

**SOLID WASTE AND
ENVIRONMENTAL PROGRAM MANAGEMENT
COMMERCIAL OPERATIONS
AUDIT 14-04
AUGUST 27, 2015**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

August 27, 2015

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

RE: Solid Waste – Commercial Operations, Audit 14-04

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on Solid Waste – Commercial Operations.

Solid Waste has already taken positive actions in response to our recommendations. We thank the management and staff of the Solid Waste – Commercial Operations 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 Solid Waste

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/s/ Vivian N Walker

Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

Commercial Services for the Solid Waste Department provides commercial bins, compactor, and roll-off containers for the collection of waste generated by businesses and multi-family residential complexes within the City of Tampa limits. These services are provided using both front-end and rear-loading vehicles. Some accounts are serviced Sunday through Saturday. There are also certain established commercial refuse accounts whose servicing is provided by Republic Waste Services, a City contractor.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY14 Audit Agenda. The objectives of this audit were to ensure that:

1. Commercial refuse containers were distributed to businesses consistently based on estimated waste generated.
2. Commercial refuse containers were being serviced in accordance with established account frequency.
3. Missed pickups could be correlated to route adjustments indicating route completions were being hurried and route sheets not used as a source for collection activity.

STATEMENT OF SCOPE

This audit reviewed commercial refuse activity for FY13 (October 1, 2012, through September 30, 2013).

STATEMENT OF METHODOLOGY

Information obtained from the Multi-Service System (MSS) was used to review accuracy of container size distributed to businesses. Additionally, commercial customer locations were visited to confirm accuracy of data recorded in MSS.

An evaluation of missed pick-ups was performed by reviewing completed work orders maintained by the department. The type of request was traced to the customer's account in MSS to ensure accurate billing, as well as to assess internal controls related to billing.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in the Multi-Service System (MSS). MSS was previously assessed and the data was deemed to be reliable.

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 CONCLUSIONS

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

1. There is no documented policy to support how commercial refuse containers were distributed to businesses.
2. There were no discrepancies noted for frequency of servicing sampled commercial refuse containers. However, discrepancies were noted with the size of commercial containers on site compared to the container size being billed.
3. Missed pickups could not readily be correlated to route adjustments not being met, since route sheets were not being retained.

SUCSESSES

Commercial Operations should be commended for structuring its support staff to ensure timely response and resolution to work orders. In an effort to timely respond, work orders are scanned and emailed by the Work Order Technician (Technician) to the applicable Operations staff. Upon completion the completed work order is scanned and emailed back to the Technician.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Solid Waste & Environmental Program Management, they do present risks that can be more effectively controlled. Before we completed our audit, Solid Waste & Environmental Program Management personnel implemented some of the Internal Audit Department's recommendations.

CONTAINER SIZE AND FREQUENCY POLICY

STATEMENT OF CONDITION: Commercial Operations for Solid Waste has not formalized their process for the required size and service frequency of containers to be provided when a new account is established or an existing account requests a change in service. As a result, inconsistencies exist in the size of container and basic frequency of servicing for similar business types.

CRITERIA: Informally, Commercial Operations uses the location of the container to be serviced as the criterion. Due to safety requirements, a particular container's size and/or the location to be used by the customer may not be feasible. Commercial Operations uses a national standard to calculate the typical waste generated by specific types of businesses.

CAUSE: Management has not implemented a formal policy and procedure that defines the basis for the size and service frequency of the container to be provided when new or a change in service is requested.

EFFECT OF CONDITION: Customer complaints for unfair rate charges, which could result in a loss of revenue for the City.

RECOMMENDATION 1: Management should develop and implement a policy that would provide consistent application for the size and frequency of containers issued. The policy should document the basis and methods used; and require that documentation be retained to support all new accounts or changes.

MANAGEMENT RESPONSE: The following will be added to the Level of Service Policy Standard Operating Procedures:

1. The selection of service type and frequency must be documented within the account notes section of MSS. The policy of the Department is to encourage businesses to use the largest container possible, given space constraints, with the least frequency for service collection, to offer the lowest possible cost.
2. Using the National Solid Waste Management Association (NSWMA) standards, the Call Center Representative can share the typical waste generation volumes for the specific business. The estimated quantity of waste generated is based upon the total pounds projected, divided by our average pounds per yard of solid waste collected (85 pounds per yard.)

Level of Service = Estimated Qty of Waste generated/Avg. Lbs per Yd of solid waste collected – 85 lbs per yd.

TARGET IMPLEMENTATION DATE:

This policy is currently a part of our Department's normal operating procedures formally implemented as of 3/26/14.

CONTAINER INVENTORY ACCURACY

STATEMENT OF CONDITION: The container inventory information recorded in the Commercial Routing System and / or the Multi-Service System (MSS – billing) is inaccurate.

In order to verify the accuracy of the inventory maintained for commercial refuse collections, two tests were performed. The first test was an observation of the container on site at the service address being billed; the second test compared the container on site with the information in both the Commercial Routing System and the MSS. A sample of 105 accounts was selected from the MSS data mart. The selected sample included 76 commercial bin accounts applicable for this review. Of the 76, seven accounts had discrepancies between MSS and what was observed at the business location. Additionally, six accounts (including one account that was considered “closed”) were being billed at a rate lower than the container on site being serviced.

CRITERIA: Generally accepted accounting principles require the accurate reporting and safeguarding of assets. Also, prudent business practices would require an accurate inventory of equipment.

CAUSE: There is no documented inventory being performed to ensure the container size on site for a customer matches the container size documented in the billing system or routing system.

EFFECT OF CONDITION: Inaccurate inventory information could result in a loss of revenue to the City or overbilling customers. Additionally, inaccurate inventories will over or understate the City of Tampa’s assets or expenditures (for non-capitalized container inventory).

RECOMMENDATION 2: Management should identify all containers issued for use and document their location. Additionally, the current routing system compares information recorded in the billing system with the information it has recorded. This information should be verified for accuracy prior to implementation of a new routing system.

MANAGEMENT RESPONSE: The Department is completing inventory audits of solid waste containers (by size and frequency for each account.) Prior to initiating this audit, the Department begin implementing an electronic inventory tracking program which uses radio frequency identification devices (RFID) to improve the reliability and accuracy of containers assigned to their documented location. Target completion October 2014, we will document any discrepancies to use as the basis for system adjustments.

In FY15, the Department is adjusting its current organizational structure to allow these responsibilities to be overseen by an Asset Manager and Contract Monitor.

TARGET IMPLEMENTATION DATE:

March 20, 2015 – on-going review until final phase of Route Match October 2015.

WORK ORDERS ISSUED

STATEMENT OF CONDITION: Requests for special services through the Commercial Operations area are not always completed in a timely manner or properly billed to the customer.

We reviewed a sample of 25, judgmentally selected, work orders for timely resolution. During the review it was identified that nine work orders had been canceled or the account had no activity. For the remaining 16 work orders the following was noted:

- a) Four work orders could not be located for review.
- b) Two work orders were not resolved within the required time frame of five business days.
- c) Accounts for two work orders had not been properly charged for the service provided.

CRITERIA: The internal guideline established by the Commercial Operations Division is to resolve customer requests within five business days. Additionally, proper accounting requires timely posting for charges created after the completion of providing a service to the customer.

CAUSE: The suggested guideline has not been formalized as policy.

EFFECT OF CONDITION: Primarily, for services related to a charge, the City will lose revenue when customer accounts are not updated to reflect additional services provided. Also, customer service is negatively impacted when there is untimely resolution of a request for service.

RECOMMENDATION 3: Management should determine if there is an automated method for monitoring progress of special requests that would ensure resolution within the established time period. Additionally, if the established time period becomes unrealistic, Management should consider revising their time to resolve requests to a more practical number of business days.

The process for ensuring that the customer is properly billed upon the completion of a request for a special service should be reviewed to ensure timely posting.

MANAGEMENT RESPONSE: As of July 2015, the Department hired a Logistics Supervisor. The candidate selection is projected to be completed by the end of June 2015. The Logistics Supervisor will be responsible for coordinating all activities of logistics, dispatching, service orders, work orders, and billing to subordinates to ensure work performed is completed and recorded in a timely and accurate manner. The Logistics Supervisor will be responsible for utilizing the GPS/RFID workforce management system to assist in the facilitation and management of these responsibilities.

The key milestone implementation dates of the GPS/RFID workforce management system are listed below.

TARGET IMPLEMENTATION DATE:

Commercial Front-Load Dumpsters and Special Services Milestone

Training Began: 4/13/2015

Pilot / Go Live Simulation Began: 4/20/15

Go Live Began: 5/13/15

Commercial Roll-off & Compactor Milestone

Pre/Post Trip Vehicle Inspection Pilot: Mid-May

Training Began: 6/29/15

Pilot / Go Live Simulation Began: 7/6/15

Go Live Began: 8/24/15

Residential Services Milestone

Pre/Post Trip Vehicle Inspection Pilot: Mid-June

Training Begins: 7/20/15

Pilot / Go Live Simulation Begins: 7/27/15

Go Live Begins: 9/14/15

DESTRUCTION OF RECORDS

STATEMENT OF CONDITION: The Commercial Operations Division does not retain the route sheets printed and used daily by the drivers. These sheets document issues observed by the driver and new accounts established.

CRITERIA: City Code Section 2-46 requires all departments to maintain “all records with adequate and proper documentation of the organization . . . and essential transactions, of the department.”

CAUSE: Failure to identify the necessity of maintaining daily activity records.

EFFECT OF CONDITION: Non-compliance with City Code Section 2-46. A lack of documentation inhibits the ability to research or confirm activities.

RECOMMENDATION 4: Management should retain daily records of their operations and identify the proper retention period.

MANAGEMENT RESPONSE: Route sheets for commercial bins and bulk will be maintained in paper copy according to the City of Tampa Records Retention Policy.

TARGET IMPLEMENTATION DATE

July 2014

TASK SYSTEM

STATEMENT OF CONDITION: The Commercial Operations Division uses a "task" system for the collection of refuse. This system allows the drivers to complete their routes at their own pace within 10 hours; however, most drivers routinely complete their routes in as few as 8 hours, but are compensated for 10 hours.

CRITERIA: Based on a conversation with both Management and Human Resources for the City of Tampa, this "task" system concept was developed during a time when the equipment used for refuse collection was manual and required more physical labor by employees than the current automated collection vehicle.

CAUSE: Operational processes have not been assessed and updated to account for technological advances that allow the work to be performed in a more efficient manner.

EFFECT OF CONDITION: The current task system is compensating drivers for work hours not performed.

RECOMMENDATION 5: Management should re-evaluate the current process for refuse collection by front-loader drivers to ensure that it not only continues to be efficient, but that established policies and procedures take technological advances into consideration.

MANAGEMENT RESPONSE: Management is performing research on the modified task system concept. In addition, RouteMatch software will be used to optimize and balance the scope of work by route assignments.

Automated solid waste collection practices have reduced injuries traditionally associated with manual collection processes. As the Department continues to place emphasis on reducing the number of safety related injuries, improved service delivery, and maintaining current industry standards through the implementation of automated solid waste collection, the "task" system can no longer be used as a work management tool to develop schedules, etc.

Effective Sunday, April 26, 2015, the Department has effectively transitioned all remaining employees on the Task System work schedules to non-task or hourly work schedules. The Transition from Task to Non-Task work schedules also improved the efficiencies of department operations by reducing the number of scheduled collection routes per week. A formal work plan was developed and utilized to ensure this initiative was implemented on schedule and within the prescribed time frame.

TARGET IMPLEMENTATION DATE:

Implementation date - April 26, 2015