Sewerage and Water Board of New Orleans (S&WB) Fee Collection and Controls

What the OIG Found

The S&WB had $21.8 million in outstanding sewer and water charges, and 47 percent ($10.3 million) of those charges were delinquent (more than 90 days past due) as of December 31, 2013. However, S&WB did not know which customers were included in the past due aging category. The inability to identify delinquent customers decreased the likelihood that the S&WB could implement an effective collection program.

Since 1987, the S&WB used the Customer Account Management (CAM) System to process customer bills and payments. Although the CAM System could generate information about the total amount owed by all of its customers, auditors found that the CAM System could not generate a detailed aging report that listed all delinquent customers. It also did not apply late fees to all past due accounts, further demonstrating its inability to produce reliable and relevant information about delinquent ratepayers.

Auditors found that S&WB employees, including a manager, were not aware of and did not adhere to the S&WB’s written delinquent collections policy.

The audit also included the following findings:

- The S&WB owed customers approximately $189,000 from unclaimed deposits and overpayments. Employees did not notify these customers via certified mail as required.
- S&WB managers could potentially save $83,000 per year by switching to a lockbox system to process payments received by mail.

What the OIG Recommended

The S&WB should replace the CAM System with a system that can provide historical and real-time information, including detailed aging reports of past due accounts. S&WB managers should also take an inventory of all policies and communicate those policies to ensure that employees understand and follow the delinquent collection process. S&WB managers should monitor collection times and rates to determine if the policies are effective and followed consistently.

The S&WB has a responsibility to collect what it bills and to use its resources in the most cost-effective way. This includes pursuing collection efforts on all delinquent accounts, notifying customers of potential refunds, and performing cost-benefit analyses on current procedures for processing payments to evaluate potential savings. The S&WB should also ensure that employees adhere to written policies.

The S&WB expects to implement a new billing and collection system in the third quarter of 2016. The new system should make it possible for managers and other individuals to extract and analyze reliable, detailed, historical, and real-time information which will enable more efficient and effective billing and collection methods.