SOLID WASTE AND ENVIRONMENTAL PROGRAM MANAGEMENT
ADMINISTRATION DIVISION
QUALITY CONTROL
AUDIT 20-14
JANUARY 14, 2021

January 14, 2021

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Solid Waste Quality Control, Audit 20-14

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Solid Waste Quality Control.

We thank the management and staff of the Solid Waste Department for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
   Jean Duncan, Infrastructure & Mobility Administrator
   Sal Ruggiero, Infrastructure Services Deputy Administrator
   Dennis Rogero, Chief Financial Officer
   Mark Wilfalk, Solid Waste & Environmental Program Management Director
   Adriana Colina, Solid Waste Administrative Chief
   Vince Butorac, Solid Waste Business Operations Supervisor

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/s/ Anita Smith

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Auditor

/s/ Christine Glover

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Audit Director

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BACKGROUND

The Department of Solid Waste and Environmental Program Management (Department) operates an integrated solid waste management system designed to reduce volume of solid waste while meeting the needs for safe and efficient solid waste collection and disposal of refuse in the City of Tampa. Solid Waste Quality Control (SWQC) division provides customer service support and billing account management to nearly 9,770 solid waste commercial accounts[1].

STATEMENT OF OBJECTIVES

We conducted this audit in accordance with the Internal Audit Department's FY 2020 Audit Agenda. The objectives of this audit were to determine that:

1. The system of internal controls over Accounts Receivable (AR) Header adjustments complied with policy and were completed accurately.
2. The SWQC internal rolling audit process is effective.
3. SWQC complied with established policy for solid waste only delinquent accounts.

STATEMENT OF SCOPE

The audit period covered a review of customer service and billing account management duties that occurred from August 2019 to July 2020. Both qualitative and quantitative assessments were performed to determine whether the SWQC personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

We achieved our audit objectives by using the following methods:

1. Conducted interviews with management to gain an understanding of internal controls.
2. Performed data reliability analysis to determine completeness and accuracy of system generated information used by management.
3. Reviewed processes and assessed accuracy of AR Header adjustments to commercial customer accounts.
4. Reviewed SWQC handling of solid waste only delinquent accounts.
5. Assessed the process efficacy of SWQC rolling audit.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government

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[1] Solid Waste (SW) Front End Load container, SW Roll off, SW Vertipak, SW Commercial Carts, SW Compactor, and Scale House comprise SW Commercial accounts.

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. The system of internal controls over AR Header adjustments requires additional strengthening to ensure compliance with City policy and accuracy validation.
2. The SWQC internal rolling audit process is effective.
3. SWQC complies with established policy for solid waste only delinquent accounts.

ACCOUNTS RECEIVABLE HEADER ADJUSTMENTS

STATEMENT OF CONDITION: During a review of the AR Header completed by the SWQC Division (division), it was noted that the division does not consistently follow the department's internal policy for processing AR Header adjustments nor the overarching policy issued by City's Revenue and Finance Department, Accounting Division (R&F). AR Headers represent debit or credit adjustments in response to customer service requests, bill disputes, and/or missed billings.

R&F issued an updated Billing and Accounts Receivable Overarching policy (Policy) in August 2019 and on October 3, 2019, Solid Waste subsequently implemented policy guidance for AR Header processing within the department.

Testing results found that not all AR Headers completed by SWQC reflected an:
- appropriate level of approval.
- independent review for accuracy for the debits/credits completed.
- appropriate level of segregation.

Additionally, a random selection of AR Header adjustments was tested for accuracy and resulted in 24 (37% error rate) adjustments reflecting calculation issues. However, the error amount for that many transactions was a net credit of approximately $734.

CRITERIA: Department of Solid Waste Policy and Procedure Manual SW51 advises that at specific dollar thresholds, appropriate approval and documentation must be present in Cayenta to support AR Header adjustments. The Policy from R&F establishes guidance for internal controls for accounts receivables to include segregation of duties and supervisor approval of credits and memos.

CAUSE: The SWQC division inconsistently adhered to the established policies.

EFFECT OF CONDITION: The potential for loss of revenue due to unreviewed or unapproved AR Header adjustments. Alternatively, calculation errors could lead to overcharging customers. Further, any necessary research may be hindered as appropriate support documentation is not readily available in the system.

RECOMMENDATION: We recommend management of SWQC implement processes that strengthen internal controls over AR Header adjustments and provide training to staff to ensure consistent adherence to policies. Additionally, management should consider implementing processes that ensure Cayenta is uploaded with the appropriate support documentation for AR Headers and that calculations are validated.

MANAGEMENT RESPONSE: The Cayenta system went into effect in March 2019. City-wide formal policies for these adjustments were not established. Therefore, in October 2019, the Department of Solid Waste & Environmental Program Management networked with other utility departments and sought guidance from the Revenue & Finance Department prior to initiating our existing AR Header policy. No formal policies regarding this matter existed.

Therefore, the Department developed a policy (SW51) to address the specific potential occurrences within our business model. The Department's existing policy was created to establish guidelines for customer account adjustments while improving the financial accountability and transparency associated with the AR processes.

The Department has reviewed the 67 accounts described in this inquiry and found the following:

- 21 occurred prior to the implementation of the policy.
- 6 were completed by the Water Department (overall utility billing and not under the jurisdiction of the SW& EPM Department).
- 40 had documented, detailed information providing the origin, purpose, and description of the transaction (written documentation). Not all the documentation, however, was uploaded into the Cayenta utility management system in accordance with our self-imposed policy. As of October 8, 2020, the documents have been uploaded into the Cayenta system. Further, Policy (SW51) has since been modified and further strengthened as follows: The Director will authorize debits/credits valued at $5,000 and greater.

Lastly, additional training will be conducted to ensure that the division understands policy and adheres to it accordingly.

TARGET IMPLEMENTATION DATE: Implemented December 14, 2020.