



PAT FRANK  
Clerk of the Circuit Court  
13th Judicial Circuit

**COUNTY AUDIT**

**HILLSBOROUGH COUNTY, FLORIDA**

**PUBLIC UTILITIES DEPARTMENT'S  
SOLID WASTE MANAGEMENT GROUP:  
ENVIRONMENT & LANDFILL AUDIT**

**REPORT # 240**

**NOVEMBER 8, 2012**

November 08, 2012

The Honorable Ken Hagan, Chairman  
The Honorable Kevin Beckner  
The Honorable Victor D. Crist  
The Honorable Al Higginbotham  
The Honorable Lesley "Les" Miller, Jr.  
The Honorable Sandra L. Murman  
The Honorable Mark Sharpe

Dear Chairman Hagan and Commissioners:

We performed an audit of the Public Utilities Department's Solid Waste Management Group Environment and Landfill: Audit Report #240, dated November 8, 2012. A response to our recommendation was received from the Director of the Public Utilities Department and has been included in the report after the finding and recommendation.

We appreciate the cooperation and professional courtesies extended to our auditors by the Director and personnel of the Public Utilities Department during this audit.

Sincerely,

Peggy Caskey, CIA, CFE, CISA, Director, County Audit

cc: Mike Merrill, County Administrator  
Lucia Garsys, Deputy County Administrator  
John Lyons, Public Utilities Department Director  
George Cassady, Division Director of Utility Operations, Public Utilities Department  
Patricia Berry, Solid Waste Management Group Manager  
Bruce Dangremond, Manager, Performance Mgmt, Business and Support Services

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## EXECUTIVE SUMMARY

### BACKGROUND INFORMATION:

The Public Utilities Department operates facilities, such as water, wastewater, and biosolids treatment plants, the Resource Recovery Facility, community collection centers, and the Southeast County Landfill, in addition to a number of administrative and field support facilities.

#### Southeast County Landfill

The Public Utilities Department's Solid Waste Management Group oversees operations at the Southeast County Landfill, which is the only public Class I landfill in Hillsborough County. This 179-acre landfill opened in 1984 and is constructed over the clay residue from a phosphate mining operation. This clay residue serves as the Landfill's liner. On December 14, 2010, this landfill experienced a sinkhole event. Throughout this event, the Solid Waste Management Group has been in communications with the Florida Department of Environmental Protection. During this audit, the Florida Department of Environmental Protection expressed their pleasure with the efforts of the Solid Waste Management Group in addressing this event, including the ongoing sinkhole remediation activities. The latest information on these activities is available on the County's website at: <http://hillsboroughcounty.org/index.aspx?NID=2672>.

Generally, the Southeast County Landfill receives: non-processable solid waste (waste that is unacceptable for disposition in the Resource Recovery Facility such as bulky items, construction and demolition debris); ash from the Resource Recovery Facility and the City of Tampa's waste-to-energy facility; shredded tires; and, when necessary, diversions from the Resource Recovery Facility and transfer stations. The Southeast County Landfill is operated by Waste Management, Inc. of Florida in accordance with a "life-of-site" contract with the County.

### OBJECTIVE:

The primary objective of this audit was to review and evaluate the adequacy and effectiveness of internal controls and compliance with applicable agreements, regulations, and policies and procedures related to the Public Utilities Department's Solid Waste Management Group's environmental and operational functions at the Southeast County Landfill.

### SCOPE:

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by The Institute of Internal Auditors. The audit period was from December 1, 2011, to May 31, 2012, unless otherwise noted. Audit procedures included: interviewing key personnel; reviewing key documents (such as landfill environmental permits, contracts, and regulatory reports); performing a risk assessment to identify major risks associated with closed landfill gas migration, open landfill operations, environmental monitoring and permit compliance, and sinkhole-related activities; and reviewing controls in the contract payment processes.

**OVERALL EVALUATION:**

The Solid Waste Management Group and other sections of the Public Utilities Department were responsive to our inquiries and provided thorough information when requested. We found knowledgeable and dedicated employees who were receptive to our recommendations.

Our audit identified an opportunity to strengthen and improve existing controls related to cash collections at the Southeast County Landfill.

<b>FINDING</b>	<b>DESCRIPTION</b>	<b>PAGE REFERENCE</b>
1	Process improvement opportunities exist to strengthen Scale House internal cash controls.	See page 3 of this report.

**OPINION:**

Based upon the results of our audit tests, overall, the controls over the environmental and operational functions at the Southeast County Landfill appear to be adequate and effective. We believe our process improvement recommendation, if implemented, will enhance the internal cash controls of the Solid Waste Management Group.

The final exit conference was held September 18, 2012.

**AUDIT BY:**

Daniel A. Pohto, former Director, County Audit  
Mark Kolman, Audit Manager  
Mary Ann Kominsky, IT Audit Manager

## FINDING & RECOMMENDATION

**Control Activities:** Listed below is an opportunity for the Public Utilities Department's Solid Waste Management Group to strengthen and improve existing controls related to cash collections at the Southeast County Landfill. A Recommendation has been included with that Finding.

### FINDING 1

#### **Process improvement opportunities exist to strengthen Scale House internal cash controls.**

Opportunities for process improvements were identified during interviews conducted at the Southeast County Landfill. The resulting process improvement opportunities were previously presented to the Public Utilities Department Director and Solid Waste Management Group management in a separate letter.

The improvements included:

- Opportunities exist to strengthen the physical controls surrounding the scale house.
- Opportunities exist to modify business processes at the scale house to improve internal controls.

The following best practices for a safe environment were provided:

- Maintain the security of assets to ensure that resources are physically protected.
- Restrict access to cash.
- Use a buddy system whenever possible.

The following were the reasons given by the Public Utilities Department for the business decision to accept only cash at the Southeast County Landfill scale house for customers without pre-established business accounts:

*Charge Cards:* Since BOCC Policy, 03.01.04.00 (*Acceptance of credit cards, charge cards, and debit cards for payment of county fees and charges for service*) does not allow for the collection of credit card fees, the Public Utilities Department does not accept debit/credit cards at the landfill in an effort to minimize the card fees that the Public Works Department is absorbing.

*Checks:* Checks are not accepted to minimize exposure to bad debt expense, as well as minimize the increased processing time at the scale houses required to collect additional information from the customer as required by the Sheriff to enforce collection efforts if the check is later determined to be uncollectable.

The effect of the business decision to operate on a "cash-only" basis for customers not on account may serve to decrease customer service and reduce safety. By modifying the environment and certain business practices, the internal controls could be improved at the scale house.

**RECOMMENDATION:**

The Public Utilities Department's management should:

1. Investigate the available options for continuing to strengthen the physical security over the Southeast County Landfill scale house, including implementing process improvement opportunities already in use at other Public Utilities Department sites and seeking guidance from law enforcement, and
2. Consider making changes in their business processes to improve the cash collections process at the Southeast County Landfill.

**CLIENT RESPONSE:**

*1. Concur*

*2. Concur*

**CORRECTIVE ACTION PLAN:**

1. *Cashier Depository Safes, often called drop safes, and security cameras to monitor customer transactions have been installed. In addition, the Public Utilities Department will evaluate modifications to the facility and courier options.*
2. *The Public Utilities Department is evaluating solid waste tonnage and accounting software that will provide, among other things, for the ability to have credit card transactions with its landfill customers. If implemented, in concurrence with County policy, the changes are anticipated to improve the cash collection process. County Executive Management will be asked to develop and implement any policy necessary to support changes to how the County conducts business at the landfills.*

**TARGET COMPLETION DATE:**

1. *12/31/12*
2. *09/30/13*