

**DEPARTMENT OF SOLID WASTE AND
ENVIRONMENTAL PROGRAM MANAGEMENT
COMMERCIAL SERVICES DIVISION
COMPACTORS/ROLL-OFF CONTAINERS
AUDIT 17-06
AUGUST 25, 2017**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

August 25, 2017

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Department of Solid Waste and Environmental Program Management
Compactors/Roll-off Containers, Audit 17-06

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on compactors and roll-off containers.

We thank the management and staff of the Department of Solid Waste and Environmental Program Management's Commercial Services Division for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: Dennis Rogero, Chief of Staff
Sonya Little, Chief Financial Officer
Brad Baird, Administrator of Public Works and Utility Services
Mark Wilfalk, Director of Department of Solid Waste and Environmental
Program Management
Daryl Stewart, Operations Chief
Adriana Colina, Administration Chief

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/s/ Debbie Abbott

Debbie Abbott, Auditor

/s/ Christine Glover

Christine Glover, Audit Director

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BACKGROUND

The Department of Solid Waste and Environmental Program Management (Department) is charged with operating an integrated solid waste management system designed to reduce the volume of solid waste while meeting the needs for safe and efficient solid waste collection and disposal of refuse within the City of Tampa (City). The Compactor and Roll-off Container Section of the Commercial Services Division is the fastest growing. In five years, the number of containers serviced has tripled, with sizes ranging from 20 cubic yards to 40 cubic yards for the roll-offs and 13 cubic yards to 36 cubic yards for the compactors.

Compactor service is for trash or recycling materials. The City provides compactors for rent or the customer may own their own container which the City will service. Compactors come in standard sizes or can be custom-built to meet customer's business needs. A site inspection by department personnel is required to ensure the proper container is installed. Installation may require pouring a concrete pad and providing proper electrical service. Compactor users include restaurants, retailers, hotels, universities, office buildings, apartments/condos, and hospitals.

Open top roll-off service is for the collection of construction debris, yard waste/landscape debris, junk, waste, scrap metal, pallets, and recyclable materials. The City rents the container to the customer and provides collection/disposal service. Typical customers include builders/developers, landscapers, manufacturing businesses, and junk haulers.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY2017 Audit Agenda. The objectives of this audit were to:

1. Ensure internal controls over compactor and roll-off container services are in place and working as intended.
2. Review scheduling routes for services to determine the process is efficient.

STATEMENT OF SCOPE

The audit covered a review of processes for work orders and route scheduling, and testing of work orders with a completed date in February 2017. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

Discussions were held with staff, walkthroughs were performed, Service Orders Open, Completed, Want and Close Dates report for work orders (Service Orders) completed in February 2017 were reviewed to identify processes and internal controls. A judgmental sample of 11 of 41 work orders completed in February 2017 (27%) was reviewed to determine why the work was completed before the order was generated.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSION

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Internal controls over the compactor and roll-off container services are lacking a separation of duties and are circumvented for the work order process.
2. The process for assigning work orders to the drivers is inefficient.

WORK ORDERS

STATEMENT OF CONDITION: Work orders for compactor/roll-off container services were recorded as completed before the work order was opened. A sample review of 11 work orders identified various scenarios where the work order open date followed the date the work was completed. Specifically, it was indicated that:

- Requests are received from the customer via email, and supervisors will direct drivers to complete the request and subsequently, a work order is generated.
- When a service is postponed or canceled, the work order is reused for the same customer.

For several work orders, an explanation was given for the work being completed prior to the open date; however, there was no documentation to support the explanations provided.

CRITERIA: Customers can request servicing via the telephone or through the online website. The service requests are entered into MSS. Work order technicians access MSS throughout the day and generate the work orders. Work orders are assigned to drivers based on the address of the customer.

CAUSE: Internal controls were circumvented in order to provide service more expeditiously.

EFFECT OF CONDITION: Customers may not be billed for services if a work order is not generated or is lost causing loss of revenue to the City. In addition, reporting of performance measures could be skewed.

RECOMMENDATION 1: Work orders should be generated prior to work taking place. Data in the system should be reviewed and reconciled to ensure accurate reporting.

MANAGEMENT RESPONSE: At this time, it would not be advantageous to implement the auditor's recommendation. A majority of the Department work orders are created prior to service delivery. Occasionally, exceptions to this process will occur as customer's needs may vary. Therefore, maintaining some degree of flexibility in creating work orders and executing assignments is required when accommodating unscheduled customer needs or unexpected emergencies as they develop.

In FY2018, the implementation of a more efficient utility management system, Cayenta, will require services to be entered into the billing system for work prior to execution. This will reduce the current risk associated with work order processes and significantly reduce the opportunities for error to occur. The new utility management system will contain new and improved features designed to retain the original request date of service orders, keep a record of required adjustments, and allow for real time tracking of collection service provided.

TARGET IMPLEMENTATION DATE: The Cayenta system is expected to go-live in the Spring of 2018.

ROUTE SCHEDULING

STATEMENT OF CONDITION: The current process for assigning work orders to the drivers is inefficient. The Solid Waste Supervisor receives hard copies of work orders for roll-offs and compactors from Work Order Technicians daily. The Supervisor determines the route each work order belongs. Schedules are determined by matching each work order to a route. Work orders that cannot be completed for the day are returned to the Work Order Technicians and go into the next day's scheduling.

CRITERIA: Processes should be in place to use resources in the most efficient and effective manner.

CAUSE: The Department recently tried a software application that did not work out.

EFFECT OF CONDITION: This is a very labor intensive, inefficient process. The supervisor is unable to perform other job duties because of time spent sorting the paper copies daily.

RECOMMENDATION 2: The Department should consider an automated process for assigning work orders.

MANAGEMENT RESPONSE: Management concurs with this audit inquiry. Four years ago, the Department entered into an agreement with a software company (Motion Link/RouteMatch) to develop an automated work order management application and route optimization component to eliminate hard copy work orders and manual routing practices. The contractor did not satisfy the terms and conditions of the agreement and the Department is in the process of terminating the contract.

In FY2017, The Department created two Solid Waste Planner Scheduler positions to improve the efficiency of work order management. Some of the duties and responsibilities include but are not limited to: scheduling work orders, allocating resources and routing work orders. Moreover, implementation of a more efficient utility management system, Cayenta, will further improve the work order process and significantly increase overall efficiencies.

TARGET IMPLEMENTATION DATE: The Solid Waste Planner Scheduler positions were hired, on target with the Departments June, 2017 implementation date. The Cayenta system is expected to go-live in the spring of 2018.

SEPARATION OF DUTIES

STATEMENT OF CONDITION: The process of 1) creating, 2) canceling and 3) closing/completing work orders is not separated. Work Order Technicians perform all functions in the work order process.

CRITERIA: One of the key concepts of internal controls is segregation of duties. Segregation of duties serves two purposes: It ensures there is oversight and review to catch errors, and it helps to prevent fraud or theft.

CAUSE: The current process is set up for Work Order Technicians to complete all stages of the work order. The implementation of a new system next year will change this process. The work order will be created within the system when the order is placed.

EFFECT OF CONDITION: Errors and abuses are unlikely to be detected when a person has multiple functional roles in a process, which can lead to loss of revenue for not billing or underbilling services.

RECOMMENDATION 3: To minimize risk, incompatible process functions should be separated. Should resource limitations prevent an appropriate level of separation, management should consider establishing an approval or review process to offset risks.

MANAGEMENT RESPONSE: The Department agrees with the auditor's statements regarding the potential for human error to occur when one person has multiple functional roles. In FY2017, the Department created and is in the process of filling two (2) Solid Waste Planner Scheduler positions. These two positions will be separate and apart from the Work Order Technicians and Supervisors and will be responsible for scheduling, allocating resources and routing work orders. The Work Order Technicians will retain the billing portion of the process. Moreover, implementation of a more efficient utility management system, Cayenta, will further improve the work order process and significantly reduce opportunities for error.

TARGET IMPLEMENTATION DATE: The Solid Waste Planner Scheduler positions were hired, on target with the Departments June, 2017 implementation date. The Cayenta system is expected to go-live in the spring of 2018.