



# AUDIT HIGHLIGHTS

## Revenue Recovery

September 3, 2019

Audit Report No. 1911

### WHY WE DID THIS AUDIT

This audit was included on the Council-approved FY 2018/19 Audit Plan to assess the effectiveness of Business Services' revenue recovery services.

### BACKGROUND

Within the City Treasurer's Business Services department, the Revenue Recovery section is responsible for collecting delinquent receivables owed to the City. These receivables include utility accounts; business, liquor and special license fees; false alarm charges; and accounts referred by other City departments.

As of June 2019, Revenue Recovery was responsible for approximately 6,700 accounts totaling about \$3.5 million.

Additionally, Revenue Recovery, Tax Audit and the City Attorney's office have created the Revenue Enhancement Team to collect the larger delinquent accounts once Revenue Recovery has exhausted its efforts.

### City Auditor's Office

City Auditor 480 312-7867  
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### WHAT WE FOUND

**Revenue Recovery is not effectively identifying or collecting delinquent accounts.**

Collection efforts could be improved by using accounts receivable aging reports, developing complete and organized policies and procedures, and evaluating its collection tools. Specifically, we found:

- Past-due accounts were not contacted timely, documented collection efforts were inconsistent and account write-offs were not performed in accordance with City accounting policy.
- Policies and procedures were not available for many activities.
- Revenue Recovery does not evaluate or use all available collection tools.

**Revenue recovery program management and oversight could be improved.**

- Enhanced tracking of collection data could help improve effectiveness, reporting and management.
- Establishing and sharing a policy for site visit practices could enhance revenue collector and public protection.
- Differentiating between payments received after revenue collector contacts and those received after auto-generated phone calls or letters would help to measure effectiveness of methods used.
- Accurately tracking collectors' daily activities and participating in a professional collection organization may improve effectiveness and provide best practices, training and professional development.

### WHAT WE RECOMMEND

We recommend the Business Services department require Revenue Recovery to:

- Develop and use aging reports to prioritize collection activities.
- Ensure that uncollectible account write-offs are performed in accordance with Accounting policies.
- Develop complete and organized policies and procedures.
- Improve tracking and analysis of collections-related activity and results.

### MANAGEMENT RESPONSE

The department agreed with the recommendations, including using monthly accounts receivable aging reports to prioritize collections and developing a mechanism to track collection activity and its adherence to priorities and procedures.