



# City of San Antonio

## Agenda Memorandum

**File Number:**15-2046

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**Agenda Item Number:** 6.

**Agenda Date:** 3/17/2015

**In Control:** Audit Committee

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### **AUDIT COMMITTEE SUMMARY**

**March 17, 2015**

#### **Follow-up Audit of Solid Waste Management Department Household Hazardous Waste Contract**

Report Issued January 8, 2015

### **Background**

The Solid Waste Management Department (SWMD) oversees the City's effort to collect and dispose of household hazardous waste. SWMD outsources the collection, packaging, storage and transport of household hazardous waste to Clean Harbors Environmental Services, Incorporated. An annual spending cap of \$ 1.1 million was established for the contract. In FY 2014, spending totaled approximately \$900 thousand. In June of 2013, an audit of SWMD's contract with Clean Harbors Environmental Services was issued. The objective of the audit was to determine compliance with terms outlined in the contract.

The audit made recommendations to address the following areas:

- Failure to Maintain Control at the Permanent Site
- Insufficient Training of Staff
- Non-existence of a Contract Administration Plan (CAP)
- Lack of Invoice Detail Review Prior to Payment Approval

### **Follow-up Audit Objective**

Determine if the Solid Waste Management Department successfully implemented action plans to address prior audit recommendations relating to the household hazardous waste contract.

### **Audit Scope & 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.

## **Audit Conclusions**

Yes, SWMD has made progress to implement adequate controls to address the 4 issues that were identified in the prior audit. We concluded that the action plans implemented for 3 items serve as effective controls to ensure compliance with the contract. However, the process for ensuring the accuracy of invoices prior to payment approval needs improvement. The current process consists of manually recalculating hours worked. For several of the timesheets sampled, the amount billed and paid was incorrect.

While the amount overpaid is minimal, the overall risk of overpayment is high due to the manual nature of the process.

SWMD management agreed with our observation and recommendation and has developed a positive action plan.