



**A Report to the
Audit Committee**

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**Audit Recommendations Follow-Up -
Audit of Metropolitan Water Services
Water and Sewer Billing Process**

December 1, 2023

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

December 1, 2023



Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of July 31, 2023.

What We Recommend

Management should continue efforts to implement the one remaining partially implemented recommendation.

Audit Recommendations Follow-Up - Audit of Metropolitan Water Services Water and Sewer Billing Process

BACKGROUND

On March 2, 2021, the Office of Internal Audit issued an audit of the Metropolitan Water Services Water and Sewer Billing Process. The audit report included two recommendations. Both recommendations were accepted by management for implementation. The Office of Internal Audit guidelines require monitoring and follow-up to ensure that the recommendations assessed as high or medium risk are appropriately considered, effectively implemented, and yield intended results.

OBJECTIVES AND SCOPE

The objectives of this follow-up audit were to determine if the recommended actions or an acceptable alternative were implemented.

The scope of the follow-up audit included two accepted recommendations that management reported as implemented.

WHAT WE FOUND

Of the two recommendations made, Metropolitan Water Services has fully implemented one recommendation and partially implemented one recommendation. The partially implemented recommendation is in relation to policies and procedures that detail the level of documentation of customer calls. Details of the implementation status can be seen in **Appendix A**.

AUDIT FOLLOW-UP RESULTS

The initial audit report encompassed all water and sewer billing for the period between September 1, 2018, and August 31, 2020. The audit report included two recommendations, all of which were accepted by management for implementation.

The Office of Internal Audit will close a recommendation only for one of the following reasons:

- The recommendation was effectively implemented.
- An alternative action was taken that achieved the intended results.
- Circumstances have so changed that the recommendation is no longer valid.
- The recommendation was not implemented despite the use of all feasible strategies or due to lack of resources. When a recommendation is closed for these reasons, a judgment is made on whether the objectives are significant enough to be pursued later in another assignment.

The scope of the follow-up audit included both accepted recommendations that management reported as implemented. Of the two accepted recommendations, one recommendation was fully implemented, and one was partially implemented. Details of the implementation status and an updated implementation date can be seen in **Appendix A**.

METHODOLOGY

To achieve the audit objectives, auditors performed the following steps:

- Reviewed Metropolitan Water Services' policies and procedures.
- Reviewed Customer Service Center reports.
- Evaluated internal controls currently in place.
- Considered risk of fraud, waste, and abuse and information technology risks.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

AUDIT TEAM

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Seth Hatfield, CPA, CIA, CFE, CCFO, Quality Assurance

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APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

The following table shows the guidelines followed to determine the status of implementation.

Table 1

Recommendation Implementation Status	
Implemented	The department or agency provided sufficient and appropriate evidence to support the implementation of all elements of the recommendation and the recommendation’s implementation caused or significantly influenced the benefits achieved.
Partially Implemented	The department or agency provided some evidence to support implementation progress but not of all elements of the recommendation were implemented.
Not Implemented / No Longer Applicable	The department or agency did not implement a recommendation because: a) of lack of resources; b) an alternative action was taken that achieved the intended results; c) circumstances have so changed that the recommendation is no longer valid.

The following are the audit recommendations made in the original audit report dated March 2, 2021, and the current implementation status of each recommendation based on our review of information and documents provided by Metro Water Services.

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p>A.1 - Evaluate call volume data and determine optimal Call Center staffing for high volume months. Have documented plans in place to adjust staffing levels if unforeseen call volume increases occur. Regularly review the call metrics to ensure staffing adequately answers calls and results in reasonable hold times and abandoned calls.</p> <p>Assessed Risk Level: Medium</p>	<p>Metropolitan Water Services has increased staff and call volumes have decreased. The hold time and abandon rate have both decreased since the last audit. Calls answered has also increased.</p>	<p>None</p>	Implemented
<p>A.2 - Explore options to log all calls on a detailed basis. Determine adequate categories and measures for calls and evaluate calls to determine additional needs of customers. Implement policies and procedures that ensure a consistent level of detail for both internal and external communication about accounts.</p> <p>Assessed Risk Level: Medium</p>	<p>Metropolitan Water Services obtained a new interactive voice response (IVR) system. However, policies and procedures have not been updated to define the level of detail required in the documentation of calls.</p>	<p>Implement policies and procedures that ensure a consistent level of detail for both internal and external communication about accounts.</p>	Partially Implemented