



City of Minneapolis Audit Committee

Utility Revenue Collections Review #2013-05

**November 13, 2013
Regular Meeting**

Utility Revenue Collections Review

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Background

- The City issues approximately 98,000 invoices per month for solid waste & recycling, water, sanitary sewer and storm-water services. Revenue generated from these invoices in 2012 was \$195 million, an average of \$16.25 million per month. The monthly average of collection activities per month regarding utility revenues is displayed in the table below:

Activity	Number of Invoices	% of Total Invoices
Paid by Due Date	77,000	78%
Paid By Final Notice Date	14,700	15%
Paid Before Water Disconnection	4,900	5%
Other*	1,400	2%
Total	98,000	100%

*The “Other” category includes accounts that are made inactive as a result of either water shut off for non-payment or due to the occupant moving in/out with balances are rolled over to the tax assessment process (City ordinance 509.1080).

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Objective

- The review was performed to assess the effectiveness and timeliness of the Utility (i.e. tap water, storm water, sewer, solid waste/recycling) collections and to ensure an effective monitoring process exists.

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Scope

- This review included identifying and analyzing key processes surrounding Utility collection. IA reviewed internal controls, including current policies and procedures, through observation, inquiry, analytical procedures and conducted limited testing within the Utility collection processes. IA performed, on a sample basis, testing of current processes, transactions and management reports within the period of January 1, 2012 through the end of field work, October 11, 2013.

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Recommendations

1. Policies and Procedures

Projected Cost of Implementation



Projected Cost of Implementation

Audit Finding		Total Estimated Cost
1	Policies and Procedures	None
Total		\$

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Conclusion

- Based on our review, the Utility Revenue Collection Process appears to be well controlled with an opportunity for improvement to address risk areas identified in this report. FPS and PW worked collaboratively with IA to develop action plans that effectively address these risk exposures.
- IA would like to extend our appreciation to the FPS personnel and PW personnel who assisted and cooperated with us during this review.