

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Reimbursement of Personal Usage.

Function: Financial Management

Department: Office and Field

Person Responsible for Implementation: Neal Clevenger and
Mel Acock

Title: President/General Manager and Foreman.

Audit Reference Chapter: III Page: 41

Project No.: 20 Project Priority: High

I. MSD STAFF RECOMMENDATION: Require reimbursement to
the Company on a monthly basis for personal usage of
Company business office labor and equipment.

A. Estimated Cost: Minimal

B. Estimated Benefits: Eliminate appearance of cross-
subsidization - more accurate match of revenues
and expenses.

C. Estimated Date of Completion: May 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: This plan will treat only equipment usage, leaving usage of Office labor to project #21. The President/General Manager has been diminishing his use of Company equipment by increasing his own. In the near future only, the back hoe and one ton truck will be the principal rentals for after hours service line installations by Company personnel. Although rental fees should be comparable to those of rental agencies, management feels the Company fees should be somewhat less for employees as a benefit.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Information Collection	Management will seek sample copies of log book pages from rental and trucking agencies.	03/01/94	03/15/94
Field Meeting	Management will discuss the following issues with field personnel for their ideas and suggestions: 1. Solutions to any difficulties in moving from quarterly to monthly reimbursement. 2. More spacious logging books & the best arrangement of data. (Refer to sample log books). 3. Ways of securing log books to equipment and trucks to prevent loss. 4. Company's repair policy for equipment damaged during rental. 5. Late charges for delinquent rental payments.	03/15/94	04/15/94
Formalize Decisions	Management will formalize a more detailed equipment policy in the Personnel Policy Manual.	04/15/94	05/01/94
Rental Table Update	Foreman will contact rental companies to see if present rates need to be adjusted.	05/01/94	05/15/94
Employee Meeting	A Company meeting will be conducted to explain the new updated personal equipment/truck rental policy to all employees.	05/15/94	06/01/94

- A. ESTIMATED COST: Larger, stronger log books - \$250
- B. OTHER RESOURCES: Minimal - in-house. No cost for sample logging pages.
- C. ESTIMATED SAVINGS: Company's cash flow is helped by monthly instead of quarterly payments. Preventing loss of log books assures that payments are on record to be paid. A late charge is a further incentive for paying on time.
- D. OTHER BENEFITS: Reducing the appearance of cross-subsidizing promotes trust of customers and of MPSC.

Neal A. Cleverger
Function Head or Other Approving Officer

2/18/94
Date