

**City of Shreveport
Internal Audit Office
Limited Scope Review (IAR) 650015-02**

Date: May 21, 2015

To: Barbara Featherston, Director of Water and Sewerage

Subject: **Straightlining Water Service and Other Violations Reported or Discovered Through a City Fraud Hotline Tip**

Introduction

The Internal Audit Office has completed a review of certain activities and situations at a location on Garden Street. Our work resulted from an anonymous complaint received on the City's **Fraud Hotline** alleging that the occupant of the residence located on Garden Street was straightlining water. (Straightlining generally consists of installing a line between the water cutoff and the supply line into the residence in order to access the City's water supply without authorization or payment.) Our objective in this review was to ascertain the accuracy of these allegations and provide a report of our findings.

The methodology used included interviewing the City Attorney, the Director of Property Standards, employees of the Customer Service Division of Water and Sewerage, Revenue Compliance, Metropolitan Planning Commission and the complainant. We obtained the account and work order history for the subject property from the Water and Sewerage Department. We obtained violation records from both the Property Standards Department and the Metropolitan Planning Commission. We also obtained photographs and permit records from the Metropolitan Planning Commission.

We conducted our review in accordance with generally accepted government auditing standards, except that a peer review has not been performed, and included such tests of procedures and controls as considered appropriate. A review is substantially less in scope than an examination, the objective of which is an expression of opinion on the accuracy of the allegations in their entirety. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the allegations, along with the activities and situations reported therein and others discovered and reported below, are not presented, in all material respects, completely and accurately.

Background

The subject property located on Garden Street was adjudicated to the City in 2002 for non-payment of property taxes. It was reported as vacant when adjudicated.



Condition and Findings

Water and Sewerage

According to Water and Sewerage Department (W & S) records, there has not been an active billing account at this address since early 2001. During the time from 2007 through the first quarter of 2014, the W & S records show that a straightline was removed from the premises on at least two different occasions. As a result of this Hotline Investigation, the City installed a "permanent" plug on the line.

Property Ownership

Public records show a *Quitclaim Deed, Vendor's Lien and Special Mortgage* was executed on February 6, 2003, conveying the subject property to the subject owner. The deed did not convey a clear title to the property. The deed was recorded on March 24, 2003 at the Caddo Parish Clerk's office. According to the Caddo Parish Tax Assessor's office, ownership of the property will not be updated to reflect this sale until the back taxes (lien) have been satisfied. The property remains adjudicated, as that condition is not affected by the sale.

Property Standards

During the months following the original complaint, other complaints concerning this property were made to the City's Fraud Hotline. These additional complaints also alleged that the occupant was operating an auto repair shop on the premises. We met with the Director of Property Standards regarding these allegations, where the records showed that the premises had been secured (boarded up) in 2003 as the result of a Property Standards citation. Property Standards records also included at least five citations for inoperable vehicles on the premises, the last one on March 24, 2011. That citation showed the subject person as the owner. These same records showed six citations for weed violations, the most recent on June 19, 2006. The records show that at least four of these six violations were resolved at the City's expense by having a City Weed Abatement Contractor cut the yard.

Metropolitan Planning Commission

During the week of April 21, 2014, the Metropolitan Planning Commission (MPC) cited the subject occupant for zoning non-compliance in connection with the operation of an auto repair business at the subject location. We met with personnel at MPC who verified the citation and shared with us photographs from their file depicting the violation. We also learned that the auto repair business has no occupation license.



Revenue Compliance

We met with personnel in Revenue Compliance who confirmed the non-existence of an occupation license for the auto repair business or any other business at the Garden Street location, or in the name of the subject.

Legal Review

We subsequently met with the City Attorney to review these issues and conditions, specifically as they might form a basis for legal charges against the subject for theft of water. He agreed to have his investigator pursue the matter to ascertain if there was sufficient evidence to support that charge in court. He also advised us that such a charge would require a measure of the damages (value of the stolen water and other costs and charges) in order to proceed.

Conclusion

Based on the Condition and Findings described above, we conclude that the subject of the complaint has been living in the adjudicated residence located on Garden Street since 2007 or earlier; and that he caused the installation of at least two straightlines. These actions allowed him to access and use City water resources without authorization or payment. The subject has also operated an auto repair shop on the premises without proper zoning or occupational licensing. These allegations are supported by the evidence obtained.

Recommendation

The nature and extent of the infractions documented in this case demonstrate inadequate proactive communication among and between departments. We recommend the City seek ways to improve inter-departmental communication and early proactive follow up on infractions such as are described herein. Such measures will reduce the City's losses and simultaneously demonstrate to our citizens a commitment to operate our City government in the most efficient and effective manner possible.

Management Response

The Department of Water and Sewerage has been working throughout the year to improve not only our internal processes as they relate to theft of water and tampering with our system, but also our working relationship and communications with other departments. As a result, in 2014 we have identified and removed over 2300 meters at properties that were significantly delinquent in payment, suspected of illegal usage or were vacant accounts. The Department is in the process of working with the City Attorney's Office to determine the most efficient process to pursue the illegal activities.



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The Department has the option of utilizing the Court system as a civil matter or work with the Police Department as a criminal matter. The Department is also regularly communicating with the Property Standards Department on concerns of illegal use as well as water and sewer leaks. We are also actively participating in the T.B.O.N.E Sweeps that are conducted by Property Standards.

With regards to this particular case on Garden Street, the Department met with the City Attorney's office to determine if enough information is available to pursue legal charges. Due to the lapse in time and the lack of evidence, it was determined that there was not enough evidence to pursue the matter legally. The property in question has been recently checked to ensure that no theft of water is occurring.

Timetable

The Department has increased communications and coordination with other Departments over the course of the past year and will continue to enhance these activities. Procedures related to pursuing illegal water use through the City Court system or the Police Department will be identified and implemented by the end of May of 2015.

Prepared by:

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