



City of San Antonio

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Attachments: 1. AU20-032 Audit of SWMD - Landfill Contract & Operations

Date	Ver.	Action By	Action	Result
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AUDIT COMMITTEE SUMMARY
October 20, 2020
Audit of Solid Waste Management Department
Landfill Contract and Operations
 Report Issued October 14, 2020

Audit Objective

Determine if internal controls are in place to ensure that charges for landfill services are accurate and properly recorded.

Background

The Solid Waste Management Department (SWMD) serves customers by providing them with a myriad of programs and services that effectively and efficiently manage municipal solid waste generated within the City of San Antonio. Programs and services include automated garbage collection, residential brush collection, residential bulky collection, and dead animal pickup.

On May 31, 1995, the City Council authorized the City Manager to enter a 30-year contract with Waste Management Inc., Texas Disposal Systems, and to amend an agreement with Browning-Ferris Inc. to provide solid waste disposal services. Key contractual terms with Waste Management Inc., Texas Disposal Systems, and Browning-Ferris Inc. include the following: (1) base disposal rates, (2) reimbursement of federal, state, and local fees incurred by the vendors, and (3) royalty fees.

Base disposal rate calculations are adjusted on an annual basis based on Consumer Price Index changes. The City will also reimburse its proportionate share of any additional fees imposed by federal, state, and local regulations. Furthermore, royalty fees will also be paid and adjusted annually based on Consumer Price Index changes.

Disposal related expenses incurred by SWMD related to the Waste Management Inc., Texas Disposal Systems, and Browning-Ferris Inc. agreements for fiscal year 2018 and 2019 were \$9,167,154 and \$9,465,038, respectively.

Scope & Methodology

The audit scope was from January 2019 to April 2020. We interviewed management and key staff from SWMD to obtain an understanding of contract monitoring and financial reporting processes. We used the contract terms and COSA Procurement Policy as criteria for our test work.

Conclusions

Key management controls are in place and operating to ensure that charges for landfill services are accurate and properly recorded. We verified that the base rate, reimbursement, and royalty payments are consistent with contractual terms. We determined that SWMD continuously monitors key components of the landfill contracts including insurance coverage, monitoring of on-site scales, and performance of community clean-up days. Finally, SAP system access is appropriate and commensurate with employee duties.

We had no findings and consequently make no recommendations regarding Solid Waste Management Department landfill contract management.