



May 31, 2022

**CUSTOMER ASSISTANCE PROGRAM  
LIMITED REVIEW**



**FINANCIAL  
ASSISTANCE**  
**for Our Neighbors**

Source: [www.wsscwater.com/cap](http://www.wsscwater.com/cap)

**Project # 22-CAP-01**

**A Report to:**

**Commissioners:**

Chair, Keith E. Bell  
Vice Chair, Howard A. Denis  
Fausto R. Bayonet  
T. Eloise Foster  
Chris Lawson  
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 Interoffice Memorandum

**TO:** JOHN CURRY, ACTING DIRECTOR  
 CUSTOMER SERVICE DEPARTMENT DS  
JC

**THRU:** JON T. RYMER, INSPECTOR GENERAL  
 OFFICE OF THE INSPECTOR GENERAL DS  
JR

**THRU:** MAXENE M. BARDWELL, ASSISTANT INSPECTOR GENERAL FOR AUDIT  
 OFFICE OF THE INSPECTOR GENERAL DS  
MB

**FROM:** DAISY QIAN, AUDITOR  
 OFFICE OF THE INSPECTOR GENERAL DS  
DQ

**DATE:** MAY 31, 2022

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL REPORT  
 CUSTOMER ASSISTANCE PROGRAM LIMITED REVIEW**

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**EXECUTIVE SUMMARY**
**Background**

In accordance with the Washington Suburban Sanitary Commission's (WSSC) Office of the Inspector General's (OIG) Fiscal Year 2022 Risk-Based Work Plan and the authority granted to it pursuant to Public Utilities Article ("PUA"), § 17-605 (a)(6) of the Annotated Code of Maryland, the OIG conducted a limited review of WSSC's Customer Assistance Program (CAP) for the fiscal year ended June 30, 2020 (FY'20). The OIG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), except for the peer review requirement.

WSSC established the CAP to provide financial assistance with water and sewer bills to eligible ratepayers.<sup>1</sup> The CAP aids residential customers experiencing financial hardships by waiving the "Ready to Serve Charge," also referred to as fixed account fees.<sup>2</sup> To be eligible for the CAP, WSSC customers must be qualified enrollees in and approved by the State of Maryland's Office of Home Energy Program (OHEP).<sup>3</sup> During FY 20, WSSC's Customer Service Department

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<sup>1</sup> See Md. Ann. Code, PUA, § 25-501.1; see also Chapter 3.45 of Title 3, Customer Management, Subtitle III, Customer Service, of the WSSC Code of Regulations (Code).

<sup>2</sup> See WSSC Customer Assistance Program (CAP) Brochure (July 1, 2015), available at <https://www.wsscwater.com/cap>; see also WSSC 3.45.010 (h) (defining "Ready-to-serve fee" consisting of the account maintenance and infrastructure investment fees charged to WSSC Customers).

<sup>3</sup> See Memorandum of Understanding (MOU) between the WSSC and MDHS, June 1, 2018.

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(CSD) reported that there were 13,503 customers enrolled in the CAP, thus, totaling approximately \$1,336,901.83 in assistance.

### **Objective**

The objective of this limited scope review was to provide management with an independent assessment of whether the CAP customers' records are reconciled with records received from the State of Maryland's OHEP.

### **Scope and Methodology**

The scope of this audit involved the review of WSSC's CAP enrollment process for fiscal year 2020 from July 1, 2019, to June 30, 2020.

To accomplish the audit objective, the OIG interviewed staff and management responsible for administering the CAP in WSSC's CSD and Information Technical (IT) departments to understand and evaluate the verification process. The OIG reviewed the monthly reports the CSD received from OHEP to confirm the total number of approved applicants and assess the source data. With the assistance of IT, the OIG also extracted all the CAP records during FY'20 from Oracle Utilities Customer to Meter Billing System (C2M) to assess the data accuracy. The OIG performed review procedures on a sample of 78 randomly selected residential customer accounts from the entire CAP customer population using data analysis software. The OIG also reviewed and evaluated applicable laws, policies, and procedures.

### **Conclusion**

The OIG noted the following deficiencies in the administration of the CAP:

- Unapplied retroactive CAP credits;
- Lack of a WSSC annual recertification review; and
- Insufficient record-keeping and data extraction method(s).

Based on the work performed for this limited review, it appears that the existing controls warrant improvement as the reported number of eligible CAP customers from July 1, 2019, to June 30, 2020, were not consistently reconciled with eligibility records received from OHEP.

Additionally, the OIG has communicated less significant internal control deficiencies (low rated issues) associated with this engagement to appropriate WSSC management in a separate OIG Memorandum.

## **FINDINGS, MANAGEMENT RESPONSES, AND ACTION PLANS**

### **Finding 1: Unapplied Retroactive CAP Credits**

**Risk Rating: MEDIUM**

CAP credits were not applied retroactively to the first bill issued in FY 20 for eligible CAP customers in accordance with WSSC 3.45.070 (c) and (d)(1). Instead, the credits were only applied to the CAP customers' future bills after their eligibility status was updated in C2M.

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According to WSSC 3.45.070 (c), the CAP credit will appear on the first bill that the customer receives in WSSC's fiscal year after the date that the customer is certified as a CAP participant. If a customer is certified as CAP eligible after one or more bills have already been issued in a given fiscal year, WSSC shall award credits retroactively to [the] first bill issued in the fiscal year in which the customer was certified as CAP eligible.<sup>4</sup> Additionally, CSD's Internal Operating Procedure (IOP) Financial Assistance Programs states in part that the CAP credits provided to the CAP customers are "retroactive to the beginning of the fiscal year in which the customer[s] was[were] approved for assistance from OHEP (July 1 – June 30)."<sup>5</sup>

According to the CSD and IT, the current C2M billing system does not have the ability or functionality to calculate and apply retroactive CAP credits to eligible customers.

The failure to apply CAP credits retroactively to the first bill issued in the fiscal year that the customer is eligible may result in the loss of financial assistance to the customer. Additionally, eligible CAP customers may incur higher water bills until the retroactive credit is applied.

**Recommendation 1: Create Corrective Measures to Calculate and Apply Retroactive Credits to CAP Customers**

In the interim, the OIG recommends that the CSD, with assistance from IT, apply CAP credits retroactively to eligible CAP customers for FY'20.

In terms of a permanent corrective measure, the OIG recommends the CSD collaborate with IT to evaluate possible enhancements to the current billing system (C2M) to calculate retroactive credits. For example, the possible system enhancements could entail automatically calculating and retroactively applying CAP credits. This may result in eligible CAP customers receiving accurate and timely CAP credits.

**Management Response and Action Plan (including anticipated due date):**

Management agrees with the recommendation to create corrective measures to calculate and apply retroactive credits to CAP customers. Customer Service and IT have developed a plan for a permanent corrective measure, which will be delivered without an interim solution. Forgoing an interim solution expedites delivery of the permanent solution, as both rely upon the same resources. Customer Service will implement the solution by October 1, 2022, including retroactive credit(s) for FY23.

**Comment from the Office of the Inspector General**

The OIG accepts management's response that they will collaborate with IT to implement the operational solution of providing the retroactive credits by October 1, 2022. Once

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<sup>4</sup> See WSSC 3.45.070 (d)(1).

<sup>5</sup> See Customer Service Department IOP Financial Assistance Programs, effective July 1, 2019.

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management implements the action plan, as part of its follow-up process, the OIG will review them to determine if they are responsive to the recommendation.

**Finding 2: Lack of a WSSC Annual Recertification Review**  
**Risk Rating: MEDIUM**

No annual review was performed using the C2M billing system to remove customers who were no longer eligible for CAP in FY'20. Out of 78 randomly selected CAP customers tested, 60 or 77% of CAP customers received inaccurate CAP credits during FY'20.

Certification to receive CAP is valid for only one fiscal year, and customers are required to re-certify annually with OHEP.<sup>6</sup> The CSD's IOP affirms this annual re-certification requirement for CAP.<sup>7</sup> While there are requirements for customers to re-certify annually for CAP, there is no requirement for WSSC to review and cross-check OHEP recertification records with its current CAP enrollment records.

According to CSD and IT, currently C2M cannot reconcile to OHEP's recertification records to automatically terminate customers who are no longer eligible for CAP during that fiscal year. Failure to review and reconcile WSSC's current CAP enrollment with customers that OHEP's recertifies annually in C2M resulted in an overstatement of the number of eligible CAP customers for FY'20. This overstatement occurred when newly approved CAP customers were added to WSSC CAP records for FY'20, and customers who were no longer eligible for CAP were not removed.

CAP is funded from revenue generated by WSSC.<sup>8</sup> Maintaining a CAP with customers who are no longer eligible may result in the improper awarding of financial assistance and the misuse of WSSC's resources.

**Recommendation 2: Conduct an Annual Review of Recertified Participants**

In the interim, the OIG recommends that CSD, with the assistance of IT, review and reconcile C2M and OHEP recertification records to remove ineligible CAP customers at the end of each fiscal year's billing cycle.

After CSD obtains, processes, and imports the OHEP data in C2M, the OIG also recommends CSD and IT collaborate to evaluate possible enhancements to C2M. Those enhancements may include providing the potential functionality to generate updates and reconcile customers' CAP status to the annual recertification data that WSSC receives from OHEP. These recommended actions may ensure that the financial assistance that WSSC provides through the CAP is properly distributed.

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<sup>6</sup> See WSSC 3.45.060 (d).

<sup>7</sup> On July 1, 2019, CSD enacted its IOP for Financial Assistance Programs stating that participants must re-certify annually to participate in CAP in accordance with OHEP's annual renewal procedures.

<sup>8</sup> See WSSC 3.45.140 (b).

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**Management Response and Action Plan (including anticipated due date):**

Management agrees with the recommendation to conduct an annual review of recertified participants. Customer Service and IT have agreed to develop an operational solution to effectively and efficiently expire CAP enrollments at the end of the fiscal year.

To expedite delivery and minimize challenges with data quality and existing system functionality, management will focus on delivering a solution without an interim solution to expedite delivery and minimize challenges with data quality and existing system functionality. Customer Service will implement the solution by October 1, 2022, in conjunction with retroactive credit(s) for FY23.

**Comment from the Office of the Inspector General**

The OIG accepts management's response to collaborate with IT to implement the operational solution to conduct an annual review of recertified participants by expiring CAP enrollments at the end of the fiscal year by October 1, 2022. Once management implements the action plan, as part of its follow-up process, the OIG will review them to determine if they are responsive to the recommendation.

**Finding 3: Insufficient Record-Keeping and Data Extraction Methods**  
**Risk Rating: MEDIUM**

The records supporting the reported total number of eligible CAP customers during FY'20 were not sufficiently managed and maintained. During this audit, account-level detailed records were not available to validate the total number of eligible CAP customers for FY'20. The CSD annually extracts data directly from the C2M billing system to account for the total number of eligible CAP customers and discloses this information in an annual report detailing WSSC's financial assistance program to customers. The current data extraction method from C2M does not allow for data to be extracted based on a specific time frame and; therefore, for FY'20 the data could not be produced.

WSSC 3.45.160 (b)(1) states in part that it "will produce an annual report summarizing the program's performance for the prior [fiscal] year including [the] number of recipients approved for financial assistance."<sup>9</sup>

The current policies and procedures need to maintain detailed records to support the total number of annual eligible CAP customers for a certain period are not sufficient. These policies and procedures do not require account-level detailed records needed to validate the total number of annual eligible CAP customers. In addition, the cause of the inability to reproduce data was not provided.

Inadequate record-keeping may lead to uncertainty and the questioning of the accuracy and completeness concerning the number of CAP participants. Additionally, a lack of data reproducibility may make future data examination and analysis more difficult.

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<sup>9</sup> See WSSC 3.45.160 (b)(1).

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**Recommendation 3: Update Policies and Procedures to Require Records to be Sufficiently Managed and Maintained and Revise the Data Extraction Method**

The OIG recommends that CSD update the existing policies and procedures by adding a requirement to review and maintain detailed records for a certain period of time for the CAP. The OIG also recommends that CSD revise the current data extraction method to allow data to be reproduced or extracted at any given time. According to the Green Book, “[management] clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examinations, and that records are properly managed and maintained.”<sup>10</sup> Sufficient detailed record-keeping and data reproducibility will help ensure data availability for future data examinations, review, and analysis.

**Management Response and Action Plan (including anticipated due date):**

Management agrees with the recommendation to update policies and procedures to require records to be sufficiently managed and maintained and revise the data extraction method. Management will update the existing policies and procedures by adding a requirement to review and maintain detailed records for a certain period of time for the CAP by October 1, 2022.

Additionally, Management has agreed with IT and Strategy and Innovation to develop enhanced CAP reporting capability through the Enterprise Data Mart. This work was in development prior to pausing work pursuant to Commission directive. IT and Strategy and Innovation will complete the work. Customer Service will implement the dashboard by October 1, 2022. The dashboard will include detailed reporting of CAP enrolment and allow data to be reproduced or extracted at any given time, subject to the data having been warehoused per the monthly schedule.

**Comment from the Office of the Inspector General**

Management’s action plan is responsive to the intent of the recommendation. Once management implements the action plan, as part of its follow-up process, the OIG will review them to determine if they are responsive to the recommendation.

cc: General Manager/CEO, (C. Reid)  
DGM/Strategy and Partnerships, (M. Johnson)  
Chief Strategy & Innovation Officer, (T. Allen)  
Chief of Staff, (C. Knight-Lee)  
Division Manager/Customer Engagement & Advocacy (K. Caplan)  
Chief Information Officer/IT, (C. Carter)  
Section Manager/IT, (J. Schlee)

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<sup>10</sup> See U.S. Government Accountability Office, Standards for Internal Control in the Federal Government (Green Book), GAO-14-704G, Principle 10.03 (2014). Last accessed on March 10, 2022, <https://www.gao.gov/assets/gao-14-704g.pdf>.