
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Follow-up Audit of Solid Waste Management Department

Household Hazardous Waste Contract

Project No. AU14-F08

January 8, 2015

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the recommendations made in the Audit of the Solid Waste Management Department (SWMD) Household Hazardous Waste (HHW) Contract dated June 14, 2013. The audit objective and conclusion follow:

Did the SWMD successfully implement action plans to address prior audit recommendations relating to the household hazardous waste contract?

Yes, SWMD has made progress to implement adequate controls to address the recommendations; however, some improvement is still needed.

In total there were four recommendations made to SWMD. From these, SWMD management developed four action plans to address the findings from the previous audit. We determined that three action plans were implemented appropriately; however, the following area still needs improvement to serve as an effective control:

Lack of Invoice Detail Review Prior to Payment Approval

SWMD implemented procedures to review and verify invoice detail prior to authorization for payment, as stated in their action plan. However, their procedures do not include a review of the support details used to manually calculate the total hours worked on contractor's timesheets. Consequently, this has resulted in overpayment of hours not worked by contracted staff.

Management concurs with our conclusions and has developed an action plan to address the issues noted. Management responses are in Appendix B on page 6.

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Background

In June of 2013, the Office of the City Auditor completed an audit of the SWMD Household Hazardous Waste Contract. The objective of that audit was as follows:

Are SWMD and Clean Harbors Environmental Services, Inc. (the contractor) in compliance with the contractual terms for disposal of household hazardous waste?

The Office of the City Auditor concluded that the SWMD and the contractor were not in compliance with the contract due to lack of policies and procedures, integrity of documents supporting the invoices, lack of a contract administration plan, charging of items not approved by the contract and unqualified staff working at the drop-off sites.

On February 21, 2014 the SWMD temporarily closed the household hazardous waste drop-off site located on Culebra Road and moved it to the E. Bitters Bulky Waste Collection Center. Reopening of the Culebra site, after completion of remodeling is scheduled for November 2014.

Audit Scope and Methodology

The audit scope was limited to the recommendations made in the original report and corresponding action plans implemented between June 2013 and September 2014.

The audit methodology consisted of interviewing SWMD personnel to obtain an understanding of newly implemented policies and procedures applicable to the household hazardous waste contract with Clean Harbors Environmental Services, Inc. We reviewed source documents such as Clear Harbor invoices, timesheets, manifests and staff training credentials.

We conducted this follow-up 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.

Prior Audit Recommendations and Status

A. Lack of Invoice Detail Review Prior to Payment Approval

Prior Recommendation

The SWMD Director should develop and implement the following control processes:

- Require staff to review, approve, and maintain each contractor timesheet and manifest.
- Vouch each item on the invoice to the original timesheet or manifest detail and compare the invoice pricing to the contract pricing schedule prior to approving the invoice for payment.
- Perform periodic reviews to ensure procedures are implemented and are working as intended.
- Obtain quotes for items not included in the contract and formally approve and maintain the quotes as contract amendments in the contract file.
- Revise pricing schedule to include approved quotes. Consider adding the approved items to the contract renewal and to future contract proposals.

Status: Partially Implemented

The Department's Solid Waste Manager has developed new policies and procedures for the Household Hazardous Waste contract for reconciliation and approval of invoices prior to authorization for payment. The Site Supervisor is responsible for cross-referencing the timesheets, manifests and contract pricing schedule for each invoice to reconcile the following information:

- Number of hours worked by contracted staff
- Billing rates of contracted staff
- Supply and material rates

We reviewed a sample of 11 invoices, which consisted of 29 timesheets. We identified three timesheets that had an incorrect calculation of total hours worked by a contractor, resulting in an overpayment on three of the 11 invoices. While the amount overpaid is minimal, the overall risk of overpayment is high due to the manual nature of the process.

The new policies and procedures also specify that any line items not covered under the contract will require a quote to be generated by the contractor. The new quote shall be approved by City staff. Once a quote is executed, the quote along with a revised pricing schedule is added to the contract. The revised pricing schedule will contain a section at the bottom identifying all new items and will be used for future contract proposals. Of the 11 invoices tested, we identified one line item that was not on the pricing schedule but did have a written quote proposal to support the invoice payment.

Updated Recommendation:

The Household Hazardous Waste Site Supervisor should perform a review of the support documentation used to manually calculate the total number of hours worked by each contractor prior to cross referencing against the hours invoiced.

B. Failure to Maintain Control at the Permanent Site

Prior Recommendation

The SWMD Director should change the locks to the gate and the office building to restrict access to authorized personnel and SWMD should not grant access to contractors unless staff is on site.

Status: Implemented

Per SWMD management, the locks at the Bitters drop-off facility are restricted to only SWMD personnel. The Solid Waste Manager has developed new policies and procedures for the Household Hazardous Waste contract, which includes a statement to reiterate that site access is controlled by the City and no entry is permitted unless City staff is present. In addition, a checklist is communicated at the start of each site opening which includes an item regarding access control and use of premises.

C. Insufficient Training of Staff

Prior Recommendation

The SWMD Director should develop and implement the following control processes:

- Provide training to all employees prior to working with household hazardous waste.
- Develop an instructional agenda for new employees consisting of its Operational Plan, site rules, and safety issues to supplement the annual training course.
- Maintain documentation of in-house training.
- Verify and retain the credentials of each contractor staff billed at the chemist rate.

In addition, the SWMD Director should attempt to recover the overcharged amount for all unqualified staff billed at the chemist rate.

Status: Implemented

The SWMD has developed new policies and procedures for the Household Hazardous Waste contract to ensure individuals working at a household hazardous waste event or working at the permanent drop-off site have sufficient training that is appropriate to their duties and job titles. The policy specifies contracted staff designated as “Chemist” shall receive, at a minimum, General Site Awareness training and a 40-hour federal Occupational Safety and Health

Administration (OSHA) training on Hazardous Waste Operations and Emergency Response (HAZWOPER). All other staff including City personnel and contractors are required to receive, at minimum, the General Site Awareness training. The awareness training covers the operations plan, site rules, health and safety rules, and HHW handling training. Completion of training courses and issued certificates are maintained on file.

We verified a review was conducted to determine overcharges for FY2012 and FY2013 and a letter requesting reimbursement was submitted to Clean Harbors on August 15, 2013. We also verified a full reimbursement was received from Clean Harbors for the overcharges.

D. Non-existence of a Contract Administration Plan (CAP)

Prior Recommendation

The SWMD Director should develop a CAP for all contracts to ensure that essential tasks are performed, periodic reviews and monitoring are completed, and essential support documentation is maintained. In the future, SWMD should use the Bond and Insurance Checklists provided in the Procurement Policy and Procedures manual.

Status: Implemented

The SWMD Director has developed a CAP for the Household Hazardous Waste contract, which includes essential tasks to be performed and periodic reviews and monitoring items to be completed. The CAP also outlines responsible SWMD staff to administer the CAP. We verified the Bond and Insurance checklists were being utilized and maintained as part of the CAP.

Appendix A – Staff Acknowledgement

Sandra Paiz, CFE, Audit Manager
Holly Williams, CISA, CRISC, Auditor in Charge

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

November 25, 2014

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgment and Corrective Action Plan for the Follow-up Audit of Solid Waste Management Department's Household Hazardous Waste Contract

- ☒ Fully Agree (provide detailed comments)
- ☐ Agree Except For (provide detailed comments)
- ☐ Do Not Agree (provide detailed comments)

Solid Waste Management Department has reviewed the audit report and has developed the Corrective Action Plan below corresponding to report recommendation.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<p>Lack of Invoice Detail Review Prior to Payment Approval</p> <p>The Household Hazardous Waste Site Supervisor should perform a review of the support documentation used to manually calculate the total number of hours worked by each contractor prior to cross referencing against the hours invoiced.</p>	Page 2	Accept	Joseph Krupa/Solid Waste Manager	11/26/14

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<p>Action plan: The Department has updated the policies and procedures for the Household Hazardous Waste contract. The Manager over the program will conduct internal quarterly reviews of invoices and support documentation with Fiscal staff. This is in addition to the initial review done by the Site Supervisor each month.</p> <p>Furthermore, a new digital excel timesheet was created to automatically calculate hours entered for all contracted staff working at a HHW site or event. The new timesheet will eliminate the old process of manually calculating hours, which led to the invoice errors.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,


 David W. McCary
 Director
 Solid Waste Management Department

12/5/14
 Date


 Peter Zanoni
 Deputy City Manager
 City Manager's Office

12-11-14
 Date