



**CITY OF ATLANTA**  
City Auditor's Office  
Amanda Noble, City Auditor  
404.330.6750

December 2023

## *Performance Audit:*

### **Water Billing and Collections**

#### *What We Found*

Watershed Management has not consistently enforced water shutoffs for nonpayment since 2010. In addition to revenue loss, lack of enforcement creates inequity among customers. Staff told us that a previous mayoral administration implemented an unofficial and undocumented moratorium on water service termination for nonpayment in consideration for customers affected by the recession. Mayor Bottoms' administration suspended water shutoffs for nonpayment in 2020 in response to the COVID-19 pandemic. Between 2010 and 2022, the department only terminated water service due to nonpayment for 737 accounts.

As of June 2023, over 54,000 customer accounts accounted for a total delinquent balance of about \$197.8 million, including \$137 million for active accounts. Watershed Management's delinquent collection threshold of \$500 does not align with its collectability tier. As of September 2023, the over 91,000 accounts were between 30 days and one year delinquent, totaling \$64.8 million, but the department may only be able to collect about \$17.6 million from these accounts. The department's current write-off practices do not reflect their written procedures; there are accounts eligible for write-off, but the department has not completed a legislative write-off since January 2017.

Watershed Management's monthly bill estimation rate is higher than industry benchmarks and has doubled since 2020. The increase in estimated reads may be due to insufficient field staff to investigate meter malfunctions promptly and a backlog of unresolved meter investigation and repair work orders. We also found that employees across several Watershed Management divisions entered A-bills (a type of billing adjustment) between July 2020 and 2023, and A-bill adjustments of less than \$5,000 do not require supervisory review or approval. The department has standard operating procedures for various billing and collections activities, but several were in draft form, undated, or do not reflect current practice.

#### *Why We Did This Audit*

We undertook this audit because the Department of Watershed Management has not consistently enforced collections. During the COVID-19 pandemic, the department suspended termination of water service for nonpayment. City Council expressed concerns about collections and the amount of uncollectible debt the department has not yet written off.

#### *What We Recommended*

To support enforcement efforts, the watershed management commissioner should:

- develop and publish a delinquency policy on the website
- enforce water service termination for nonpayment according to the delinquency policy
- design and implement a more effective collection strategy
- write off uncollectible debt in accordance with law and policy
- hire enough staff to maintain or replace infrastructure and consider using a contractor for backlog of escalated requests
- implement an A-bill adjustment policy and procedure with thresholds review thresholds and restrict use of A-bills to billing and CAST (Customer Assurance and Satisfaction Team) teams
- develop, document, and maintain up to date policies and procedures for water billing and collections

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## Management Responses to Audit Recommendations

Summary of Management Responses		
<p><b>Recommendation #1:</b></p> <p>We recommend that the Commissioner of Watershed Management develop and publish on the department's website a delinquency policy that includes the timeframe for termination as well as any fees, and necessary actions taken by the department and customer.</p>		
<p><b>Response:</b> Agree</p>	<p><b>Status:</b> Started</p>	<p><b>Estimated Completion Date (M/Y):</b> December 2023</p>
<p><b>Recommendation #2:</b></p> <p>We recommend that the Commissioner of Watershed Management enforce water service termination due to nonpayment in compliance with the department's delinquency policy.</p>		
<p><b>Response:</b> Agree</p>	<p><b>Status:</b> Implemented</p>	<p><b>Estimated Completion Date (M/Y):</b> February 2023</p>
<p><b>Recommendation #3:</b></p> <p>We recommend that the Commissioner of Watershed Management design and implement a timely collection strategy that includes policies and procedures for collections, termination of service, and write offs.</p>		
<p><b>Response:</b> Partially Agree</p>	<p><b>Status:</b> Started</p>	<p><b>Estimated Completion Date (M/Y):</b> June 2024</p>
<p><b>Recommendation #4:</b></p> <p>We recommend that the Commissioner of Watershed Management write off uncollectible debt in accordance with law and policy.</p>		
<p><b>Response:</b> Agree</p>	<p><b>Status:</b> Started</p>	<p><b>Estimated Completion Date (M/Y):</b> January 2024</p>
<p><b>Recommendation #5:</b></p> <p>We recommend that the Commissioner of Watershed Management hire enough staff to maintain or replace infrastructure and consider using a contractor to handle the backlog of escalated requests.</p>		
<p><b>Response:</b> Partially Agree</p>	<p><b>Status:</b> Started</p>	<p><b>Estimated Completion Date (M/Y):</b> December 2029</p>

**Recommendation #6:**

We recommend that the Commissioner of Watershed Management implement an A-bill adjustment policy and procedure that includes thresholds for supervisory review of adjustment amounts and restrict access to create A-bill adjustments to the billing and CAST teams.

**Response:**

Agree

**Status:**

Started

**Estimated Completion Date (M/Y):**

June 2024

**Recommendation #7:**

We recommend that the Commissioner of Watershed Management develop, document, and maintain up to date policies and standard operating procedures for billing and collection tasks and processes.

**Response:**

Agree

**Status:**

Started

**Estimated Completion Date (M/Y):**

June 2024