

# Internal Audit Report on Landfill Money Receipts

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County of Henrico



*Proud of our progress;  
Excited about our future*

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Internal Audit Report #233  
February 22, 2013

HENRICO COUNTY INTERNAL AUDIT

<http://www.co.henrico.va.us/audit>

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**County of Henrico  
Internal Audit Report #233  
Landfill Money Receipts**

# **Internal Audit Report on Landfill Money Receipts**



Report #233  
February 22, 2013



## **Audit Summary**

- Scheduled Review of Internal Control Systems
- Conclusions are summarized as follows to determine:

	Landfill Scale House	PUA Springfield Road	PUA- Charles City Road	DPU Admin.
A. If controls exist & are operating effectively regarding the accountability for money receipts (i.e. receipting, voids, segregation of duties, overages/shortages).	▲	▲	▲	▲
B. If controls exist & are operating effectively to ensure collected receipts are recorded & deposited intact & in a prompt manner; AR is properly recorded, billed & collected.	▲	▲	▲	▲
C. If controls exist to safeguard money receipts.	▲	▲	▲	■
D. Compliance with Division money receipts policies & procedures & related agreements.	▲	▲	▲	▲
E. If system controls exist & are operating effectively.	▲	▲	▲	▲

- Exception Oriented; 6 Reportable Issues, 3 Other Observations
- Management Action Plans have been developed to address all risks identified

● Insufficient-Immediate Attention ▲ Improvement Needed

■ Sufficient

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## Contents

- Introduction and Background
- Scope, Objectives and Methodology
- Conclusions on Audit Objectives
- Issues and Management Action Plans
- Closing and Report Distribution



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## Introduction

- Auditor III Sharon Wade performed audit work
- Used professional auditing standards
- Examined controls & tested for compliance
- All exceptions given to Agency
- Reported control design issues & significant test exceptions only
- Work for same Government we audit



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## Background

- Divisions of Public Utilities:
  - Construction
  - Operations
  - Design
  - Business Section
  - Water Reclamation
  - Water Treatment
  - Solid Waste
    - Springfield Road Landfill with Weighing Station Scale House
    - Public Use Areas (PUA's)-Springfield Road and Charles City Road



Charles City Road PUA Refuse Trailers

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## Background Cont'd

### Springfield Road



Photo from Henrico Division of Police

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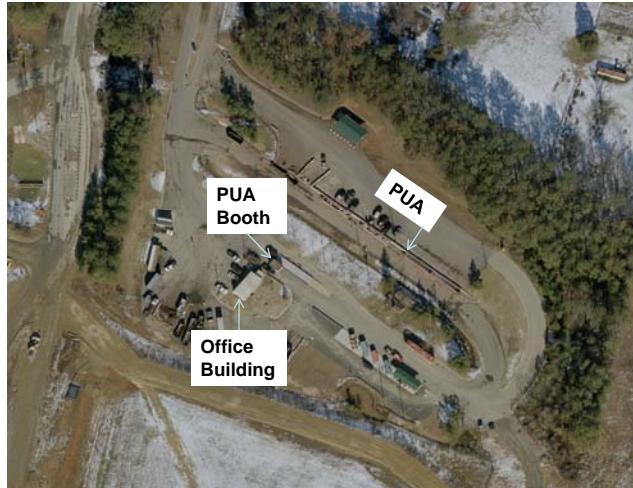
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## Background Cont'd

Charles City Road



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## Background Cont'd

**Landfill money receipts generated or received at the Scale House and two PUA's are as follows:**

- Commercial weighing fees
  - \$50/ton for refuse collected within the County
  - \$65/ton for out-of-County refuse with a minimum charge of \$2
  - \$125/ton for tires except as described below
- PUA fees-County residents only
  - \$3 per trip of residential refuse
  - first 4 tires within size limitation are free; \$1 per tire over the first 4
  - yard waste is free
  - \$15 per item containing freon
  - \$10 per lawnmower or white goods picked-up from the metal recycling area
- PUA coupon sales
  - discount per residential load if coupons are purchased in bulk
  - \$27 for 10 coupons or \$40 for 15 coupons
- Recycling
  - general public drop-off of recycled materials is free
  - County is paid by vendors for cardboard, newspapers, batteries, oil, metals, propane cylinders



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## Background Cont'd

**Revenues/Expenditures outlined in an Agreement with BFI/Republic for the County's hosting of the landfill operation:**

- BFI/Republic can dump up to 25,000 tons of municipal solid waste (MSW) per calendar year in the Springfield Rd. landfill at \$17.50/ton; rate increases to \$50/ton once tonnage limitation is reached.
- County can dump 70,000 tons of MSW per calendar year in BFI/Republic's landfill in eastern Henrico free of charge; rate increases to \$19.50/ton (or lowest municipal contract rate) once tonnage limitation is reached.
- BFI/Republic pays the estimated full cost of at least one County employee to oversee waste transportation & disposal practices in County; this cost is currently \$79,246.
- BFI pays a \$2.50/ton host fee on all tonnage disposed of in BFI/Republic's landfill (excluding the County's free tonnage); \$875,000 minimum host fee annual payment guaranty for a specified period.



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## Background Cont'd

**Landfill money receipts received in the DPU Business Section:**

- Payments related to bad debt collection including NSF checks and fees
- Some accounts receivable payments as well as the BFI Host Fee and Employee Fee payments received in the mail by the DPU cashier are sent to the Business Section for identification and processing prior to being taken back to the DPU Cashier for posting and depositing.
- Sale of methane gas (landfill by-product) to outside vendor



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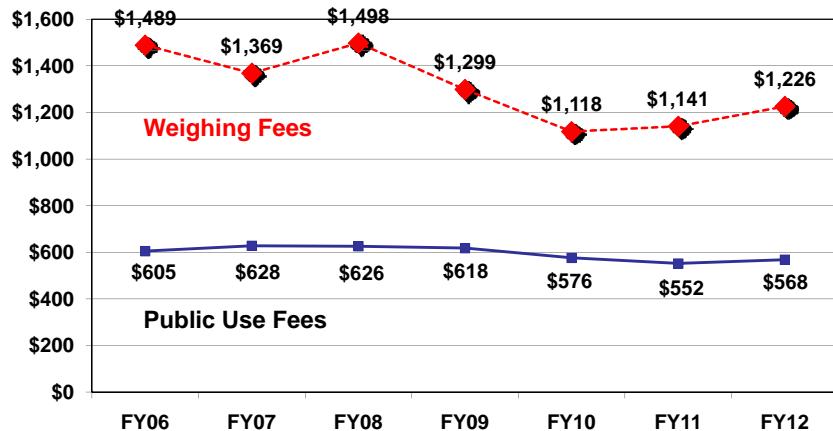
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## Background Cont'd

**Two Main Fees Collected at the Landfill Sites**  
 (in thousands from Oracle Financial System)



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## Background Cont'd

Source: May 2012 Manager's Monthly Report

Refuse Collection & Disposal Tonnage	May 2012	May 2011	FY12 To Date	FY11 To Date
Springfield Rd. PUA-Landfill	1,715.37	1,767.47	14,581.54	15,283.18
Charles City Rd. PUA-Landfill	0.00	31.36	35.76	1,664.36
Total Tonnage Deposited in County Landfill	6,181.96	6,224.47	61,947.26	69,912.82
Charles City Rd. PUA Tonnage Deposited in BFI	1,251.54	1,331.81	12,549.41	10,087.82



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## Scope

### **Includes:**

All fees noted on Slides 8, 9 & 10 except for the sale of methane gas and recycling payments received at the Business Office



### **Excludes:**

- Curbside refuse collection fees including fees for additional carts
- Curbside bulky waste collection
- Bad debt collection/NSF check fees related to curbside refuse collection billings
- Other miscellaneous fees and revenue



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## Internal Controls *Objectives*

- Reliability and integrity of information
- Compliance with policies, procedures, laws and regulations
- Safeguarding of assets
- Effectiveness and efficiency of operations



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## **Internal Controls Cont'd**

### ***General Limitations of any Controls***

- Errors and irregularities may go undetected
- Inherent limitations in any control structure
- Limitations include resource constraints, legislative restrictions, etc.
- Projection to future subject to risk of change in effectiveness
- Compliance may deteriorate

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## **Audit Methodology**

- Evaluated design of internal control system including certain relevant application controls
- Performed a walk-through of stated controls
- Tested for compliance with key controls



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## Conclusions on Audit Objectives

Our conclusions are summarized as follows:

	Landfill Scale House	PUA Springfield Rd	PUA- Charles City Road	DPU Admin.
A. Determine if controls exist & are operating effectively regarding the accountability for money receipts (i.e. receipting, voids, segregation of duties, overages/shortages).	⚠ (Issues 2, 4, 6, 8, 9)	⚠ (Issues 2, 4, 6, 9)	⚠ (Issues 2, 4, 6, 9)	⚠ (Issues 6, 9)
B. Determine if controls exist & are operating effectively to ensure collected receipts are recorded & deposited intact & in a prompt manner; AR is properly recorded, billed & collected.	⚠ (Issues 2, 4, 5, 6, 9)	⚠ (Issues 2, 4, 5, 6, 9)	⚠ (Issues 2, 4, 5, 6, 9)	⚠ (Issues 5, 6)
C. Determine that controls exist to safeguard money receipts.	⚠ (Issues 2, 6, 7)	⚠ (Issues 2, 6, 7)	⚠ (Issues 2, 6, 7)	▢ Sufficient
D. Determine compliance with Division money receipts policies & procedures & related agreements.	⚠ (Issues 6, 7)	⚠ (Issues 6, 7)	⚠ (Issues 6, 7)	⚠ (Issues 1, 6)
E. Determine if system controls exist & are operating effectively.	⚠ (Issue 3)	⚠ (Issue 4)	⚠ (Issue 4)	⚠ (Issue 3)

🔴 Insufficient-Immediate Attention ⚠ Improvement Needed ▢ Sufficient

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## Issues

1. Monitor Contract Provisions and Reasonability of Vendor-Reported Tonnage Information
2. Confirm Operational Status of Camera Systems
3. Mitigate Weaknesses in Aging Scale House System
4. Enhance Scale House/PUA Operational Controls
5. Reconcile Additional Revenue Accounts in the Solid Waste Special Revenue Fund
6. Revise Landfill Policies and Procedures Manual and Ensure Employees Sign Acknowledgement Forms

Other Observations:

7. Change Booth and Safe Locks
8. Post Signs Emphasizing the Expectation of a Receipt
9. Establish a System to Track Customer Complaints



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**Issue 1**

## **Monitor Contract Provisions and Reasonability of Vendor- Reported Tonnage Information**



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**Issue 1**



## **Criteria**

- Payment terms per the Host Fee Agreement between BFI/Republic and the County
- Common business practices dictate that contractual agreements entered into with outside vendors be monitored to ensure that all provisions are met. Furthermore, common practices described in COSO's internal control framework suggest monitoring processes be implemented to regularly assess the effectiveness of controls.



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**Issue 1**

## Condition

We noted the following through test work or discussion with management and Business Office personnel:

- The January 2012 Host Fee payment of \$72,709 was not received until October after our audit work led management to discover that the vendor made a processing error.
- The July 2012 Host Fee payment of \$85,489 and five Employee Fee payments between FY09 and FY10 were posted to the incorrect General Ledger account.
- The minimum, annual Disposal Host Fee payment of \$875,000 is not tracked to ensure the County receives at least this amount.
- Summary tonnage information reported by the vendor is not verified against dumping receipts or required DEQ reporting to ensure its reasonableness.

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**Issue 1**

## Cause

- The Solid Waste Division Director receives BFI/Republic's spreadsheet where the host fee is calculated; however, the checks are sent to the Account Clerk III in the Business Office who does not have a copy of the spreadsheet in order to anticipate the check amount she should be receiving.
- Monthly reconciliations are not currently performed on the Host Fees and Employee Fee per Host Agreement accounts.
- Oversight
- Assumption that the reported information from the vendor is accurate



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## **Issue 1**

### **Effect**

- Understated revenue in FY12 and overstated revenue in FY13
- Misclassified revenue and non-compliance with contractual agreements
- Potential underpayments of the host fee to the County



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## **Issue 1**

### **Recommendation**

We recommend the following:

1. The Account Clerk III in the Business Section should receive a copy of BFI/Republic's monthly spreadsheet reporting tonnage. Once received, she should recalculate the host fee payment and then ensure that the proper amount is remitted. When the host fee payment for a month is not received by the end of the next month, the Account Clerk III should contact the Solid Waste Division Director for follow-up with the vendor.
2. Monthly reconciliations should be performed on all landfill-related revenue accounts.
3. All tonnage information reported by BFI/Republic to the County should be verified against receipts or required annual DEQ reporting to ensure it is reasonable.
4. The Director of the Solid Waste Division should monitor and track the minimum, annual disposal host fee to ensure the proper amount required by the agreement is remitted to the County.



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**Issue 1**  
**Management Action Plan**

#	Management Action Plan	Completed By	Date
1.1	The Account Clerk III in the Business Division will be added to the Republic monthly summary distribution list. Once received, the Account Clerk III shall review the spreadsheet and recalculate the host fee payment. Once this payment is calculated, an invoice for the monthly host fee shall be generated and submitted to Republic for payment.	Solid Waste Division Director; Account Clerk III	3/14/13
1.2	The Account Clerk III will post both the Host Fee and Employee Fee Payment to one revenue account and monthly reconciliations will be performed on all landfill revenue accounts.	Account Clerk III	3/14/13

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**Issue 1**  
**Management Action Plan**

#	Management Action Plan	Completed By	Date
1.3	Summary tonnage information reported by Republic as a part of the host fee agreement will be verified annually with Republic's annual DEQ solid waste report to ensure the reasonableness of the summary tonnage information.	Solid Waste Division Director	7/31/13
1.4	The minimum annual host fee payment is based on the anniversary date of the issuance of the Virginia DEQ Solid Waste Permit which is July 9, 2009. Based on the July anniversary date, the minimum annual host fee payment of \$875,000 will be verified annually. The verification will be tracked on a spreadsheet by the Solid Waste Division Director and maintained in the Solid Waste office.	Solid Waste Division Director	8/31/13

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**Issue 2**

## **Confirm Operational Status of Camera Systems**



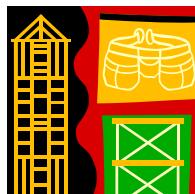
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**Issue 2**



## **Criteria**

Common practices described in COSO's internal control framework suggest monitoring processes be implemented to regularly assess the effectiveness of controls.

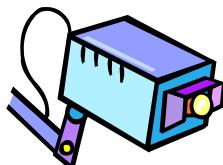




## **Issue 2**

### **Condition**

Discussion with management revealed that, prior to the start of the audit, the camera system at the Charles City Road PUA was not operational. This situation was discovered by management when they tried to view recorded footage for a specific day. At the time of the audit, efforts had already been initiated, but not yet completed, to replace the system.



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## **Issue 2**

### **Cause**

No periodic checks of the camera systems at the PUA's and scale house



### **Effect**

This detective control is not available to deter inappropriate activity or provide evidence to help prove or dismiss allegations of impropriety



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## **Issue 2**

### **Recommendation**

We recommend monthly documented checks of the cameras at the Springfield Road scale house and PUA and at the Charles City Road PUA to ensure that the systems are operational. Furthermore, this confirmation should be included as a step in the quarterly audit process.



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## **Issue 2**

### **Management Action Plan**

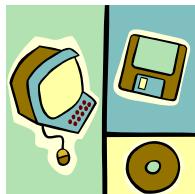
#	Management Action Plan	Completed By	Date
2	As of September 20, 2012 the camera system at the Charles City Road Public Use Area is fully operational. The operational status of all camera systems (including Springfield Road) will be verified daily along with the opening and closing procedures of the site. The daily inspections will be recorded in a log and retained at both facility office buildings. In addition to the daily inspections, the operational status of the camera system will be included in the quarterly audit process performed by the Account Clerk III.	Solid Waste Division Director; Account Clerk III	3/31/13

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## **Issue 3**

### **Mitigate Weaknesses in Aging Scale House System**



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## **Issue 3**



### **Criteria**

Common practices described in a control framework (ISACA's *IT Assurance Guide: Using COBIT*) assert that application software is to be maintained. Furthermore, these guidelines dictate that system access be granted on "need-to-know" and "least privilege" basis.



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## **Issue 3**

### **Condition**

Discussion with management revealed that the version of the cashier system for weighing fees at the scale house currently in use is about 11 years old and is no longer supported by the vendor. Therefore, solutions for system problems that arise have been discovered by IT personnel using a trial and error approach. Other issues noted are:

- Technical support staff does not know the specific system accesses of the two profiles assigned to users; there are no periodic access reviews.
- Passwords used to gain system access do not expire and only those users granted the supervisor profile have access to the function to change passwords.



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## **Issue 3**

### **Condition Cont'd**

- There is no reliable back-up process; the "restore" function has failed in the past.
- The system will allow any user to change rates as all users have access to add or update the transaction codes associated with the rates.
- There is no known database administrator access and the technical support staff in DPU has not been able to open the database file; it is not definitively known whether or not an individual more familiar with the system could gain access to this database.



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## **Issue 3**

### **Cause**

Aging system which is not set-up with controls typically imbedded in newer software

### **Effect**

Potential for:

- user IDs of terminated/transferred employees to remain active in the system
- system and/or data manipulation and misappropriation of funds
- operators (cashiers) gaining access to the supervisor profile which has more system capabilities if system passwords, which do not expire, are not kept confidential
- a system failure with no ability to recover



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## **Issue 3**

### **Recommendation**

We recommend the following:

1. The Solid Waste Division Director should continue his efforts to purchase the newest version of the software and weigh the costs versus the benefits of the upgrade.
2. DPU IT personnel should perform periodic access reviews to ensure that the two profiles are properly assigned to active employees.
3. Management should institute controls to ensure that rates have not been altered.



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**Issue 3  
Management Action Plan**

#	Management Action Plan	Completed By	Date
3.1	The Solid Waste Division Director will proceed with the evaluation and purchase of scale software to upgrade the current system.	Solid Waste Division Director	8/1/13
3.2	The Solid Waste Division Director will proceed with the evaluation and purchase of scale software to upgrade the current system. System access will be validated during the upgrade process and annual access reviews will be performed by DPU IT staff.	Solid Waste Division Director	8/1/13
3.3	Going forward, the Account Clerk III will monitor the landfill tickets to ensure the rates are in accordance with the Henrico County Code. The Account Clerk III will verify rates during a daily review of landfill transactions.	Account Clerk III	1/30/13

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**Issue 4**

**Enhance Scale House/PUA  
Operational Controls**



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## **Issue 4**

### **Criteria**

- Common business practices include instituting cash controls in the following areas:
  - cash adjustment transactions
  - cashier shift/lunch relief changes
  - instances where the cash drawer is opened for non-sale transactions
- Furthermore, the Landfill Policies and Procedures Manual Section 6.2 requires PUA voided transactions to be initiated by the cashier and approved by the landfill attendant.



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## **Issue 4**

### **Condition**

A walkthrough of the processes at the scale house and PUA's revealed the following control gaps:

- All PUA correction, refund and no sale receipts are not retained and accounted for during the daily close-out process to ensure adequate documentation and proper approval.
- During the closeout process, the landfill attendant does not review and sign the cash verification sheet prepared during lunch shift changes; also, this form does not indicate the time of each count.
- During the close-out process, the landfill attendant does not account for the consecutive numerical sequence of the scale house tickets, nor does he ensure that all voided transactions are accounted for by noting skipped ticket numbers on the daily transaction report.



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## **Issue 4**

### **Condition Cont'd**

- The landfill attendants do not ensure that the cashier properly updated the scale house system to flag problem customers identified by the Business Office.
- An Equipment Operator II could potentially relieve his wife, a Utilities Cashier, for lunch, giving both access to the same cash drawer.
- While the established fees are hard-coded on the PUA cash registers, cashiers have the ability to ring up transactions for any amount.



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## **Issue 4**

### **Cause**

Have not performed an informal risk assessment, at a minimum, of the landfill money receipts process in order to “plug” the noted gaps



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## **Issue 4**

### **Effect**

- Potential for the misappropriation of funds through correction, refund, voided and/or no sale transactions
- Management is not made aware of scale house cash differences related to lunch relief cash settlement in a timely manner and cash differences cannot be pin-pointed to a specific period of time, both of which delay research, investigation and/or training efforts.
- Without ensuring that the proper system notes/updates have, in fact, been entered by the cashier, there is the potential that restricted customers could dump and "cash only" customers could charge and these amounts may have to be sent to collections or be written-off (no such instances were noted, however).
- A husband and wife with access to the same cash drawer give the appearance of potential impropriety particularly when cash is not independently verified when one relieves the other.
- Potential for inaccurate customer charges as reduced or zero fee amounts can be entered on the cash register system

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## **Issue 4**

### **Recommendation**



We recommend the following:

1. During the close-out process, the landfill attendant should ensure that all PUA correction, refund and no-sale transaction receipts:
  - a) are accounted for by comparing the number of receipts to the transaction count per the Z TRANS Summary section of the register tape and
  - b) contain a reasonable, documented explanation and cashier signature. Upon completion of this review, the landfill attendant should also sign these receipts as evidence of his review and approval. The Account Clerk III in the Business Office should also perform the same check of these transactions during her audit of the daily PUA paperwork.
2. The landfill attendant should review and sign-off on the scale house lunch relief cash verification sheet which should also be updated with a space to record the time of the cash count.
3. During the scale house closeout process, the landfill attendant should account for the consecutive numerical sequence of all scale house tickets including verification of the consecutive numbering from one day to the next. Furthermore, the landfill attendant should also account for all voids by noting the skipped ticket numbers on the transaction report and ensuring that he has a voided ticket to review and approve for each break in the sequence.

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**Issue 4**

## **Recommendation Cont'd**

We recommend the following:

4. Each time a Suspension Listing is received from the DPU Business Section, the landfill attendant should review the system to ensure that all accounts were properly restricted. The Listing should only be signed and dated by the landfill attendant once this review is completed.
5. The landfill attendant should ensure that the Equipment Operator II never relieves his wife, the Utilities Cashier. If at all possible, the Equipment Operator II in question should no longer perform cashier relief duties; another position should be trained for this responsibility.
6. During their reviews, the landfill attendant and the Account Clerk III in the Business Section should look at the detailed PUA register tape to ensure that fees have not been overridden.
7. These new or enhanced processes should be documented in the Landfill Policies and Procedures Manual.



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**Issue 4**

## **Management Action Plan**

#	Management Action Plan	Completed By	Date
4.1a	Landfill attendant will review all PUA correction, refund, and no-sale transaction receipts per the register Z Transaction Summary.	Solid Waste Division Director	3/14/13
4.1b	All voids, no sales and refunds will have a documented reason along with signatures from the cashier and attendant. The Account Clerk III will also perform the same check of these transactions during a daily review of landfill transactions.	Solid Waste Division Director; Account Clerk III	3/14/13
4.2	Both Cashiers and the Landfill Attendant will sign and date the lunch relief cash verification sheet. The lunch relief cash verification sheet will be updated to include a space for the time of the cash count.	Solid Waste Division Director	3/14/13

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**Issue 4**  
**Management Action Plan**

#	Management Action Plan	Completed By	Date
4.3	Attendant will account for consecutive numerical sequence of all scale house tickets including sequential numbering from one day to the next. Attendant will also account for all voids by notating the void on the chronological report to account for each break in sequence.	Solid Waste Division Director	3/14/13
4.4	The attendant will review the system to verify the Suspension List updates were done properly by the cashier. Once the review is completed the attendant will date and sign the Suspension List.	Solid Waste Division Director	3/14/13
4.5	The Equipment Operator II was immediately stopped from performing cashier relief duties for the Utilities Cashier (his wife). The Landfill Policy and Procedure Manual will be updated to include: No related cashiers and attendants will perform relief duties for each other.	Solid Waste Division Director	4/1/13

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**Issue 4**  
**Management Action Plan**

#	Management Action Plan	Completed By	Date
4.6	The Attendant will review the DPU register tape to ensure fees have not been overridden. Account Clerk III will also review the Z report by dividing the revenue (for each category) by the total number of transactions (for each category) which should yield the correct charge rate (for each category). This will ensure no fees have been overridden (for each category).	Solid Waste Division Director; Account Clerk III	3/14/13
4.7	All of the new and/or enhanced processes will be documented in the Landfill Policy and Procedures Manual. Once completed, all employees will be trained. Signatures sheets will be obtained from all personnel indicating they have undergone training for the new Policy Manual.	Solid Waste Division Director	4/1/13

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**Issue 5**

## **Reconcile Additional Revenue Accounts in the Solid Waste Special Revenue Fund**



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**Issue 5**

## **Criteria**

Common business practices dictate that account activity be reconciled to the General Ledger on a timely basis to ensure that:

- all transactions are properly captured for financial statement reporting purposes and
- errors and other irregularities are detected as soon as possible for timely research and resolution



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**Issue 5**

**Condition**

A review of the FY12 AR reconciliations prepared for the account activity in the Solid Waste Special Revenue Fund and discussions with DPU Business Office personnel revealed the following:

- Not all landfill revenue accounts in the Solid Waste Special Revenue Fund on the General Ledger which are updated via a voucher have been reconciled to the subsidiary tracking systems on a monthly basis. In the spring of 2012, FY12 monthly reconciliations were initiated and completed back to the beginning of the fiscal year for two additional accounts. Plans have been made to reconcile four more revenue accounts beginning with the period July 1, 2011 going forward. Prior to commencing this expanded reconciliation effort, only two landfill accounts were reconciled each month.
- The preparer does not indicate the preparation date of the reconciliations.
- One or both members of the management review team did not indicate a date of their review on five reconciliations.

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**Issue 5**

**Cause**

- Oversight

**Effect**

- Potential for the misstatement of revenues on monthly financial reporting
- Errors and other potential irregularities may not be detected on a timely basis
- No audit trail on timeliness of preparation



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## **Issue 5**

# **Recommendation**

We recommend the following:

1. DPU Business Office personnel should continue to work towards reconciling all landfill-related revenue accounts updated via a voucher in the Special Revenue Fund on a monthly basis.
2. The preparer of the reconciliations and the management team members who review them should all document a date of preparation or review.



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## **Issue 5**

# **Management Action Plan**

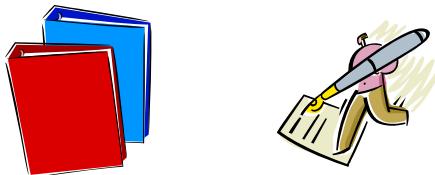
#	Management Action Plan	Completed By	Date
5.1	The Account Clerk III in the Business Office has already started performing reconciliations on landfill revenue accounts for FY2012. All but one account is complete.	Account Clerk III; Accountant IV	3/14/13
5.2	The preparer of the reconciliations and the managers who approve them will document the date of preparation and review.	Account Clerk III; Accountant IV	3/14/13

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**Issue 6**

**Revise Landfill Policies and  
Procedures Manual and  
Ensure Employees Sign  
Acknowledgement Forms**



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**Issue 6**

**Criteria**



- Policies and procedures manuals should be reviewed annually and updated as needed to ensure that all aspects of the operation are documented and all references are current.
- The Landfill Policies and Procedures Manual and the Amendments document have required acknowledgement statements that are to be signed and dated by the affected employees.



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## **Issue 6**

### **Condition**

A review of the Landfill Policies and Procedures Manual, a related Amendments document, the DPU Solid Waste Internet site and the signed Employee Acknowledgment Certification and Amendments forms on file revealed the following:

- Manual updates made on 10/22/10 were summarized on an Amendments document which was approved by management; however, those changes were not incorporated or referenced in the Manual itself which was last revised in November 2008.



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## **Issue 6**

### **Condition Cont'd**

- Areas not covered in the Manual or in need of updating:
  - Camera system
  - Refunds
  - Proper processing of scale house voids
  - Intermediary processing steps to upload the scale house data onto the accounting and billing systems
  - Type of safe at Charles City Road PUA
  - State Code references in the Manual & on the Solid Waste Internet site
  - Appendices I and VIII have out-dated references
- Six employees involved in the money receipts process at the landfill have not signed all required acknowledgement forms certifying that they have read, understand and will adhere to the stated policies.

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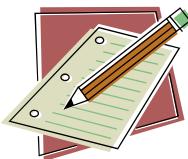
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## **Issue 6**

### **Cause**

- The Landfill Policies and Procedures Manual has not been on a regular update schedule
- Oversight



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## **Issue 6**

### **Effect**

- If the Amendment documentation is not maintained with the Manual itself, the updates will not be communicated to the reader.
- Risk of communication of misinformation if County Ordinances, County policies and procedures and State code references included in the Appendices or on the Solid Waste internet site are out-of-date.
- Inaccurate or missing information in a manual used for training and reference purposes may cause confusion or lead to processing errors.
- Potential for a weakened control environment for the landfill operation as a whole if all employees involved in the money receipts process do not have signed forms on file acknowledging that they have read, understand and will adhere to the policies and procedures as presented in the Manual.



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## **Issue 6**

# **Recommendation**

We recommend that DPU management do the following:

1. Revise the Landfill Policies and Procedures Manual as indicated.
2. Ensure that all employees involved with the landfill money receipts process have the proper signed acknowledgement forms on file.



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## **Issue 6**

# **Management Action Plan**

#	Management Action Plan	Completed By	Date
6.1	The Landfill Policies and Procedures Manual will be updated to incorporate the new procedures as a result of this audit which include, but may not be limited to, the camera system, refunds, proper processing of scale house voids, intermediary processing steps to upload the scale house data onto the accounting and billing systems, type of safes, state code references, and the references in Appendices I and VIII. The update will also include the October 22, 2010 revisions to the manual.	Solid Waste Division Director	4/1/13
6.2	All Springfield Road Landfill, Springfield Road Public Use Area, and Charles City Road Public Use Area employees involved with the landfill money receipts process will properly sign new acknowledgement forms as part of the update of the Landfill Policies and Procedures Manual.	Solid Waste Division Director	4/1/13

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## Other Observations

The following slides include additional observations noted during our audit which were considered less critical in reaching our conclusions on our audit objectives.



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## Issue 7



### Change Booth and Safe Locks

Discussion with landfill management revealed that a cashier left in June 2011 and the booth and safe locks were not changed although policy states that such changes are to be made within one week. These locks were changed during the audit, however.

#### **Recommendation:**

The Solid Waste Division Director should ensure that the related policy outlined in the Landfill Policies and Procedures Manual is enforced.



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Landfill Money Receipts**



**Issue 7  
Management Action Plan**

#	Management Action Plan	Completed By	Date
7	All door and safe locks at both facilities were changed during the audit process. Going forward, all door and safe locks will be changed within the required timeframe in accordance with the Landfill Policies and Procedures Manual. A record of lock changes will be kept in the Policies and Procedures Manual for both facilities.	Solid Waste Division Director	4/1/13

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**Issue 8**

**Post Signs Emphasizing the Expectation of a Receipt**

Observations at the scale house revealed that there are no signs posted concerning the expectation of a receipt.

**Recommendation:**

The Solid Waste Division Director should ensure that a sign is posted on the scale house window emphasizing the expectation of a receipt.



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Landfill Money Receipts**



**Issue 8  
Management Action Plan**

#	Management Action Plan	Completed By	Date
8	Signs emphasizing the expectation of a receipt will be permanently installed at the scale house window. These signs are currently installed at both Public Use Area attendant booths. The verification of the signs will be included in the quarterly audit process performed by the Account Clerk III.	Solid Waste Division Director; Account Clerk III	3/31/13

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**Issue 9**

**Establish a System to Track Customer Complaints**

Discussion with the Solid Waste Division Director revealed that no system has been established to track, monitor and trend landfill customer complaints, questions and suggestions.



**Recommendation:**

The Solid Waste Division Director should establish a system that accumulates, tracks and documents the resolution of landfill customer complaints, questions and suggestions.

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**Issue 9**  
**Management Action Plan**

#	Management Action Plan	Completed By	Date
9	A spreadsheet system will be implemented to accumulate, track, and document the resolution of landfill customer complaints, questions, and suggestions.	Solid Waste Division Director	1/30/13

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## **Closing**

- Appreciate Agency's cooperation
- Follow up on open Action Plans will be performed as completion dates are reached



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## Report Distribution

Audit Committee (Mr. Glover, Mrs. O'Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Deputy County Manager for Community Operations	Director of Public Utilities
Internal Audit Staff	

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