



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

OFFICE OF INTERNAL AUDIT

Professional Audit and Advisory Service

**Audit of the Metro Water Services
Billing and Collections**

Date Issued: June 4, 2010

Office Location and Phone Number

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*The Metropolitan Nashville Office of Internal Audit is an independent audit agency
reporting directly to the Metropolitan Nashville Audit Committee*

EXECUTIVE SUMMARY
June 4, 2010

Results in Brief	Recommendations
<p>We performed an audit of the processes and controls in place pertaining to the Metro Water Services billing and collection practices, including the Customer Information System application as it pertains to financial transactions. Key audit objectives and conclusions are as follows:</p> <ul style="list-style-type: none"> • <i>Were customer billings accurate?</i> Yes. No material weaknesses were observed. • <i>Do financial transaction in the Customer Information System reconcile with Metro Nashville's EnterpriseOne accounting system?</i> Yes. Departmental procedures ensure revenues are correct, complete and reconciled with Metro Nashville's EnterpriseOne information. • <i>Were customer refunds reasonable and authorized by Customer Services Division management?</i> Yes. Although current procedures were functioning, we noted areas where controls could be enhanced (see Observation B, page 10). 	<p>Key recommendations of this report include:</p> <ul style="list-style-type: none"> • Creating new type codes for various adjustments to Customer Information System accounts so that adjustment types can be easily recognized • Implementing various control enhancements over the Customer Refund account • Enhancing written procedures over the Customer Refund account <p>Management's response can be seen in Appendix A, page 14.</p>

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INTRODUCTION

AUDIT INITIATION

The approved Office of Internal Audit annual Audit Work Plan included an audit of Metro Water Services' Billing and Collections. This audit was included in this plan due to the economic impact (annual revenue greater than \$165 million) of this organization to the Metropolitan Government.

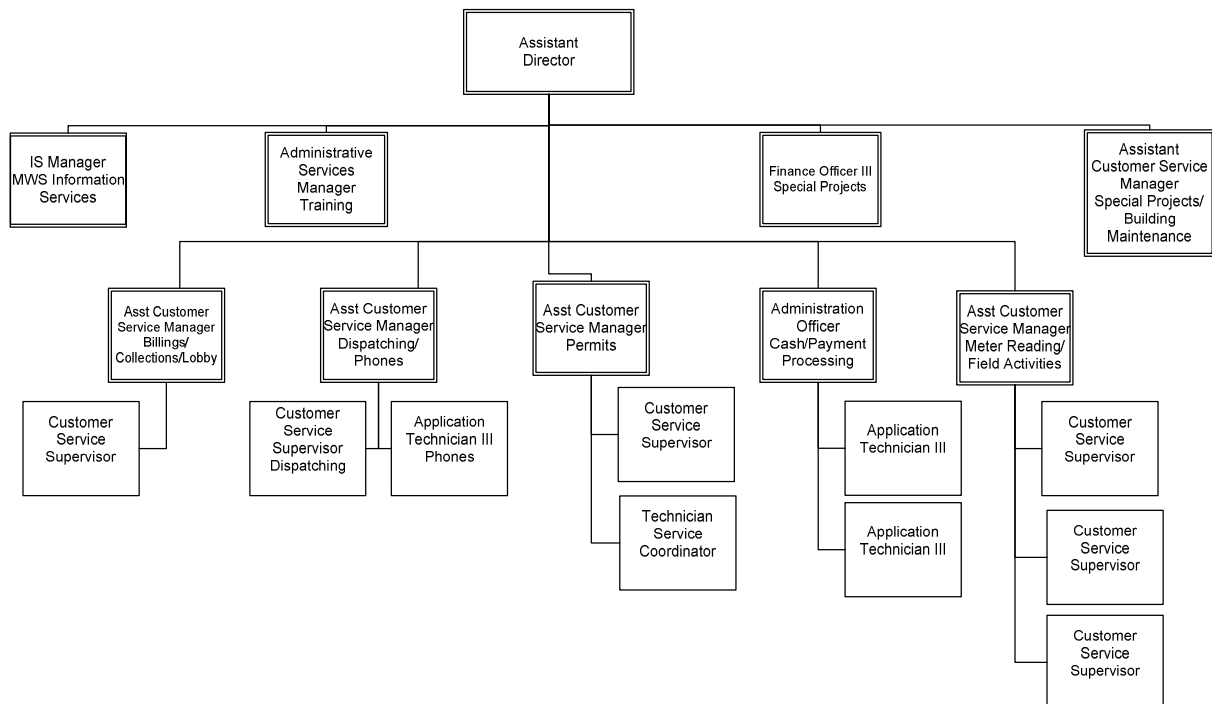
BACKGROUND

The mission of Metro Water Services is to serve its customers with an abundant supply of safe water while providing dependable wastewater and stormwater services to Davidson and nearby county customers.

Metro Water Services is an Enterprise Fund operating within the Metropolitan Government. Enterprise funds are used by governmental units to account for services provided to the public on a user charge basis. Thus, enterprise funds are intended to be largely self-supporting.

Metro Water Services drinking water is supplied to customers from both the Omohundro and the K. R. Harrington water treatment plants. Wastewater is treated at one of three wastewater treatment plants: Central, Whites Creek, and Dry Creek. Although Metro Water Services consists of six divisions each consisting of multiple sections, this audit focused primarily on billing and collection activities within the Customer Service Division (see Exhibit A).

Exhibit A –Customer Service Division Organization Structure



Customer Service Division

Billing and Collections: The Billing and Collections Section provides billing and collection information to management of the utility, the utility's customers, and the utility's collection partners in an effort to have accurate and timely payments for products and services rendered. Billing and collections is responsible for billing of water, sewer, storm water, and related non-metered customer fees. All customer service related work orders are resident in the Customer Information System, the Department's primary software application for handling customer activity.

Field Activities: The primary function of the Field Activities Section is to provide meter information and maintenance products to the utility. The group is responsible for meter reading, issuing new meters, maintaining and repairing defective/leaking water meters, turning service on and off and performing investigations of customer service related issues. Additionally, Field Activities also manage the on-going automated meter reading exchange program. The exchange program replaces older meters with meters that use radio frequency transmitters to collect consumption, diagnostic, and status data.

Phone Center/Dispatch: The Phone Center/Dispatch Section responds to all incoming calls and provides telephonic assistance to water and wastewater customers related to billing questions, initiating, transferring or termination of service, Stormwater Division inquiries, and other service related functions. The center receives approximately 60,000 calls per month, 52% of which are received through the interactive voice response system. Dispatch is a 24 hours a day, seven days a week operation, responding to all emergency calls related to water or wastewater. Dispatch generates service requests and relays the information out to field representatives. Additionally, Dispatch is also responsible for setting-up shutdowns and arranging for "Tennessee One-Call" contacts, a non-profit organization whose mission is to act as an advance notification service to operators of underground utilities (prior to excavation, underground utilities are located and marked).

Lobby/Cash: The Lobby/Cash Section provides in-person and telephonic customer assistance for payments, billing, and other related customer-oriented activities. The Lobby/Cash Section is also responsible for assisting underprivileged customers by authorizing payment plans and/or alternative payment methods. Additionally, the group is also responsible for issuing work orders for new service, initiating restore orders, investigations, and service disconnections.

Permits and Customer Connections: The Permits/Customer Connection Section is the only Customer Service Division operation that is not housed at the Customer Service Center facility on Third Avenue North. The Permit/Customer Connection section, located at the Metro Office Building, provides infrastructure and connection assistance to developers, contractors, and other customers. The staff is responsible for issuing permits, collecting appropriate fees, reviewing plans for new construction projects, inspecting installed meters, scheduling and inspecting new taps, determining location/availability of service, and creating new customer accounts.

Below are brief descriptions of the other divisions within Metro Water Services.

Administration and Accounting

The purpose of the Administrative and Accounting Division is to provide administrative support services to departments and management information products to Metro Water Services employees to allow them to efficiently and effectively deliver results for their customers. They are also responsible for public relations, maintaining the accuracy and completeness of financial records, processing payments, accounting for all money received, keeping track of equipment, and processing payroll.

Operations

The Operations Division operates and maintains all water and wastewater treatment plants along with their related water and sewage pumping stations. Also includes the Environmental Compliance Division, who is responsible for administering the industrial pretreatment program for Metro Water Services and ten satellite communities as required by Federal Regulations.

Engineering

The Engineering Division has multiple functions and provides a variety of technical services to the utility that enable it to provide cost-effective and environmentally safe reliable water and wastewater systems.

System Services

The System Services Division is responsible for all construction and repair of water and sewer lines as well as manhole services, tapping water lines, and detecting leaks among other functions.

Stormwater

The Stormwater Division is comprised of three sections. The Development Review Section is responsible for providing reviews of construction plans, issuance of building and grading permits while the Water Quality Section addresses complaints regarding the dumping of pollutants into storm drains, streams, or rivers. The Maintenance Section is responsible for the routine and remedial maintenance and addressing flooding issues.

FINANCIAL INFORMATION

Comparative water and sewer revenue information can be seen in Exhibit B.

Exhibit B – Metro Water Services Customer Service Division Operating Revenues

WATER REVENUES	Fiscal Year 2008	Fiscal Year 2009	First Quarter Fiscal Year 2010
Residential	\$23,866,857.78	\$23,181,338.24	\$6,957,257.37
Small Commercial and Industrial	2,550,302.13	2,357,755.99	681,372.41
Intermediate Commercial and Industrial	26,360,787.10	25,648,575.30	7,795,657.57
Large Commercial and Industrial	7,933,437.67	7,430,545.85	1,982,756.38
Unmetered Fire Protection	631,653.54	646,897.60	162,157.44
Sales to other Utilities	894,713.69	941,716.52	183,281.95
Hermitage Residential	2,271.64	0.00	0.00
Total Water Revenue	\$62,240,023.55	\$60,206,829.50	\$17,762,483.12
SEWER REVENUES			
Residential	\$35,327,858.82	\$35,504,542.96	\$9,725,831.14
Small Commercial and Industrial	3,380,025.99	3,167,881.90	863,920.41
Intermediate Commercial and Industrial	39,417,957.35	39,566,051.87	10,907,072.98
Large Commercial and Industrial	10,889,448.56	10,813,913.92	2,869,445.90
Sales to other Utilities	8,966,567.25	8,123,198.19	1,813,470.12
Harpeth Valley	750,000.00	750,000.00	187,500.00
Grinder Pump Maintenance	9,038.00	7,467.45	1,044.90
Private Fire Hydrant Repairs	\$251,000.00	\$248,528.70	62,680.00
TOTAL SEWER REVENUES	\$98,991,895.97	\$98,181,584.99	\$26,430,965.45
OTHER REVENUES			
Service Initiation Fees	\$858,821.75	\$799,097.50	\$147,945.00
Late Payment Charges	5,622,941.55	4,723,889.92	426,318.87
Service Charges	1,376,822.91	1,657,524.51	524,655.88
Bad Check Charges	50,585.00	76,567.02	186,265.19
TOTAL OTHER REVENUES	\$7,909,171.21	\$7,257,078.95	\$1,285,184.94
STORM WATER REVENUE			\$1,600,344.09
TOTALS	\$169,141,090.73	\$165,645,493.44	\$47,078,977.60

Source: Metro Water Services Customer Service Center, Customer Information System (HTE)

INFORMATION TECHNOLOGY

The Customer Service Division employs a variety of information system hardware and software applications that work cooperatively, enabling the group to efficiently and effectively provide their services to customers.

Customer Information System

The Customer Information System was developed by SunGard HTE in Lake Mary, Florida. The system stores and maintains information on service locations, customers, services provided, metering, billing, and service related work order data. The system is an enterprise system with seven fully integrated applications:

- Customer Information
- Budgeting and Accounting
- Land Management
- Facility Management
- Cash Receipts
- Document Management
- Contract Management

The Customer Service Division is the primary user of the system although other divisions as well as other Metro departments place heavy reliance on this system for information on property occupancy and service status. This system interfaces with the handheld/drive-by meter reading, interactive voice, workforce management, and route optimization systems.

Other Systems

The following other systems are also utilized by Metro Water Services Customer Service Division:

- Geographic Information System (GIS)
- Computerized Maintenance Management System (CMMS)
- Mobile Workforce Management (MWM)
- Interactive Voice Response (IVR)
- Building/Permit System (KIVA)
- Meter Reading System (Sensus and FlexNet)
- EnterpriseOne (JD Edwards)

OBJECTIVES AND CONCLUSIONS

1. *Were customer billings accurate?*

Yes. Our procedures were designed to ascertain, within reasonable limitation, whether the billings provided to the customers were correct with respect to the meter readings, the prevailing water rates, and the customer classification (residential, small commercial, intermediate commercial, and large

commercial). In our tests, we re-performed the billing algorithms for both residential and commercial accounts and compared the results with actual bills sent to the customers. We judgmentally selected two separate months for analysis: one before (September 2008) and one after (August 2009) the rate changes approved by the Metropolitan Council that took effect May 2009. We found no material discrepancies or control weaknesses during the test work.

2. *Does the Customer Information System have controls in place to ensure:*

a) *Accidental or intentional deletion, modification, and misrepresentation of transactions are prevented?*

b) *Accounting information is valid?*

Yes. Our evaluation focused on assessing application controls for the Customer Information System. Application controls are designed to ensure the complete and accurate processing of data, from input through output. Our audit procedures evaluated the design, presence (or absence), and functionality of specific application controls. The following were evaluated:

- Input controls – we observed an operator using the system and accessing the various modules and sub menus to determine adequate input validation (limit, range, numeric, field, and validity) for each field. No material issues were observed.
- Processing controls and output controls – we evaluated the internal algorithms used to calculate residential water and sewer and unmetered water billings by performing a simulation of the billing calculation and assessing the results for reasonableness. For this test, we evaluated 173,693 transactions representing 154,964 individual customer accounts and 1,464 unmetered water accounts. Results of the tests indicated that 97% of residential and 99% of unmetered water fell within the reasonable range. Further analysis of exceptions indicated all billings were for proper amounts.
- Output controls – we also evaluated controls that ensure data integrity is continued downstream to the end user and the reporting function. Analytical procedures were performed on the adjustments report provided by the system administrator. Possibilities for future enhancements were noted (see Observation A, on page 9).

3. *Do financial transaction in the Customer Information System reconcile with Metro Nashville's EnterpriseOne accounting system?*

Yes. Our evaluation focused on determining that controls were in place to ensure financial information remains intact from the time it was received, deposited to the banking institution, and posted to the accounting information system. We tested 50 randomly selected daily transaction reports totaling \$33,318,295. We traced the source documents (daily reports) to the journal

entries and finally reviewed the amounts posted in the bank account without noting any exceptions. Test work indicated completeness and concurrence between the separate systems.

4. *Were customer refunds reasonable and authorized by Customer Services Division management?*

Yes. We evaluated the customer refund account by performing substantive test of customer refunds. Although current procedures are working, certain portions of the process could receive additional benefit from enhancements of control activities (see Observations B, on page 10).

5. *Were collection efforts for delinquent accounts reasonable?*

Yes. Metropolitan Code of Laws § 15.48.230, Delinquent bills--Discontinuance of service--Service charges, defines the specific parameters how and when a customer account falls under delinquent status. We were able to review Metro Water Services processes and procedures and observed the following:

- Department procedures were consistent with the Metropolitan Code.
- Collection of delinquent account is performed by a contracted collection agency, Alliance One Inc.
- Accounts that become 45 days delinquent are turned over to collection.
- The agreement allows the collection agency to receive 40% of every dollar collected.
- Performing collections through a collection agency requires no additional staffing and training of collection specialists.

6. *Were customer accounts receivable write-offs reasonable and authorized by Customer Services Division management?*

Yes. We evaluated controls employed by the division to alleviate risks associated with summary write-offs of account balances. Our procedures involved reviewing the write-off procedures, evaluating security tables and employee access, performing reconciliations of yearly write-offs and reviewing electronic reports of actual accounts that were written-off. Results of the performed procedures indicated controls are in place and are designed to ensure the prevention of summarily deleting receivable amounts. Our conclusion is that current controls are working as intended.

7. *Does the Customer Information System security structure support segregation of duties that will prevent unauthorized personnel from accessing, and subsequently manipulating critical financial data?*

Yes. Procedures were in place to ensure that only authorized personnel were allowed to access and modify data and that access was appropriate with

stated responsibilities. Tests were conducted by obtaining the system security listing, judgmentally selecting 18 employees from the employee roster, and reviewing their access to the system. The employees were selected based on their classification and group representation. The results of the tests indicated that access to the system, for the selected employees, was commensurate with their current responsibility level. No material issues were encountered.

OBSERVATIONS AND RECOMMENDATIONS

A – Transaction Type Classification in the Customer Information System is Limited

Metropolitan Code of Laws Title 15, Ch. 48, Water and Sewer Service Billing Procedures, specifically classifies various types of transactions as “adjustments.” Some adjustments, such as leak adjustments, are to be limited to one or two maximum per year. Other adjustments, such as meter reading errors, faulty meters, etc., can occur multiple times per year. In the current system, some transactions classified as “adjustments” are further shown in the system as “Credits”, “Debits”, “Cancellation” and “Re-bill” which are not defined in the Metropolitan Code of Laws as “Adjustments”. Reports taken from the Customer Information System categorizes all of these transactions as “adjustments.” Without full access to the Customer Information System, the true nature of the individual transactions cannot be accurately discerned. Discussions with the data base administrator indicate that the current Customer Information System has certain inherent limitations. Account adjustments should always be carefully scrutinized to ensure that only authorized adjustments are entered in the Customer Information System. Ease of identification of transaction types greatly aids this oversight.

Since the current customer information system is in the process of being replaced with an updated system, it would not be practical to implement changes to the current system.

Criteria:

- Metropolitan Code of Laws Title 15, Ch. 48, Water and Sewer Service Billing Procedures
- IT Governance Institute’s Control Objectives for Information Technology (COBIT 4.1) – A12.3 *Application Control and Auditability* states: “Implement business controls, where appropriate, into automated application controls such that processing is accurate, complete, timely, authorized and auditable.”

Risks:

The lack of specific transaction classifications increases the risk of misclassification and hinders efficient information retrieval and monitoring.

Recommendation:

A.1 Metro Water Services management should ensure the future Customer Information System, currently in the design stage, includes adequate descriptions of transaction types.

B – Controls of Customer Refund Process and Check Issuance Require Enhancement

The Office of Internal Audit performed analytical and substantive procedures pertaining to refund checks issued during the audit period. The review provided evidence of potential opportunities to improve internal controls for the processing of customer refund checks.

B.1 Refund checks were issued to cover cash till shortfalls at the tellers' counter

We noted four checks totaling \$480 were drafted in the name of the check custodian with the stated purpose of being used to cover cash till shortfalls at the tellers' counter.

B.2 Refund check register contains some inaccuracies and omissions

As part of our detailed tests, we reviewed check gaps (un-cleared check numbers within the range of used check numbers) and observed 1,169 gaps from the list of 8,035 checks. From this population, we evaluated 257 gaps and were unable to account for 117 checks. Some voided checks had apparently been shredded and were not available for independent verification of this disposition. Personnel stated that the first two checks were always voided when using the check-writing machine due to operational issues with the equipment. Further, unused, out-of-sequence, checks were kept in a file folder and used for walk in customers who demand an immediate check refund. Unused and/or destroyed check numbers were not listed in the register.

The listing of issued refund checks provided by Metro Water Services included instances of duplicate check numbers, indicating check numbers were used twice. We were informed that in each of the instances noted that a transfer of funds for escheatments were made but that the Customer Information System check register was not updated to reflect the monthly reconciliation with Metro Finance Department Division of Accounts.

B.3 Supervisory approval for customer refunds was not consistently documented

Detailed tests of refunds greater than \$5,000 indicated that 47% (27 of 58) of transactions reviewed did not show conclusive supervisory approval. We also noted that supervisory review, when conducted, occurred at the end of the process, after refund checks had been drafted and signature blocks applied (but prior to issuance).

B.4 Refund checks were written using abbreviations or acronyms on the pay-to line

Checks were written using abbreviations or acronyms on the pay-to line rather than the full business name of the payee, such as in the case of checks written to "NES" (a search of the Tennessee Department of State

database showed at least 17 businesses that use “NES” as the name of their business in whole or in part).

B.5 Policy and procedures for handling customer refunds were not formalized, periodically reviewed and updated

Formalized policies and procedures for processing various types of customer refunds and adjustments were not in use.

B.6 Payments due to Nashville Electric Service collections received were processed through the refund checking account

Multiple recurring payments not classified as refunds were issued from the refund account. We observed a total of 403 individual transactions of this type totaling \$122,400. Auditors found that these payments represented payments due Nashville Electric Service from customers that pay their water and electric bills jointly at the Customer Service Center. Albeit an element of expediency was involved, these remittances were not customer refunds and ideally should be separately identifiable from customer refund account transactions so as to be able to easily uniquely identify customer refunds.

Criteria:

- *The COSO Internal Control- Integrated Framework* establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. Enhanced control activities is a process that helps provide reasonable assurance that risks associated with accidental or intentional misuse of departmental assets are mitigated. Having a formalized, detailed set of operating procedures that are periodically reviewed and updated is critical in ensuring a strong internal control framework. Written procedures enhance the control activities and information and communication components of a strong internal controls framework.
- *Internal Control and Compliance Manual for Tennessee Municipalities (June 2009)*, Title 5, Chapter 10, “Cash” Section 7: Municipal officials should ensure that two authorized signatures are required for all checks. Authorized signature cards at the bank must be current. Before signing checks, each signatory should review adequate supporting documentation; Section 8: voided checks are defaced and retained.
- Prudent Business Practices

Risks:

- The absence or insufficiency of internal control activities results in increased exposure to the misuse of departmental resources
- The risk of inappropriate disbursements increase without adequate control activities over check disbursement

Recommendations:

Metro Water Services management should:

B.1.a Enhance controls over checks that prevent the check custodian from drafting checks to their own name.

B.1.b Discontinue reimbursing cashier shortages through the refund account.

B.2.a Ensure the Customer Information System check register is updated to reflect changes and corrections performed during the monthly reconciliations with Metro Finance Department Division of Accounts.

B.2.b Ensure voided checks are defaced and imaged or retained.

B.3 Enhance controls over refund checks that require supervisory review of supporting information prior to check creation.

B.4 Require the use of full business names on the “pay-to” line instead of using initials to represent the company name.

B.5 Enhance existing written procedures for the refund process. These procedures should be periodically reviewed and updated.

B.6 Develop a process to identify Nashville Electric Service payments, processed in the refund bank account, from customer refund transactions. (Note: a separate bank account is not necessarily required).

GENERAL AUDIT INFORMATION

STATEMENT OF COMPLIANCE WITH GAGAS

We conducted this performance audit from September 2009 to March 2010 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 observations 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. Our audit included tests of management controls that we considered necessary under the circumstances.

SCOPE AND METHODOLOGY

The audit period focused primarily on the period July 1, 2007, through September 30, 2009, financial balances, transactions, and performance on the processes in place during the time of the audit.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, including written policies and procedures, financial information, various forms of data, reports and information pertaining to the Customer Services Division. Additionally, management, administrative and operational personnel were interviewed and directly observed.

CRITERIA

In conducting this audit, Metro Water Services billing and collection processes were evaluated for compliance with:

- *The Committee of Sponsoring Organizations Internal Control-Integrated Framework*
- *IT Governance Institute's Control Objectives for Information Technology (COBIT 4.1) – A12.3 Application Control and Auditability*
- Metro Finance Policy # 9, Cash Deposits
- Metropolitan Code of Laws Title 15, Ch. 48, Water and Sewer Service Billing Procedures
- Prudent Business Practices

STAFF ACKNOWLEDGEMENT

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APPENDIX A. MANAGEMENT RESPONSE

- Management's Responses Starts on Next Page –

KARL F. DEAN
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF WATER AND SEWERAGE SERVICES
1600 SECOND AVENUE, NORTH
NASHVILLE, TENNESSEE 37208-2206

June 4, 2010

Mark Swann
Metropolitan Auditor
Office of Internal Audit
222 3rd Avenue North, Suite 401
Nashville, Tennessee 37201

RE: Audit of Metro Water Services' Billing and Collections

Dear Mr. Swann:


This letter acknowledges that Metro Water Services received the billing and collections audit report and has reviewed the audit comments and recommendations. Metro Water Services implemented a majority of the improvements prior to the completion of fieldwork by your staff and will continue to implement the recommended process improvements as appropriate.

The numbers contained within the internal audit report do not correspond to the actual revenue amounts reported in the Comprehensive Annual Financial Report for fiscal years 2008 and 2009. Metro Water Services total revenue for fiscal years 2008 and 2009, as reported in the Comprehensive Annual Financial Report audited by KPMG LLP, were \$173.3 million and \$169.4 million, respectively compared to \$169.1 million and \$165.4 million you reported on page 4 of your internal audit report.

It was a pleasure working with you on this project and we appreciate the opportunity to make improvements.

Sincerely,

Scott Potter, PE
Director, Metro Water Services

 If you need assistance or an accommodation, please contact Metro Water Services, Mr. Joseph A. Estes, Sr. at 615-862-4862, 1600 Second Avenue North, Nashville, Tennessee 37208.

**Metro Water Services Management Response to Audit Recommendations
June 2010**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
A.1 Water Services management should ensure that the future customer information system, currently in the design stage, includes adequate descriptions of transaction types.	Accept: Customer Service will expand adjustment codes in our new customer information system.	Customer Service	Fiscal Year 2012
B.1.a Water Service management should enhance controls over checks that prevent the check custodian from drafting checks to their own name.	Accept: Before the completion of fieldwork by Internal Audit, Customer Service amended their process and had checks issued from a different division within Metro Water Services to re-establish teller drawer balances.	Customer Service	Fully Implemented
B.1.b Water Services management should discontinue reimbursing cashier shortages through the refund account	Accept: Before the completion of fieldwork by Internal Audit, Customer Service amended their process and had checks issued from a different division within Metro Water Services to re-establish teller drawer balances.	Customer Service	Fully Implemented
B.2.a Water Services management should ensure the Customer Information System check register is updated to reflect changes and corrections performed during the monthly reconciliation process with the Metro Division of Accounts.	Accept: Customer Service will update the customer information system monthly to match the monthly bank statement reconciliation.	Customer Service	December 2010
B.2.b Water Services management should ensure voided checks are defaced and imaged or retained.	Accept: Customer Service will start to formally track, image, and destroy voided checks.	Customer Service	Fully Implemented
B.3 Water Services management should enhance controls over refund checks that require supervisory review of supporting information prior to check creation.	Partially Accept: The billing lead/supervisor initially reviews and approves refund/credit prior to transmission in our customer information system to the cash area. A second review and approval is completed in the cash area by the cash lead/supervisor. Prior to being mailed, the cash area lead/supervisor completes a third review after the checks are printed. To further improve our process and address Internal Audit concerns, we have added a fourth review by the cash area lead/supervisor of the potential checks to be printed prior to check generation.	Customer Service	Fully Implemented

**Metro Water Services Management Response to Audit Recommendations
June 2010**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>B.4 Water Services management should require the use of full business names on the “pay-to” line instead of using initials to represent the company name.</p>	<p>Accept: Before the completion of fieldwork by Internal Audit, we changed the customer name in our customer information system for NES to Nashville Electric Service.</p>	<p>Customer Service</p>	<p>Fully Implemented</p>
<p>B.5 Water Services management should enhance existing written procedures for the refund process. These procedures should be periodically reviewed and updated.</p>	<p>Accept: Before the completion of fieldwork by Internal Audit, we enhanced our existing procedures for the refund process.</p>	<p>Customer Service</p>	<p>Fully Implemented</p>
<p>B.6 Water Services management should develop a process to identify Nashville Electric Service payments, processed in the refund bank account, from customer refund transactions (Note: a separate bank account is not necessarily required)</p>	<p>Accept: Metro Water Services will attempt to delineate regular customer refunds from Nashville Electric Service payments in our new customer information system.</p>	<p>Customer Service</p>	<p>Fiscal Year 2012</p>