

CITY OF RUSTON -
CUSTOMER SERVICE DEPARTMENT



COMPLIANCE AUDIT
ISSUED MAY 31, 2006

**LEGISLATIVE AUDITOR
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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

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May 31, 2006

**THE HONORABLE DAN HOLLINSWORTH,
MAYOR, AND MEMBERS OF THE COUNCIL
CITY OF RUSTON**
Ruston, Louisiana

We have audited certain transactions of the City of Ruston's Customer Service Department in accordance with Title 24 of the Louisiana Revised Statutes. The purpose of our audit was to examine the concerns of City officials regarding the Customer Service Department. We performed the audit to determine whether the customer service supervisor (1) allowed customers to continue to receive services without paying fees timely; (2) removed customers from the *Utility Billing Cutoff Report*; and (3) transferred customer accounts from one location to another without paying the noncurrent portion of the transferred amount.

Our audit consisted primarily of inquiries and the examination of selected City records and other documentation. The scope of our audit was significantly less than required by *Government Auditing Standards*; therefore, we are not offering an opinion on the City's financial statements or system of internal control nor assurances as to compliance with laws and regulations.

This report presents our finding and recommendations as well as management's response. We delivered copies of this report to the Mayor, Council members, the District Attorney for the Third Judicial District of Louisiana, and others as required by state law.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

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Utility Service Fees Not Being Assessed

Ms. Wanda Lewis, former customer service supervisor, removed customer accounts from the *Utility Billing Cutoff Report* allowing customers not to be assessed the disconnect charges and reconnection fees for \$290 and \$850, respectively. Also, Ms. Lewis improperly allowed one customer to transfer \$1,157 in charges from one account location to another account location.

The City's Customer Service Department is responsible for (1) establishing new accounts in the utility billing system; (2) collecting utility payments; and (3) crediting accounts for payments received. After each billing cycle, the utility billing system generates a utility billing cutoff report, which lists delinquent customer accounts that are to be disconnected from utility services.

The City's utility billing and collection procedures state, in part, that if past due amounts (including penalties) are not paid within 10 days following the due date, the account shall become delinquent and electric and water services to the affected premises shall be disconnected without notice. If such charges are not paid by the date on which they become delinquent, a disconnect charge of \$10 per account will become due, regardless of whether the services are disconnected in fact. No service shall be resumed after discontinuance until payment of the delinquent amount and any applicable fees is made. Accounts must be paid in full to avoid disconnection and applicable fees. The City's procedures also stipulate that a service charge of \$25 shall apply to each installation, reconnection or reactivation of electric or water meters subsequent to the initial installation.

In October 2003, Ms. Lewis became the customer service supervisor. Ms. Lewis supervised four customer service representatives. In addition to supervising the above tasks, Ms. Lewis became responsible for updating the disconnect list of delinquent customers. Ms. Lewis was responsible for generating the cutoff report so those accounts could be disconnected in a timely manner and the appropriate fee applied to the accounts.

From October 2005 through March 2006, on 34 occasions, Ms. Lewis removed 15 different customer accounts from the cutoff report. By logging on to the utility billing system and removing the check from the process column on the "Flag for Cutoff" screen, she removed customer accounts from the cutoff report. By removing customer accounts from the cutoff report, she allowed the customers to avoid paying the disconnect charge and/or reconnection fee and allowed continuation of services despite the accounts being delinquent. Customers were not assessed disconnect charges and reconnection fees for \$290 and \$850, respectively. Two of these accounts were in the name of Ms. Lewis' family members--her father and sister. The intentional altering of public records is prohibited by Louisiana law.¹

¹ **Louisiana Revised Statute 14:132** provides, in part, that injuring public records is the intentional removal, mutilation, destruction, alteration, falsification, or concealment of any record or document that is required to be preserved in any public office.

In addition to altering the cutoff list, Ms. Lewis also allowed one customer to transfer \$1,157 in charges from one account location to another account location without paying the non-current portion of the transferred amount. The City's utility billing and collections procedures state at the time a customer requests transfer of services from one account location to another account location, the customer is required to pay all noncurrent charges owed to the City, as well as any additional amounts for security deposits for the new location.

Ms. Lewis stated she knew the City's policies did not allow her to waive the disconnect fees to customers making late payments. According to Ms. Lewis, she only did this to help family, friends, and others.

We recommend City officials enforce its current policies and procedures for tracking and assessing fees to delinquent customers. We also recommend a report be generated and reviewed by management of all customers electronically removed from the cutoff list. Finally, we recommend transfers of services be reviewed by management after the customer service supervisor has approved the transfer.

This report has been provided to the District Attorney for the Third Judicial District of Louisiana. The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney.

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The City of Ruston, Louisiana, is located in Lincoln Parish and has a population of 20,546, according to the 2000 Census. The City was incorporated in 1898 and operates under the Lawrason Act. The City elects five council members who serve four-year terms. The mayor is elected at-large for a four-year term. The City provides a wide range of services including public safety, highways and streets, sanitation, electric, water, and sewer services, airports, ambulance, recreational activities, general administration functions, and others.

The Customer Service Department bills and collects fees for electric, water, refuse, and sewer services. The department collects meter deposits and assesses other fees.

This examination was performed at the request of the mayor to determine the propriety of certain transactions. The procedures performed during this examination included:

- (1) interviewing employees and officials of the City;
- (2) interviewing other person as appropriated;
- (3) examining selected documents and records of the City;
- (4) performing observations; and
- (5) reviewing applicable state laws and regulations.

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Management's Response

City of Ruston

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DAN HOLLINGSWORTH

Mr. Dan Daigle, Manager
Compliance Audit Division
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P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Daigle:

Please find below the City of Ruston's response to the letter report of the Legislative Auditor.

City of Ruston's Response:

It has always been the policy of the current administration of the City of Ruston that the prescribed policies and procedures of the Customer Service Department are adhered to. In light of the recent violations of the policies and procedures, Mr. Darrell Caraway, Acting Light & Power Utilities Director, is ensuring that those policies and procedures for tracking and assessing fees to delinquent customers are being enforced. Additionally, Mr. Caraway is reviewing the report of all customers electronically removed from the cutoff list and is reviewing the transfer of services after the Customer Service Department Supervisor has approved the transfer. Mr. Caraway is in the process of hiring a Customer Service Department Manager who will become responsible for enforcing the policies and procedures and the aforementioned reviews.

I sincerely appreciate your prompt attention to my request for a review and the professionalism that your office exhibited during its course.

Respectfully submitted,



Dan Hollingsworth, Mayor
City of Ruston

DH/pw