

EXECUTIVE SUMMARY

Sanitation fees billed by the Sewerage and Water Board (S&WB) on behalf of the City of New Orleans (City) were \$20 million in 2010 and \$39.8 million in 2011. Sanitation customers of New Orleans paid \$16.9 million in 2010 and \$31.3 million in 2011, and left uncollected amounts of \$3.1 million in 2010 and \$8.5 million in 2011. The increase in billings and outstanding receivables was a result of a sanitation fee increase in January 2011. The sanitation fees collected by the S&WB were audited to verify the accuracy and completeness of sanitation charges and payments.

The audit revealed that the S&WB could not reproduce or locate billing records for the first six months of the audit period and that summary information of historical data could not be produced. Additionally, 35.6% of the sanitation customers had delinquent sanitation fees and the late fees applied to those accounts were under-billed 81.3% of the time for the sample tested.

As a matter of policy, the City could not terminate sanitation service to delinquent sanitation account holders; therefore, there were insufficient consequences for failing to make timely sanitation fee payments. The audit also found that the City did not receive the payments from the S&WB in the most efficient manner. Furthermore, the City did not perform an independent review of sanitation adjustments to determine if the adjustments were appropriate.

The current system is ineffective and should be changed or the City will fail to collect many millions of dollars in the coming years.

Note: All responses to findings from the City and the S&WB in the body of this report are direct statements and have not been modified.