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Revenue Audit

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Introduction

The foremost responsibility of your CIS is to bill all of your customers accurately. During the implementation of your CIS, the focus was to ensure that your new CIS would accurately generate customer bills. However, those efforts assumed that the factors required for billing, the billing determinants, would be accurate and available.

Since going live with your new CIS, two high-level questions must be asked:

1. Are we generating the revenue we should? Or, in other words, are we accurately billing for all of the services that we provide?
2. Are we collecting the revenue that we billed?

These two questions need to be investigated further.

Generating Revenue

The question "Are we generating the revenue we should?" is too general; it needs more detail. Simply put, your CIS must generate bills for all of the services provided. However, there are a significant number of obstacles.

- Not all of the metered and unmetered utility services exist in CIS. Is there a discrepancy between the actual number of services provided (perhaps maintained in the outage management system) and maintained in your CIS? If there is no record of the service in CIS, it cannot be billed.
- Metered services exist in CIS, but no meter information is available. Perhaps meters have been installed and turned on, but CIS has not been

updated with the information. The meter reading departments may not be reading the meters because they are unaware that meters have been installed.

- Unmetered services exist in CIS, but are not being billed. Are all street lights and traffic lights being billed? Is water service being billed, but sewer service is not?
- Meters not being read or readings not being recorded. Are meter read cycles appropriately set and scheduled? With AMR meters, are all meters being read but only "requested reads" being uploaded to CIS? Are metered service points being visited even if CIS has no record of a meter being installed there?
- Bills are not being generated for services. Has the initial bill never been sent? Is the final bill held up? Is there a service that had received a bill in the past, but not longer is receiving one?
- Bills are generated but not accurate. Are billing amount or meter readings consistently being estimated?
- Price per UOM does not make sense. At an individual level, is the ratio of the dollar amount to the billed commodity reasonable?
- Measured UOM vs. billed UOM. At an individual level, is the ratio of the measured commodity to billed commodity reasonable?
- Commodity supplied vs. commodity billed. At a macro-level, is there an acceptable discrepancy between

commodity supplied (or produced) vs. commodity billed? How does this ratio compare to the legacy CIS?

- Reconciliation with general ledger. Does the reconciliation between CIS and G/L make sense from an A/R, Revenue and Liability perspective? If the Finance and/or Treasury departments are not comfortable with the information sent from CIS, then they are unable to apply their expertise in this area.
- Customers on the incorrect rate. Are your customers on the correct rate? Can it be determined by meter type? Are processes in place to change the rate when consumption increases or decreases to specified levels?

Collecting Revenue

From a financial perspective, revenue may be accurate but receivables are growing. The focus should shift from receivables to collectable receivables; the amount that you will likely collect.

- Ineffective collections activity. Are there customers that are “stuck” in the collections cycle whose debt continues to increase?
- Sufficient deposits. Are there sufficient deposits on hand to cover the risk for delinquent customers?
- Non payment of final bill. Is there a pattern of customers not paying their last month’s (or two) bill?

Origin’s Solution

Your CIS is complicated; it works well if the business processes to support it are in place. The questions asked, and the points raised in the above sections can

be broken down into manageable size, thus reducing their perceived complexity. The key is the solution – bridging the gap between business and technology. The only way to address the issues, and answer the questions is through experience and expertise. Origin has both.