

Detailed Follow Up Report - Auditor Determined Status

Rec#	Recommendation	Auditor FollowUp	City Auditor's Status	Closed
1911	Revenue Recovery	Issued:	9/3/2019	
1A	<p>Business Services department management should require Revenue Recovery to develop and use aging reports to effectively prioritize utility collection activities. This should include using the aging reports to: 1. Ensure that delinquent utility accounts are contacted timely and verify that service disconnections occur consistently for delinquent accounts unless exceptions are documented and approved. 2. Ensure that appropriate collection efforts have occurred on overdue utility accounts before approving account balance write-offs. 3. Evaluate whether the collection agency referral processes and the agency's collection efforts are effective. Also, evaluate whether the collection agency contract should be competitively bid and whether to require customers to pay the collection agency fee.</p>	<p>March 2020: Management reported that Revenue Recovery has partnered with the technology support team to develop aging reports that provide additional visibility to aged and high dollar balance accounts to allow for better prioritization. Auditors will review progress of this initiative for a future update. Sept 2020: Auditors reviewed the updated aging reports, which are now aligned with each other and consistent with other departmental reports. While the department is currently not shutting off accounts due to the pandemic, they are monitoring balances and using the reports for Scottsdale CARES funding purposes. The department issued an RFP for the collections contract, but only received one response. However, the current Revenue Recovery manager has worked with the company to receive better reports and services. Also, the collection fee is now paid by the customer rather than the City.</p>	Implemented	<input checked="" type="checkbox"/>

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1B	<p>Business Services department management should require Revenue Recovery to develop and use aging reports to effectively prioritize tax and license collection activities. This should include using the aging reports to:</p> <ol style="list-style-type: none"> 1. Identify delinquent tax and license accounts that would most benefit from Revenue Recovery's collection efforts. 2. Ensure that appropriate collection efforts occur for delinquent tax and license accounts based on age, amount due and other relevant criteria. 3. Write off uncollectible tax and license accounts in accordance with Accounting department criteria, including providing written justification for those not being written off. 	<p>March 2020: Management reported that the current focus is on completing implementation of a new permit and license system. Then Revenue Recovery will work with technology support staff to build a qualified aging report system in the new system. Meanwhile Revenue Collectors are focusing on active accounts that present a greater opportunity for collection, including referring them for collection. Auditors will review progress of these initiatives for a future update.</p> <p>Sept 2020: The department reported that staff is training on use of the new permit and license system, which they hope to fully implement during this month. In the meantime, staff continue to focus on active accounts that present a greater opportunity for collections.</p> <p>March 2021: The department reported that the Revenue Recovery team is working with the IT team to develop reports in the new system that will assist in identification and prioritization of delinquent accounts, as well as developing collection notices and other collection tools.</p> <p>Sept 2021: The department reported that, due to a staffing challenge, the new system reports are still a work in progress.</p> <p>Dec 2021: Auditors reviewed the aging reports that have been created to categorize and organize the delinquent accounts. Also, the department stated it will continue to review the report looking for enhancement opportunities to improve visibility and consistency in collecting outstanding debts owed to the City.</p>	Implemented	<input checked="" type="checkbox"/>
1C	<p>Business Services department management should monitor collection activity and recovery of other departments' referred delinquent accounts. Specifically, require Revenue Recovery to develop written workflows for collecting these accounts, including preparing an aging analysis to focus its efforts and developing written guidance on appropriate collection activity based on age, amount due, and other relevant criteria.</p>	<p>March 2020: Management reported that Revenue Recovery created a written policy outlining collection steps to be used for referrals from other departments. As collection guidance based on age, amount due or other relevant criteria is still limited, auditors will review progress for a future update.</p> <p>Sept 2020: Auditors reviewed the workflows and policies and procedures, which the department indicated were used for the FY 2019/20 write-off process.</p>	Implemented	<input checked="" type="checkbox"/>

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1D	Business Services department management should ensure Revenue Recovery develops and implements written policies, procedures and workflows with comprehensive guidance and directions to effectively carry out its responsibilities.	March 2020: Management reported that updating procedural documents is an ongoing priority. Auditors will review progress for a future update. Sept 2020: Auditors reviewed the updated policies and procedures and additional workflow guidance provided by the new Revenue Recovery manager.	Implemented	<input checked="" type="checkbox"/>
1E	Business Services department management should evaluate using the state's debt set-off program as part of its collection efforts.	March 2020: Management reported that Revenue Recovery confirmed the state debt set-off program is available to governmental entities and will consider account referrals to this program. Sept 2020: The new Revenue Recovery manager reported he is looking into how the state debt set-off program can be used and referral will be considered for the City's delinquent accounts. Due to the COVID pandemic, there has been little recent interaction with the state Department of Revenue. March 2021: The department reported staff is working to purchase skip-tracing tools that will allow effective use of the state Department of Revenue Debt Offset program. Sept 2021: Due to a staffing challenge, the department had to restart its implementation and hopes to have the tools operational within the next few weeks. Dec 2021: The department is now using the Lexis/Nexis tool to obtain additional information about customers and is using that information to improve collections. The state debt set-off program is still on-hold due to the pandemic.	Implemented	<input checked="" type="checkbox"/>
2A	Business Services department management should develop transparent, public procedures for site visits and make that information available on the City's website. Further, Business Services department management should not allow employees to accept cash or cash equivalent payments when working outside of the office.	March 2020: Auditors reviewed Revenue Recovery's added website information regarding site visits. However, management has not yet restricted collectors from accepting payments during site visits. Sept 2020: The new Revenue Recovery manager reported that collectors have been directed to no longer accept payments in the field, and the department no longer has an Accounting exception to accept payments in the field. Auditors reviewed the new site visit procedure developed for staff; however, site visits are not currently occurring.	Implemented	<input checked="" type="checkbox"/>

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2B	<p>Business Services department management should develop measurements and reports that track actual collections resulting from revenue collector activity and develop individual performance goals related to revenue collection and communication with delinquent accounts.</p>	<p>March 2020: Management reported that Revenue Recovery is building reporting capabilities. Auditors reviewed the department's ADOR reports showing comparative collection activity through the state system, but Revenue Recovery has not yet developed in-house collection performance reports. Auditors will review progress for a future update. Sept 2020: Management reported the revenue collection reports will be reviewed to monitor results. Currently, due to the pandemic, ADOR is not allowing city collectors onsite. March 2021: Management reported that revenue collection reports are reviewed monthly. Based on auditor review of recent reports, during FY 2018/19, the department was collecting less than \$1,000 per month, on average, through the state Department of Revenue for delinquent TPT. During the most recent available 12 months, the department is now averaging about \$50,000 per month. As well, a department report also more effectively summarizes utility billing delinquent account collection activity.</p>	Implemented	<input checked="" type="checkbox"/>
2C	<p>Business Services department management should require revenue collector activity logs to be complete and detailed. Further, evaluate use of the City's time management system to replace the spreadsheet logs.</p>	<p>March 2020: Management reported that activity logs have been developed by the technology support staff. Auditors reviewed the logs and found some inaccuracies, such as one collector recording 28 to 39 hours of activities per day. Auditors will review progress for a future update. Sept 2020: The new Revenue Recovery manager provided the updated activity logs currently being used. Also, they plan to continue to refine the logs and to look for an integrated time management system.</p>	Implemented	<input checked="" type="checkbox"/>

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2D	Business Services department management should evaluate the value of Revenue Recovery staff joining a collections-related professional organization for development and training.	March 2020: Management reported sending a survey of revenue collection questions to one association and being part of two groups (a customer service group and the state tax collections initiative) with which they were previously associated during the audit. Auditors will review progress for a future update. Sept 2020: Management reported that the current Revenue Recovery manager has also worked with other city collection departments around the Valley to create a group to work on development and training. They are currently meeting virtually but will be meeting in person when it is again safe to do so.	Implemented	<input checked="" type="checkbox"/>