3. In the event that the fee determination process for light pilot field activities and orders cannot be made efficient after considering cost aspects, consider requesting revisions to the program such that fee assessments and determinations are simplified.	Terrill Booker	3/31/05

D. Objective: To enhance controls for detecting unbilled consumption.		
<i>Gas Utility</i>		
1. Conduct semiannual reconciliations of un-installed meters per PeopleSoft CIS to: (1) meters in the meter shop inventory and (2) meters reflected in the PeopleSoft Financials System; research and resolve any differences.	Roosevelt Williams	9/30/05
2. Prepare and retain documentation for the semiannual reconciliations and resolution of any differences.	Roosevelt Williams	9/30/05
E. Objective: To ensure meters accurately measure consumption.		
<i>Gas Utility</i>		
1. Document and evaluate the meter-testing/change-out program to provide for scheduled testing of all active meters on a cyclic basis. The goals and objectives should be reasonable and obtainable.	Tim Potter Roosevelt Williams Earnest Washington	Complete 1/31/04*
2. Maintain records to document the scheduling and testing of meters in accordance with the established meter-testing program.	Roosevelt Williams Earnest Washington	Complete 1/31/04*
F. Objective: To eliminate inefficiencies in recordkeeping.		
<i>Gas Utility</i>		
1. Train applicable gas meter shop staff in using the PeopleSoft CIS for tracking and accounting for the status of all gas meters.	Roosevelt Williams	3/31/05
2. Upon sufficient training (pursuant to the preceding step) and demonstrated understanding by meter shop staff, eliminate the manual card system.	Roosevelt Williams	9/30/05

*As per department, action plan step has been completed as of indicated date. Completion will be verified during the audit follow-up process.