

# Utility Payments

## Strategic Assessment Report

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Linda J. Lindsey, CPA, CGAP, School Board Internal Auditor  
Sheila N. Jones, Senior Internal Auditor  
Jan N. Skjersaa, CPA, Senior Internal Auditor

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## **EXECUTIVE SUMMARY**

### **Why We Did This Assessment**

This is a strategic assessment of utility payments that are made based on spreadsheet entries. We were concerned whether this process increases the risk that fraudulent or inaccurate transactions could be recorded and paid. Our objective was to evaluate the control processes around payment of utility bills for efficiency and effectiveness in reducing this risk. We analyzed amounts paid to the various utilities.

### **Observations and Conclusions**

We noted incorrect service addresses on the invoices of several utility vendors' invoices. We determined that these incorrect service addresses did not result in the district paying for utility services that were not ours.

Our overall conclusion is that the utility billing process performs effectively by having adequate utility setup procedures resulting in posting the correct amounts to the correct accounts.

### **Results and Recommendations**

As a result of our assessment, we recommend that new meter service addresses received by Energy Advisors be checked for accuracy to school or facility addresses when first received and corrected with the vendor when needed.

This report has been discussed with management and they have prepared their response, which follows.

**BACKGROUND:**

The utility payment process is an involved one. With over 200 schools and other sites located throughout the county and in various municipalities, there are numerous vendors supplying electricity, water and sewer, storm water service, LP gas (or bottled gas), natural gas, and waste removal. The usual procedure is to input the invoice data into a spreadsheet. The spreadsheet already contains the school name, location code, account number, and cost charging data. A comparison is made with the account number on the spreadsheet with the account number on the invoice to ensure the proper account is charged. The new information added to the spreadsheet is the invoice amount, the service dates, and the billing month/year. This spreadsheet is uploaded into SAP using the WinShuttle process. It is then paid in one of four ways by the Accounts Payable Payment team: 1) a standard check, which is mailed; 2) the ACH method in which a payment is processed by SAP and sent to the vendor’s bank account; 3) the E-pay method where the vendor is e-mailed a 1-time credit card number to use to pay the invoice; and 4) the card-in-hand method, which is a payment by a credit card either over the phone or online. (See “Flowchart” in Appendix.)

A scanned copy of the invoice is placed on the server for access by the Energy Advisors group in the Facilities Maintenance department. The department manually inputs the energy usage information and the directly associated billing into their E-CAP system. The information is analyzed for any energy usage spikes or anomalies. The department performs this service for schools and sites throughout the district. If an issue or concern arises, they contact the vendor for resolution. A resolution may include the replacement of a defective meter, a repair of a leaking pipe, or the re-reading of a meter. When a new school is being built, the construction project manager works with the Facilities Maintenance department to install new meters.

*Numerous vendors supply electricity, water and sewer, storm water service, LP gas, natural gas, and waste removal.*

*Spreadsheet data is uploaded into SAP using the WinShuttle process.*

*Invoices are paid via:*  
*1) standard check;*  
*2) ACH;*  
*3) E-Pay; or*  
*4) card-in-hand.*

*Facilities Maintenance Energy Advisors manually input the energy usage information and the directly associated billing into their E-CAP system.*

Twenty utility vendors service OCPS schools and other sites. The table below lists the vendors, what service is provided, and the approximate number of accounts processed monthly:

	<u>Vendors</u>	<u>Type</u>	<u>Accounts Processed Monthly</u>
1	City of Apopka Utilities	Water / Sewer	40
2	City of Maitland Utilities	Water / Sewer	4
3	City of Ocoee Utilities	Water / Sewer / Irrigation / Storm water	9
4	City of Winter Garden Utilities	Water / Sewer / Irrigation	18
5	City of Winter Park Utilities	Electricity / Water / Sewer / Irrigation	32
6	Duke Energy	Electricity	322
7	Ferrell Gas	LP Gas	64
8	Infinite Energy	Gas	79
9	Lake Apopka Natural Gas District	Natural Gas	33
10	Mansfield Oil Company	Oil & Gasoline	5
11	Orange County Utilities	Water / Irrigation / Oil & Grease Disposal	79
12	Orlando Utilities Commission	Electric / Water / Sewer / Irrigation	224
13	Pluris Holdings	Water / Sewer	2
14	Spectrum (formerly Bright House)	Telephone / Internet / Trunk line	1,716 / 239 / 500
15	Taft Water Association	Water	3
16	TECO (Tampa Electric Company)	Natural Gas	11
17	Town of Eatonville Utilities	Water / Sewer / Irrigation	4
18	Waste Connections of Florida	Waste Removal	7
19	Waste Pro	Waste Removal	1
20	Zellwood Water Users	Water	1

*This table lists the utility vendors, what service is provided, and the approximate number of accounts processed monthly.*

## **OBJECTIVE, SCOPE AND METHODOLOGY:**

### **Objective**

The objective of this assessment was to evaluate the efficiency and effectiveness of the utility payment process. We were concerned whether this process increases the risk that fraudulent or inaccurate transactions could be recorded and paid.

This was a planned engagement derived from the annual audit risk assessment process. This audit was included in the 2018-2019 Annual Audit Plan.

### **Scope**

The scope of the audit addressed utility payments for the fiscal year 2018-2019.

### **Methodology**

This engagement is a strategic assessment of the Accounts Payable Utility Payment process. It was performed as part of the Strategic Assessment program. This program is designed to periodically review areas of potential risk or concern with short, focused analyses of key data. This assessment covers fiscal year 2019.

We assessed the invoice recording process, the invoice payment process, and the service address confirmation process. Our assessment methodology included:

- interviewing personnel of the Accounts Payable Department;
- interviewing personnel of the Facilities Maintenance – Energy Advisors Department
- reviewing utility vendor invoices for proper service address, billing amount, and payment received;
- contacting utility vendors to obtain a record from them of what payments they have received from OCPS;
- comparing district payments recorded in SAP to amounts received per the vendor;
- selecting a sample of payments made to vendors and agreeing them to OCPS utility account invoices; and
- performing site visits with Energy Advisors personnel at schools with questionable meter service addresses.

*Objective was to evaluate the efficiency and effectiveness of utility payment process.*

*Scope is FY2019.*

*Engagement is a strategic assessment of the Accounts Payable Utility Payment process.*

*Assessment methodology.*

## **RESULTS & RECOMMENDATIONS**

### **Vendor Posting and Payment Process**

The vendor posting and payment processes are operating effectively. We found most payments were made timely and charged to the correct account. All SAP payments tested were agreed to a valid OCPS utility account.

### **Service Address on Invoices**

We tested the service addresses on a sample of utility invoices and found some did not agree with a school location. In some cases, the service address associated with a utility meter was a mile or so away from the school. (See Appendix C – Wrong Service Address.) In other cases, the invoice service address was across the street or around the block from the school or facility. When we found some of these anomalies, we visited sites with the Facilities O & M Manager – Energy Advisors to find out where the meters actually were. All meters were determined to be at school sites but the service addresses on the invoices needed to be corrected. As of this report date, the Facilities O & M Manager – Energy Advisors is working with the utility vendors to correct these service address errors.

We recommend that new meter service addresses received by Facilities Maintenance - Energy Advisor work location be checked for accuracy to school or site addresses when first received.

The Facilities O & M Manager - Energy Advisors group realized that this could be an issue and has already implemented this check as a result of our site visits.

We wish to thank the staffs of the Accounts Payable department and Energy Advisors work location for their cooperation and assistance with this assessment.

*Vendor posting and payment processes are operating effectively.*

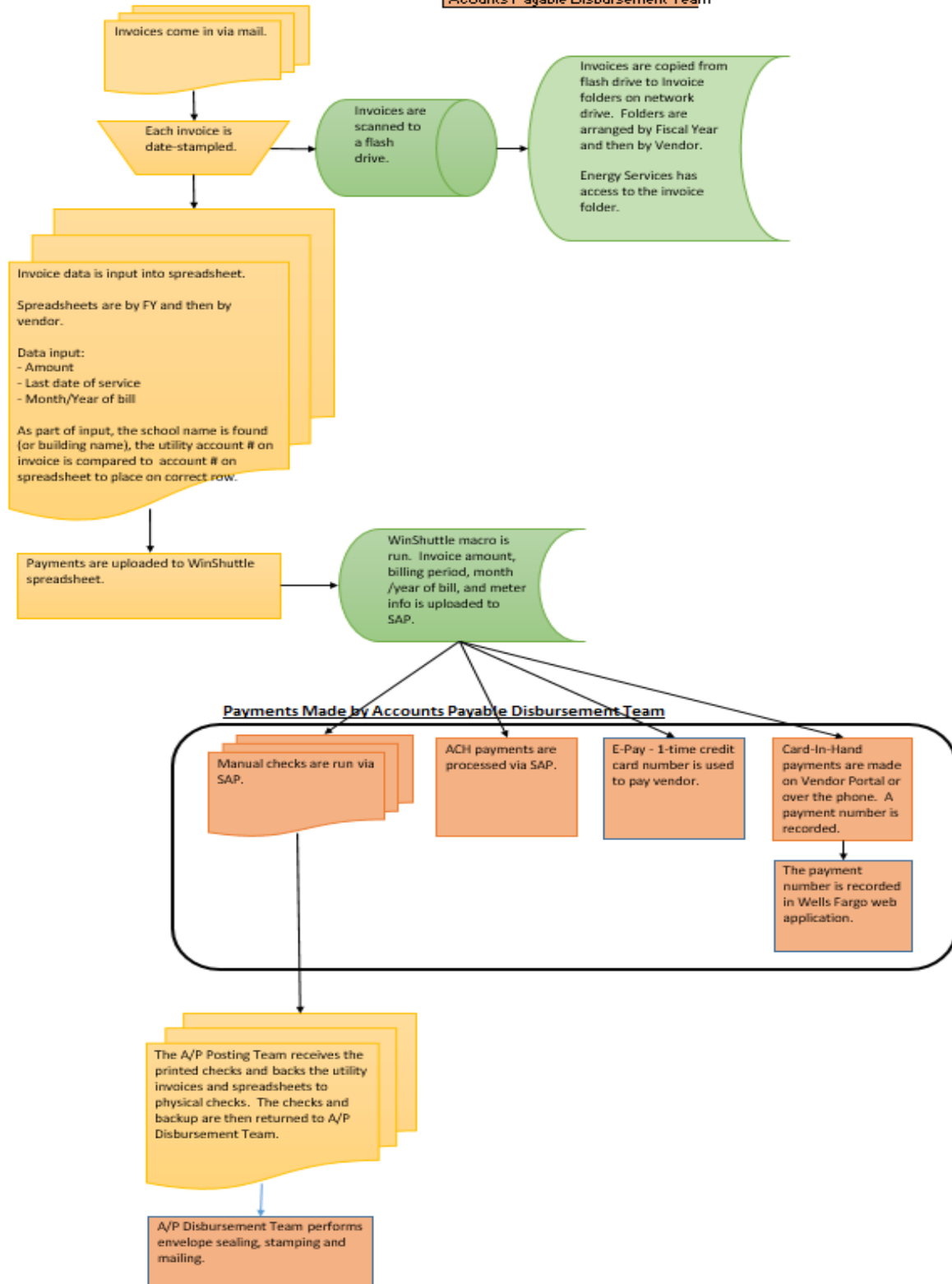
*Some utility account service addresses were incorrect.*

# Appendix A

## Flowchart of Processing Utility Invoices for Payment

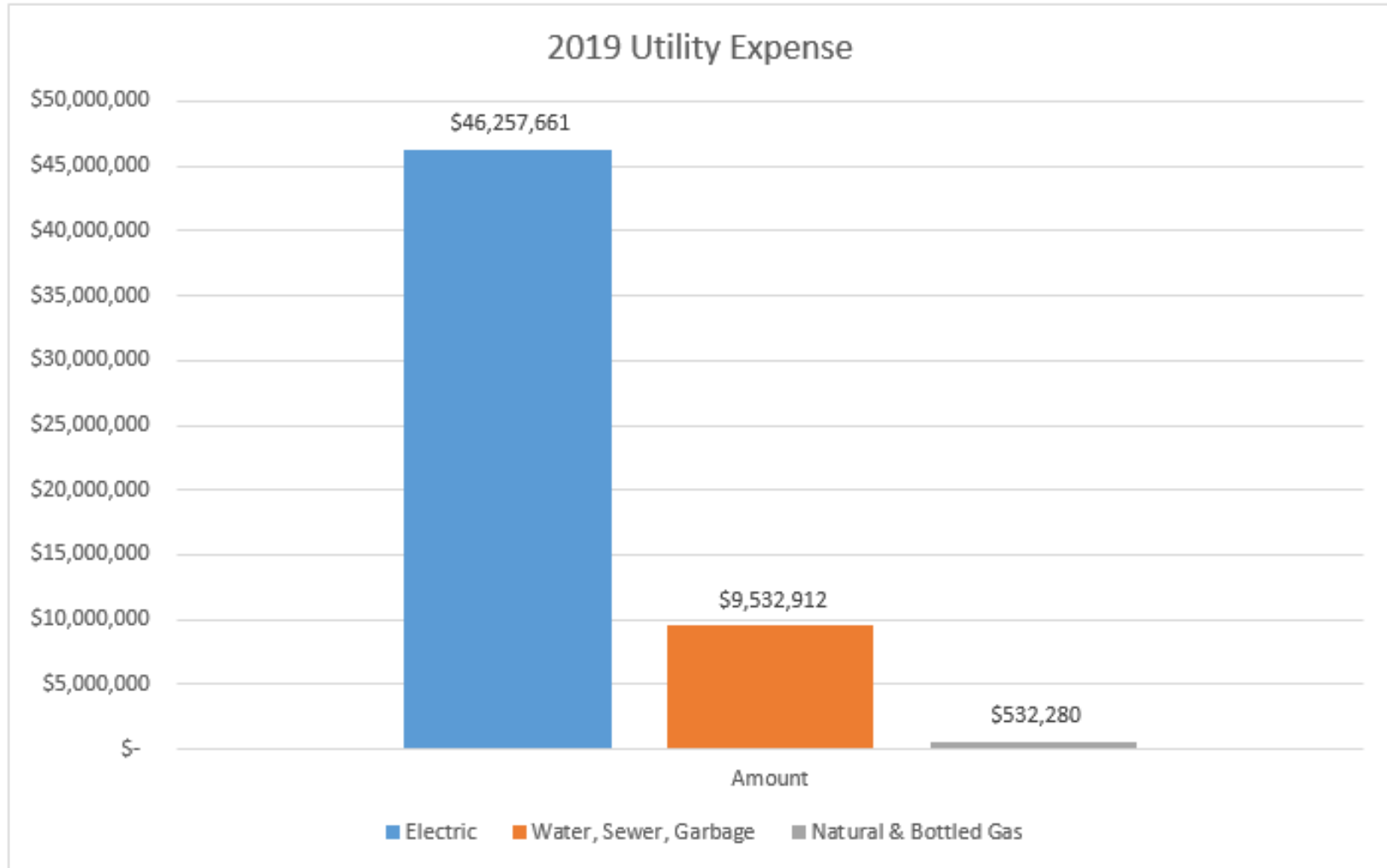
### Color Legend

Accounts Payable Posting Team
Electronic step
Accounts Payable Disbursement Team





## Appendix B - 2019 Utilities Expense



### Appendix C – Wrong Service Address

Service Address of meter on energy bill is 2050 Ocoee Apopka Rd, Bldg 9, Ocoee, FL 34761 (see below). The Google map on the following page shows the service address on invoice, and where the school is located.

CURBI144

DATE: 04/29/19  
PAGE: 1

[REDACTED]  
SUMMARY ACCOUNT NUMBER: [REDACTED]-69544

SUMMARY ACCOUNT NAME: SCHOOL BD OF ORANGE COUNTY  
MAIL TO: OCOEE HIGH SCH #0252  
PO BOX 4984  
ORLANDO FL 32802

ACCOUNT NUMBER	RATE	METER NUMBER	BILLING PERIOD FROM	TO	DAYS	METER READINGS PREVIOUS	PRESENT	READ TYPE	CONSTANT APPLIED	ENERGY CONSUMED	ENERGY TYPE
13789-13020											
CUSTOMER NAME : SCHOOL BD OF ORANGE COUNTY											
MAILING ADDRESS: <u>OCOEE HIGH SCHOOL</u> PO BOX 4984 ORLANDO FL 32802											
SERVICE ADDRESS: <u>2050 OCOEE APOPKA RD BLDG 9 OCOEE</u> FL 34761											
DATE BILL	04/22/19										
GS-1		002817538	03/20/19	04/22/19	33	041607 A	00042077 (ACTUAL)			18800	KWH
PEAK						016826	00017019			7720	KWH
DEMAND							0003.75		40	150	KW
PEAK							0003.75			150	KW
FRANCHISE FEE	0.00	UTILITY TAX	0.00	GROSS RECEIPTS	59.56	STATE TAX	0.00	EQUIPMENT RENTAL	0.00	ELECTRIC COST	2,322.92
PAST DUE AMOUNT	0.00	CREDIT APPLIED	0.00	DEPOSIT INTEREST	0.00	NEW CHARGES	0.00	OTHER CHARGES TOTAL	0.00	TOTAL BALANCE FORWARD	2,382.48
										ACCOUNT TOTAL	2,382.48

Google Map of Service Address in relation to Actual Location





<b>OCPS Energy Administration Dept.</b>	<b>John Brennan, FM Manager</b>
<b>Administrator / Department Head</b>	<b>Mike Winter, Senior Facilities Director - Maintenance</b>
<b>Cabinet Official / Area Superintendent</b>	<b>John Morris, Chief Facilities Officer</b>

<b>Audit Result / Recommendation</b>	<b>Management Response Acknowledgement/ Agreement of Condition</b>	<b>Responsible Person (Name &amp; Title) And Target Completion Date (MM/YYYY)</b>	<b>Management's Action Plan</b>
Increased scrutiny of all new utility account service addresses	All Energy Administrators are directed to examine all service addresses on new accounts	John Brennan, FM Manager, Completion date is ongoing	All new service addresses will be compared with the valid OCPS school address, and anomalies will be brought to the attention of the vendor for correction.