



FULTON COUNTY, GEORGIA
OFFICE OF THE COUNTY AUDITOR
Water Billing Audit
April 18, 2025

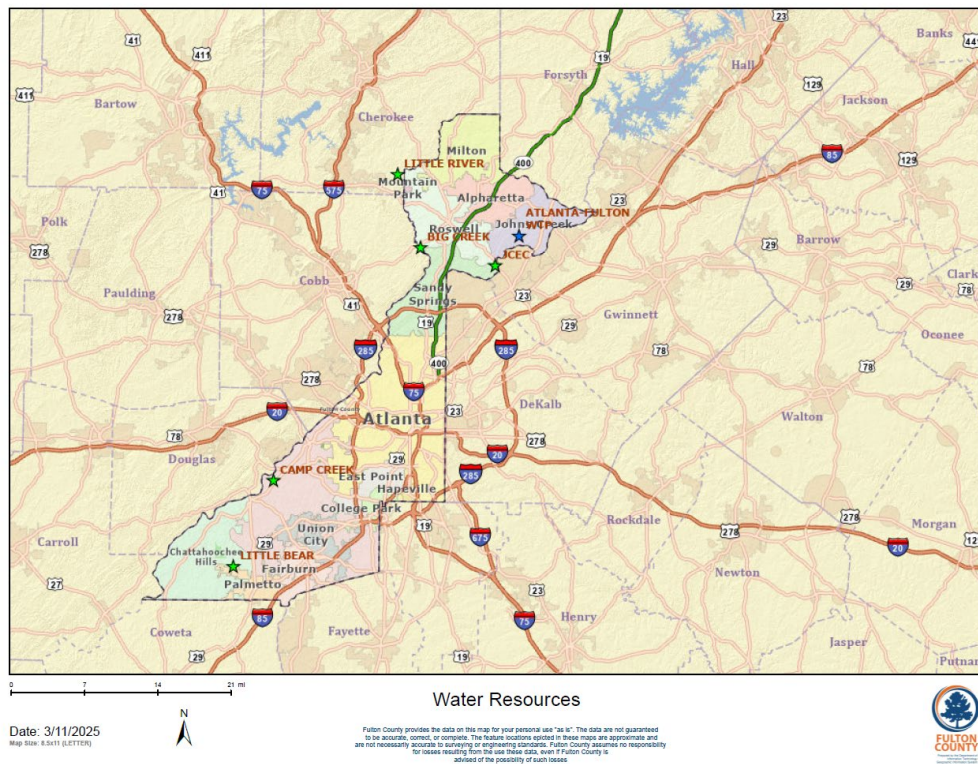
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In accordance with the 2024 approved Audit Plan, the Office of the County Auditor performed an audit of the water billing process.

BACKGROUND

The Water and Sewer Billing Division is a critical component of the Fulton County Department of Finance. The primary responsibility of the division is to manage billing and revenue collection for water and sewer services provided to residents within the North Fulton County Water Service District. This jurisdiction encompasses the areas north of the Chattahoochee River, including annexed sections of Alpharetta, Roswell, and Mountain Park, where Fulton County installed the water distribution infrastructure, as outlined in the Fulton County, GA Code of Ordinances (Sec. 82-32). See the map below:



The division is responsible for billing adjustments related to credits for leaks, billing errors, and unbilled services. Additionally, the division addresses matters such as refunds for overpayments, assistance with payment arrangements, service disconnections, and terminations. While the division handles the billing aspect of water and sewer, they work closely with the Department of Public Works, which is responsible for managing meter readings and physically disconnecting water services.

Fulton County has over 79,000 water and sewer customers. Most customers are billed directly by the County; however, there are about 12,600 customers in the City of Sandy Springs and 34,000 in unincorporated South Fulton County that the City of Atlanta bills for sewer services on behalf of the County. The City of Atlanta collects these payments and forwards payments monthly to the County, less an administrative fee. Customers billed by the County have multiple payment options, including in-person, mail, bank ACH, kiosk, phone, and online payments.

On September 27, 2022, the Board of Commissioners approved a volumetric rate increase of 5% each year, beginning January 1, 2023, through January 1, 2025, to fund capital improvements to water and wastewater systems. Water and sewer bills are based on water consumption and the approved rates. Summer months are billed using a tiered billing system; therefore, if water consumption exceeds the customer's winter average, the usage is charged at the rate according to the applicable tier(s). The County has 5 active billing cycles (zones 1 through 4 and 7), and each zone is based on meter size. Zones 1 through 4 are identified as residential meters and are less than two inches. Zone 7 meters are identified as commercial meters and are more than 2 inches. The billing frequency for residential meter customers is every 60 days, while commercial meter customers are billed every 30 days.

OBJECTIVE

The objective of the review was to determine the accuracy of the processes surrounding the County's water billing. In addition, we evaluated the efficiency and effectiveness of internal controls.

SCOPE

The scope of the audit was from January 1, 2023, through December 31, 2023.

METHODOLOGY

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). 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.

To achieve our audit objectives, we performed the following audit procedures:

- Conducted interviews with key staff to determine the established processes and procedures related to water billing;
- Reviewed documentation related to internal controls over the water billing process;
- Reviewed departmental organizational chart;
- Obtained Water & Sewer Billing and Collections Standard Operating Procedures;
- Obtained the Fulton County, Georgia Code of Ordinances;
- Performed walkthroughs to observe key processes and procedures related to the water billing process;
- Obtained resolution approving water rate increases, effective 2023-2025;
- Obtained approved water and sewer rates for 2023;
- Obtained 2023 Active Customer List; and
- Obtained 2023 Water and Sewer Accounts Receivable Summary Report

Additionally, we randomly selected a total of one hundred and five (105) customer bills from each of the billing zones and verified the following:

- Service charges were billed according to approved rates and accurate meter size.
- Water usage calculations were accurate.
- Volume charges were based on water usage and approved rates.
- Irrigation and hydrant charges were accurate and based on approved rates

We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our findings and recommendations are detailed below.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Standard Operating Procedures Not Inclusive of All Procedures

Standard Operating Procedures (SOPs) should provide a complete and detailed framework for all current processes and procedures to ensure consistency, compliance, and operational efficiency. SOPs are an essential tool to assist employees in understanding their responsibilities, allowing management to guide operations and eliminate uncertainty in how to best complete duties. Departmental SOPs must be current, complete, and effectively implemented within the department to achieve the desired impact. At a minimum, SOPs should include the five elements below:

Purpose: The SOP should define the purpose of the work and clearly outline its objectives.

Procedures: An SOP defines tasks and also provides guidelines on how tasks should be completed. Procedures will include all the necessary steps an employee must take in an easily understood format.

Scope: The scope defines the use and applicability of the SOP.

Responsibilities: The SOP should outline who performs the tasks, who to contact if problems arise, and who to contact for additional management approval.

Accountability Measures: SOPs are intended to improve accountability. Outlining the responsibilities of each person within an organization ensures accountability for assigned projects.

Although management provided SOPs with many of the above elements, they did not include all water billing procedures, such as account set-up, export of meter readings, bill-generating process, etc. Additionally, the SOPs did not reflect deviations to policies and procedures, such as the pause in the water cut-off procedures and the process of issuing liens to customers. Although the change may not be permanent, it should be reflected in the SOPs. The lack of current SOPs creates gaps in performing daily activities and may lead to potential errors in water billing. This may also contribute to inconsistent handling of customer billing issues, increased risk of errors or non-compliance with regulations, reduced efficiency, and gaps in training new employees.

Recommendation

We recommend the Department of Finance, Water and Sewer Billing Division conduct a comprehensive review of the water and sewer billing process to identify missing elements that are essential to daily operations and consistent with current processes for inclusion in the SOPs. Management should also ensure staff are familiar with these procedures to ensure proper and consistent execution of day-to-day processes.

Finding 2 – Untimely Water Meter Readings

The reading of water meters is a key component for accurate water billing. It ensures that customers are charged fairly, based on actual water consumption, and aids in detecting leaks and water system issues. During the audit, we discovered meter readings that surpassed the preferred reading period of 30 days for monthly customers and 60 days for bi-monthly customers, with readings from 40 to 95 days, respectively. Management informed us that the third-party meter reading company was not performing timely readings; therefore, the Department of Public Works stepped in to assist. Additionally, the County is testing a pilot program using Advance Meter Infrastructure (AMI) to read meters remotely. Failure to read meters timely may impact water billing, delay revenue collection, delay leak detection, and impact customer satisfaction.

Recommendation

We recommend the Department of Public Works continue to review options to improve the frequency of meter readings and explore options to address staffing challenges. Additionally, we encourage the implementation of AMI.

Prior to the issuance of this report, the Board of Commissioners approved a new contract between the Department of Public Works and a third-party meter reading company in December 2024, with an effective date of January 1, 2025.

Finding 3 – Lack of Enforcement for Non-payment of Services

According to the Fulton County, Georgia Code of Ordinances, Section 82-42, whenever the owner of any property fails to pay any charge or assessment when it becomes due and is given the opportunity to pay, and does not promptly pay, water service to the premises shall be discontinued. The enforcement of water disconnections for delinquent accounts is a key control mechanism to encourage timely payments and maintain County revenue. There is a process to discontinue water and sewer services for customers with past-due accounts, and a reconnection fee is required to restore those services. The Finance Department, Water and Sewer Billing Division, provides the Department of Public Works with a Lock-Off and Restore List to complete disconnection and restoral services. We were informed that disconnections did not occur during the summer of 2023 due to the Department of Public Works being short-staffed. However, disconnections resumed in subsequent months. Failure to enforce water cut-off procedures decreases revenue, leads to unfair distribution of water resources for paying customers, encourages a lack of accountability due to the absence of consequences, and noncompliance with laws and regulations.

Recommendation

We recommend the Department of Public Works continue to assess the staffing levels needed to perform disconnections, continue coordinating efforts with the Department of Finance, Water and Sewer Billing Division to enforce the collection of fees owed to the County, and ensure compliance with applicable laws and regulations.

Concern 1 – Late Fees

Late fees are a common industry practice used to promote timely payments and provide potential revenue to municipalities. During our audit, we noted several bills with past-due balances; however, late fees were not incurred. Per our review of the Fulton County, Georgia Code of Ordinances, there is no policy for late fees. Of the 105 water bills reviewed, nineteen (19) had past-due balances. If late fees were assessed on the past-due balances, the County could have realized an additional \$5,905 in revenue. Per discussion with management, the Billing and Collections Team calls delinquent customers, sends letters, and makes payment arrangements

to collect service fees. Neighboring municipalities, such as Cobb, Gwinnett, and DeKalb counties, impose a late fee of 10% on balances if not paid by the due date. Imposing late fees encourages timely payment and financial responsibility and promotes quality of service.

Recommendation

We recommend that County Management explore options to encourage timely payments and impose late fees to generate revenues that offset water and sewer-related expenses.

Concern 2 – Meter Reading Services Contract

Water meter reading is outsourced using a third-party company and has been a practice with the County for some time. Outsourcing this function can be beneficial for reducing costs, such as labor, technology, and training. These companies also have the necessary equipment and techniques to allow the County to focus on other services. The company providing water meter reading services during 2023 has been under contract since 2021 with the Department of Public Works. During our audit, we found several bills with delayed meter readings and were informed by management that the third-party contractor was unable to meet the County's demand and timely read meters. Operational issues of third-party meter readers may delay meter readings, disrupt billing, and delay revenue.

As previously mentioned, prior to the issuance of this report, a new contract between the Department of Public Works and a third-party contractor took effect on January 1, 2025.

Recommendation

We recommend the Department of Public Works perform reviews of the third-party contractor to ensure services and expectations are being met. Additionally, we suggest the contractor submit performance reports to track productivity and ensure contract compliance.

CONCLUSION

Based on the audit performed, the water billing process appears to be operating effectively. However, we have identified the following three (3) findings and two (2) concerns that require the attention of management:

- Standard Operating Procedures Not Inclusive of All Procedures
- Untimely Water Meter Readings
- Lack of Enforcement for Nonpayment of Services

Additionally, we noted the following concerns:

- Late Fees

- Meter Reading Services Contract

Please provide a written response to this audit within ten (10) business days. Please address the written response to Anthony Nicks, County Auditor, in memorandum format. The written response should be submitted to Shauna Herbert, Audit Manager, in the Office of the County Auditor at shauna.herbert@fultoncountyga.gov. We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.