

**AUDIT  
AT A GLANCE****WHY THIS AUDIT MATTERS**

- The City's water program is heavily funded through water revenue
- Important that all customers are billed and revenues are collected timely

**BACKGROUND**

- **Two Key Divisions:**
  - Toronto Water responsible for water quality, distribution, meter installation and repairs
  - Revenue Services responsible for water billing and collection
- **Audit performed in two phases:**
  - Phase I focused on collection of past due accounts
  - Phase II focused on water billing
  - Four reports issued consisting of 44 recommendations

**BY THE NUMBERS**

- 18 (19.5%) of 92 sampled from 685 properties incorrectly classified as 'Do Not Bill', were not billed over a 4 to 30 year period
- 5 properties or 5.5 per cent of the 91 sampled did not have a water meter
- \$1.3 million in potential unbilled revenue related to sampled properties
- Opportunity to recover up to \$550,000 annually for 8,500 no-access site visits by water inspectors
- Staff resources can be saved by reducing high volume (158,000) of bill reversals, adjustments and refunds
- \$63,000 in administrative fee was not billed to customers over two years

**POTENTIAL SAVINGS**

Over \$3 million in revenues from sampled properties and cost recoveries over 5 years. Additional \$1.3 million may be recovered depending on how far the City can back bill.

***Audit of Water Billing and Collections - Phase II:  
Water Billing and Water Meter Management Controls Require  
Strengthening*****What we found****Revenue leakage due to issues with water billing and meter installation**

1. Properties without water meters and consuming water without a bill
  - Inconsistent water billing for City-owned leased and licensed properties
  - There is no complete list of City-owned leased/licensed properties
  - It is possible other applicable charges may have not been billed
2. Management reports needed to identify properties without water meters
  - From a total of 685 'Do Not Bill' properties, 18 (19.5%) City-owned leased/licensed properties out of 92 sampled were not billed for water
  - A City-owned leased property was not billed over \$300,000 for 30 years
  - From a total of 2,494 properties with closed construction permits, 5 properties or 5.5 per cent of the 91 sampled did not have a water meter
  - One property did not have a water meter for 11 years
3. No-access site visits by Water inspectors resulted in:
  - Delays of six months to over nine years in meter repairs and installations causing estimated bills, customer disputes and waste of City resources
  - 8,500 no-access site visits in 2016
  - 50 repeat no-access site visits on a single property over 9 years

**Better Coordination required between Divisions**

- Lack of communication between City Divisions and Revenue Services resulted in not billing some City-owned leased/licensed properties
- Examples of unbilled leased properties include restaurants, retail shops, marinas and yacht clubs on City property
- Water meter installation and billing delayed due to a lack of information sharing on building permits status, and missing water meters

**Other Findings**

- Fee not consistently charged to customers for payment transfer requests
- Controls at customer service counter operations require strengthening
- Monitoring user access to water billing system requires improvement

**How Recommendations will Benefit the City**

1. Reduce revenue leakage by:
  - Improving identification and reporting of properties without a water meter and billing
  - Improving processes for timely meter installation and repairs
2. Potential cost savings and recoveries by:
  - Reducing billing estimates and delayed billing
  - Improved communication and coordination between City Divisions
  - Implementing an administrative fee for no-access site visits
3. Improve integrity of systems data and management reporting