



OFFICE OF THE INSPECTOR GENERAL

CUSTOMER SERVICE HIGH BILL ADJUSTMENTS CUSTOMER SERVICE DEPARTMENT & UTILITY SERVICES DEPARTMENT



OIG PROJECT NUMBER 25-CSH-01

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OG #20241016-022200



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DATE: DECEMBER 10, 2025

SUBJECT: CUSTOMER SERVICE HIGH BILL ADJUSTMENTS/CORRECTIONS
PROCESS AUDIT

OG #20241016-022200

The Office of the Inspector General (OIG) for the Washington Suburban Sanitary Commission (WSSC) has completed an audit of WSSC's Customer Service High Bill Adjustments/Corrections Process. A detailed audit report is attached for your review. The OIG conducted the audit per the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS).

We appreciate the assistance provided by management and other personnel and hope the information in our report is helpful.

Attachment

cc: Chief of Staff, (N. Hickson)
Deputy General Manager Operations, (A. Tesfaye)
Chief Financial Officer, (M. Musara)
Performance and Accountability Director, (H. Hagos)
Customer Service Director, (J. Curry)
Utility Services Director, (G. Diaz)

EXECUTIVE SUMMARY



Why The OIG Did This Audit

In accordance with the Washington Suburban Sanitary Commission (WSSC) Office of the Inspector General's (OIG) Fiscal Year (FY) 2025 Risk-Based Work Plan, and the authority granted to the OIG pursuant to Public Utilities Article, § 17-605 (a)(6) of the Annotated Code of Maryland, the OIG conducted a Customer Service – High Bill Adjustments/Corrections Process Audit. The OIG conducted the audit in accordance with the U.S. Government Accountability Office's *Generally Accepted Government Auditing Standards*.

The Customer Service Department works with the Utility Services Department to ensure accurate billing through efficient meter readings. Tasks are managed via the Meter Work Management system, with data processed for customer bills using the Customer-to-Meter platform.

The legal framework for addressing high water and sewer bills at WSSC is defined by Maryland Code § 25-504 and WSSC Code Chapter 3.20, which outline processes for correcting billing errors and handling customer disputes.

Strategic Alignment

This report addresses WSSC's Strategic Priority: Customer Engagement & Partnerships.

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The Audit Highlights an Opportunity to Strengthen High Bills Oversight

What the OIG Found

The objective of this audit was to provide management with an independent and objective assessment of whether WSSC follows Maryland statutes and its regulations regarding high bill adjustments and corrections, related to water leaks. To accomplish the objective, the OIG reviewed adjustment and correction requests initiated between July 1, 2023, and June 30, 2024.

WSSC's processes for adjusting and correcting high bills are generally consistent with the requirements of Maryland law and the WSSC Code of Regulations. The OIG identified deficiencies in the administration and oversight of high bill adjustments and corrections. Specifically, the OIG identified weaknesses in the authorization process for high-bill adjustments on high-value transactions.

The OIG presented the following recommendations to WSSC's management to improve the administration and oversight of High Bills Adjustment and corrections:

- Collaborate with the Information Technology and Customer Service to implement system-based controls within the billing platform to ensure proper authorization and documentation of billing adjustments; and,
- Set approval limits for high bill adjustments based on user roles.

WSSC management agrees with the recommendation and will implement system-based preventive, monitoring, and detective controls within the billing platform to ensure billing adjustments are appropriately authorized and documented. The OIG accepts management's response and will track the status of management's remediation plan.



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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 2025 Risk-Based Work Plan and the authority granted to the OIG pursuant to Public Utilities Article (PUA), § 17-605 (a)(6) of the Annotated Code of Maryland, the OIG conducted an audit of WSSC's Customer Service High Bill Adjustments/Corrections Process, related to water leaks. The OIG conducted the audit per the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS).

Customer Service Department

WSSC's Customer Service Department (CSD) is responsible for billing, including collecting the water and sewer usage charges. Charges may be estimated for periods of up to six months, using the customer's historical daily average consumption from actual previous usage. According to WSSC's *High Bill Adjustment Regulations* cited in Chapter 3.20 of the WSSC Code of Regulations (Code) and WSSC Water's website, customers and/or property owners are responsible for maintaining all private property plumbing and paying for water that registers on the meter, including water lost due to leaks. Furthermore, pursuant to WSSC 3.20.040, single-unit residential customers may request a High Bill Adjustment once, for up to two consecutive billing periods within a three-year period. The customer must meet specific criteria.

Utility Services Department

The CSD collaborates with the Utility Services Department (USD) on billing and related matters. USD is responsible for meter readings and related field activities, which are managed through the Mobile Workforce Management (MWM) system. Using MWM, tasks are assigned to field technicians according to the meter reading schedule and other operational needs. Once service technicians complete the meter readings, the data is uploaded into the Customer-to-Meter (C2M) platform, which generates the customer's final billing statement.

Legal Framework/Process

In addressing high and excessive water and sewer bills, the WSSC operates under a dual framework: (1) the Maryland Code Annotated, Public Utilities Article (PUA), § 25-504, which governs statutory billing obligations, and (2) Chapter 3.20 of the Code, which outlines the conditions under which bills may be adjusted or corrected. Together, these authorities establish

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WSSC Water's discretionary and the mandatory authority in resolving customer billing disputes or anomalies.

Under PUA, § 25-504 and WSSC Code, Chapter 3.20, the terms *correction* and *adjustment* have distinct meanings as they relate to billing. A *correction* refers to the recalculation or re-issuance of a bill due to a mistake or inaccuracy originating from WSSC's operations or systems. Corrections are generally mandatory once errors are identified. Common examples include incorrect meter readings, mathematical miscalculations, the application of an incorrect rate schedule, charges for services not rendered, or billing during periods when meters were over-registering¹.

When this occurs, under WSSC 3.20.030, WSSC is required to cancel the original bill and issue a corrected one. Moreover, PUA, § 25-504 (a)(3)(ii) provides explicitly that WSSC may correct a bill for up to three years in cases of over-registering meters.

An *adjustment*, by contrast, is when a bill was issued correctly (no error by WSSC), but fairness or policy considerations allow for partial relief to the customer. Adjustments are typically granted in response to circumstances of unusually high consumption caused by factors such as leaks or internal plumbing failures, provided the customer submits the required supporting documentation.

Upon notification from a customer about a high bill, a CSD Account Specialist must contact the customer within three days. During the initial exchange, the Account Specialist will introduce themselves to the customer and explain the review process and expected timeframe. Confirm the actions to be taken and provide an estimated resolution date. The Account Specialist will also review the customer's usage pattern, compare the Average Daily Consumption (ADC), and determine whether the customer has previously received adjustments, applying exclusions based on residential or commercial status.

Audit Objective

The objective of this audit was to assess WSSC's compliance with Maryland statutes and its regulations regarding high bill adjustments and corrections.

¹ According to WSSC 3.20.020(g), and Over-registering meter means a meter or submeter that is: (1) Two inches or smaller tested by WSSC according to the American Water Works Association (AWWA) standards and found to be registering more than 101.5 percent of the water passing through the meter; or (2) A similarly tested meter that is larger than two inches found to be registering more than 103 percent of the water passing through the meter.

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Scope and Methodology

The audit scope included high-bill customer service adjustment and correction requests initiated between July 1, 2023, and June 30, 2024. To accomplish the audit objective, the OIG undertook the following:

- Reviewed applicable laws, WSSC policies, procedures, and guidelines to determine the applicable audit criteria;
- Interviewed personnel from CSD and USD to obtain information and an understanding of applicable formal policies, procedures, and general practices;
- Validated adjustments were provided once per customer;
- Learned processes relating to regulated over-registering and under-registering meters at a training given by the USD;
- Received assistance from the Information Technology Department staff and obtained data, including 36,663 customer bills issued and recorded in C2M during fiscal year 2024; and
- Assessed compliance with PUA, § 25-504, and WSSC 3.20 by verifying customer eligibility for adjustments and corrections.

GAGAS requires the OIG to plan and perform the audit to obtain sufficient, appropriate evidence that will provide a reasonable basis for our findings and conclusions based on our audit objectives. Accordingly, based on the audit's scope and objectives, the evidence obtained during this audit provides a reasonable basis for our findings and conclusions stated herein.

Conclusion

Overall, the OIG found that WSSC's processes for adjusting and correcting high bills are generally consistent with the requirements of Maryland law and the WSSC Code of Regulations. The audit confirmed that customers received adjustments and corrections in accordance with statutory and regulatory provisions. However, the review also identified weaknesses in the authorization process for high-bill adjustments on high-value transactions. Addressing these deficiencies will be important to ensure transparency, accountability, and proper oversight of customer billing practices.

The OIG appreciates the cooperation and assistance of WSSC's Customer Service, Utility Services, and Information Technology departments throughout the audit. Their responsiveness and collaboration were critical to the timely completion of this audit.

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FINDING, MANAGEMENT RESPONSE, AND ACTION PLAN

FINDING: Delegation of Authority Violations for High Bill Adjustments

Risk Rating: MEDIUM

According to WSSC 3.20.070, only the General Manager/CEO has the delegated authority to approve any bill adjustment or correction exceeding \$150,000. This authority has been formally sub-delegated through a tiered approval system, as outlined below.

- General Manager/CEO – Over \$150,000.00.
- Director of Customer Service, Billing & Revenue Division Manager and Customer Care Manager – Up to \$150,000.00.
- Billing & Revenue Supervisor and Research & Investigations Manager – Up to \$75,000.00.
- Billing & Revenue Supervisor – Up to \$50,000.00.
- Billing & Revenue Account Specialist – Up to \$20,000.00.

Using a stratified sampling method, the audit reviewed 40 randomly selected accounts and observed that two bill adjustments were processed for one commercial account with the incorrect authorization. One adjustment totaling \$180,110 (dated December 19, 2023) could not be verified for proper authorization because management was unable to locate the corresponding case documentation indicating authorization. The second adjustment, totaling \$194,928.89 (dated January 10, 2024), was approved by an Account Specialist, whereas the GM/CEO's authorization was necessary for both adjustments.

According to WSSC management, the C2M billing platform does not have a built-in mechanism to record or track the necessary authorizations. In the absence of such controls, there is no process to track or restrict authorization permissions based on user roles, nor is there systematic monitoring of transactions requiring authorization. Additionally, the platform does not support the application of the established Delegation of Authority policy.

Consequently, violations of the Delegation of Authority for high bill adjustments occurred, increased the risk of financial misstatements, and incurred internal control failures.

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Recommendation: Strengthen Billing Oversight in the C2M Platform

The OIG recommends that WSSC management collaborate with IT and Customer Service to implement system-based, preventive, monitoring, and detective controls within the C2M billing platform to ensure billing adjustments and corrections are appropriately authorized and documented. Additionally, the OIG suggests setting approval limits for high bill adjustments based on user roles, with transactions automatically routed to the appropriate approval level in accordance with the Delegation of Authority policy. These measures will help ensure that approvals are consistently documented, verifiable, and compliant, thereby reducing the risk of unauthorized transactions and violations of the Delegation of Authority and WSSC 3.20.070.

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

Upon further review, while Management agrees with the recommendations, Management does not agree with the findings and has requested additional information. Specifically, Management does not believe the sub-delegation of authority was accurately stated and may not agree with the adjustments stated.

Management does agree with, and is taking steps, to implement changes in C2M to capture sub-delegated levels of approval for adjustments and corrections to ensure billing adjustments are appropriately authorized, monitored and documented. It is estimated that these changes will be implemented in the first quarter of 2026 (February 28, 2026). However, until such technology improvements can be made, the team will continue to adhere to the sub-delegations of authority.

OIG Comment:

Our report accurately reflected the sub-delegated, transaction-specific approval limits as written. The tiered approval structure cited in the audit report is correct, aligns with the Sub-Delegation of Authority. Regarding the adjustment amounts, the dollar values used in the audit were provided directly by Management, specifically by the Division Manager for Billing and Revenue, on April 16, 2025. Further, during the audit, Management concurred that the adjustments executed exceeded the billing specialist's delegated authority, and no alternative values were raised or asserted at that time. To ensure accuracy, the audit team re-reviewed the documentation following communication from the General Manager/CEO and confirmed that the values referenced were those supplied by Management.