

Final Audit

Follow-Up

As of March 31, 2011



Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP
City Auditor

Selected Solid Waste Activities

(Report #1104 issued January 19, 2011)

Report #1113

June 16, 2011

Summary

Each of the nineteen action plan steps established to address the issues identified in our audit of selected solid waste activities (report #1104) have been completed or otherwise resolved. One of the most significant completed actions was the timely recovery of \$88,321 in overpayments from a contractor. Other completed actions included various improvements and enhancements to existing procedures, processes, and controls.

In audit report #1104, we found the Solid Waste Utility had, generally, adequately and correctly administered its contract with Waste Pro of Florida, Inc. (Waste Pro) for solid waste collection services. We also found the Solid Waste Utility had, generally, adequately and correctly administered the revenue activities addressed by the audit, including:

- Revenues due from a contractor (Recycled Fibers) for the City's sale of recyclable materials collected from City customers.
- Revenues due from Ace Salvage, Inc. for the sale of collected white goods (large appliances) and scrap metals.
- Revenues due the City for non-routine collection services.

We also found adequate controls were established within the City's PeopleSoft Customer Information System (CIS) to ensure the City received appropriate and correct revenues for routine collection services.

Issues were identified that included a need for the Solid Waste Utility to recover overpayments from

one contractor (Waste Pro) and to revise procedures, processes, and controls relating to the various revenue activities. Nineteen action plan steps were developed to address the identified issues. Our follow up review showed the Solid Waste Utility has successfully and timely completed or resolved each of those action plan steps. The completed actions included:

- Timely recovery of the \$88,321 in overpayments to Waste Pro. Enhancements were also made to the process of reviewing Waste Pro invoices before approving payment for services. (2 steps)
- Enhancements to ensure proper assessment of liquidated damages against Waste Pro in instances where incomplete, inadequate, or untimely services are rendered; and enhancements in preparing and retaining documentation of management decisions regarding assessment of such liquidated damages.
- Timely follow up on field orders dispatched to Waste Pro for collection services.
- Ensuring use of accurate and updated customer counts by Waste Pro in the determination of customer recycling rates. (2 steps)
- Reporting by Waste Pro to the Solid Waste Utility information on complaints received by Waste Pro directly from City customers.
- Improved and enhanced documentation for periodic route audits conducted by Solid Waste Utility staff.
- Enhanced controls and processes to ensure revenues are properly and timely processed and deposited into the City's bank account. (3 steps)

- Obtaining and using driver weight tickets to validate information reported and revenues submitted by one contractor (Recycled Fibers) are proper and correct. (3 steps)
- Enhanced reviews to ensure the City receives proper revenues for non-routine collection services.
- Additional efforts and actions to ensure correct field activity/order types are used when requesting collection services.
- Documenting when it is not appropriate or reasonable to charge tonnage fees for individual collection services.
- Changing the name/title of an employee funds bank account so as not to infer it is a City bank account.

For one other step involving recommended language and provisions for subsequent contracts, responsibility for completion is turned over to management taking into consideration the intended actions and circumstances.

We commend the Solid Waste Utility for their efforts in the timely completion of these action plan steps. We also appreciate the cooperation and assistance provided by Solid Waste Utility staff during this audit follow-up.

Scope, Objectives, and Methodology

We conducted this audit follow-up in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit follow-up objectives.

Report #1104

The scope and objectives of report #1104 addressed the Solid Waste Utility's (1) oversight and administration of the City's contract with Waste Pro of Florida, Inc. (Waste Pro) and (2) processes and

administration relative to various revenue activities. Our specific audit objectives were to determine:

- Whether the Solid Waste Utility properly and adequately administered the City's contract with Waste Pro for solid waste collection services.
- Whether revenues due the City from Recycled Fibers (contractor) for sale of collected recyclable materials were properly collected and processed.
- Whether revenues due the City from Ace Salvage, Inc. for sale of collected white goods (large discarded appliances) and scrap metal were properly collected and processed.
- Whether revenues due the City for non-routine solid waste collection services were properly collected and processed.
- Whether adequate controls were established within the City's PeopleSoft Customer Information System (CIS) to ensure proper collection of revenues for routine collection services.

Activity and processes in place during recent years were reviewed and analyzed, with the specific years reviewed varying depending on the area covered.

Report #1113

This is our first and only follow-up on action plan steps identified in audit report #1104. The purpose of this follow up is to report on the progress and status of efforts to complete action plan steps due for completion as of March 31, 2011. To determine the status of the action plan steps, we interviewed staff, made observations, and reviewed relevant documentation.

Background

Waste Pro. The City has used a private contractor to assist in solid waste residential collection services since 1986. Waste Pro has been the City's contractor since October 1, 2006. As of the date of our initial audit fieldwork in March 2010, the City had paid Waste Pro approximately \$15.6 million for its services. Pursuant to the contract, Waste Pro collects (1) garbage from approximately 50% of the City's residential customers and (2) recyclable materials from all (100%) City residential customers.

Recycled Fibers. The Solid Waste Utility executed a contract in 1998 with Recycled Fibers for the sale of recyclable materials. Pursuant to the contract, recyclable materials collected by the Solid Waste

Utility (for commercial customers) and Waste Pro (for residential customers) are delivered to Recycled Fibers. Contractual provisions in place at the time of our initial audit provided for Recycled Fibers to pay the City \$35 per ton of recyclables delivered. Because of volatility in market prices, the City's contract contains a provision for annual price adjustments. Amounts received by the City under those contract provisions during the five-year period 2006 through 2010 totaled approximately \$2.4 million.

Ace Salvage. The Solid Waste Utility entered into a five-year contract with Ace salvage in 2005 that provided payment to the City for delivered white goods and scrap metals. White goods are defined as discarded appliances such as refrigerators, freezers, washers, dryers, water heaters, and similar appliances. Scrap metals are defined as discarded items constructed of metal, such as used bicycles, lawn mowers, vehicle exhaust pipes, gas grills, tubing and wire, and other miscellaneous items. Under the contract Ace Salvage paid the City a percentage of the market value of the delivered items. Because the service was used significantly less than anticipated, the City received only \$2,153 for delivered materials. The contract terminated in September 2010.

Revenues from Non-Routine Collections. The majority of revenues for solid waste collection services are for routine services. However, the Solid Waste Utility also collects revenues for non-routine collection services, including the following:

- **Special Events** – Typically, these represent services provided to organizations (generally City customers) that request extra garbage barrels and collection services for their sponsored special events.
- **Special Yard Waste and Bulky Item Collections** – These represent collection services provided based on customer requests for collections.
- **On-Call Services** – These represent collection services provided to commercial customers without scheduled pick up times. The Solid Waste Utility empties the applicable containers (e.g., dumpsters) only upon request by the customer.
- **Off-Schedule Services** – These represent services provided to commercial customers with scheduled services that request an extra pick up (i.e., not part of their scheduled pick ups).
- **Other** – These represent all other types of non-routine collection services for which a fee may be assessed.

The Solid Waste Utility estimated that approximately three percent (\$530,000) of total annual revenues (approximately \$21 million) were attributable to non-routine collection services.

PeopleSoft CIS Controls. The City uses the PeopleSoft CIS system for recording and capturing solid waste service activity and for billing customers for various collection services. This system provides the opportunity to establish various checks and balances to ensure customers are properly billed for services rendered. Solid Waste Utility revenues billed and processed through this system total approximately \$21 million annually.

Previous Conditions and Current Status

In report #1104, we found the Solid Waste Utility generally:

- Properly and adequately administered the contract with Waste Pro for solid waste collection services.
- Properly and correctly collected and processed revenues due from Recycled Fibers for delivered recyclable materials.
- Properly and adequately collected and processed revenues due from Ace Salvage for delivered white goods and scrap metals.
- Properly and correctly billed and collected revenues due from customers for non-routine collection services.
- With the assistance of Utility Accounting, established adequate controls within the PeopleSoft CIS to ensure proper collection of revenues for routine collection services.

Overpayments to Waste Pro totaling \$88,321 were identified by our audit. In addition, other issues were identified that were indicative of the need for improvements and enhancements.

Nineteen action plan steps were developed to address the identified overpayments and other issues. As shown below in Table 1, the Solid Waste Utility has addressed and completed 18 of those 19 steps. For the remaining step, responsibility for completion is turned over to management taking into consideration the intended actions and circumstances.

We commend the Solid Waste Utility for their efforts in the timely completion of these action plan steps.

**Table 1
Action Plan Steps from Audit Report #1104
Due as of March 31, 2011, and Current Status**

Action Plan Steps Due as of March 31, 2011	Current Status
Ensure proper payments to Waste Pro for services rendered	
<ul style="list-style-type: none"> • Actions initiated to recover the contractual overpayments (\$88,321) will be completed. 	<ul style="list-style-type: none"> ✓ The Solid Waste Utility collected the overpaid amounts as of 12-15-2010 (prior to issuance of the initial audit report). Those payments were collected through application of credits (deductions) to amounts owed (and paid) for subsequent Waste Pro services. The first credit (\$30,000) was applied to the September 2010 invoice; the second credit (\$30,000) was applied to the October 2010 invoice; and the third credit (balance of \$28,321) was applied to the November 2010 invoice.
<ul style="list-style-type: none"> • Thorough and adequate reviews of future Waste Pro invoices will be emphasized to staff responsible for those functions. Additional training will be provided as needed and/or reassignments of review/approval responsibility made to other staff. 	<ul style="list-style-type: none"> ✓ In response to the audit recommendation to enhance reviews of Waste Pro invoices, Solid Waste Utility management added an additional layer of review (i.e., invoices are now reviewed by an additional employee). Our review of a recent invoice (March 2011) showed the billings to be correct, supported, and logical.
<ul style="list-style-type: none"> • Liquidated damages will be assessed in accordance with contractual provisions and rates unless documented approval is provided by appropriate levels of management to waive or reduce the liquidated damages. Management approvals for such waivers and/or reductions will be adequately documented. 	<ul style="list-style-type: none"> ✓ In our initial audit we identified instances where liquidated damages were not properly assessed and/or documentation was not available to substantiate waivers or reductions to amounts of liquidated damages assessed the City contractor (Waste Pro). As described, such damages may be assessed in the event of inadequate, incomplete, or untimely services. Examples include a missed collection or not providing a new or replacement collection container in a timely manner. Amounts that can be assessed typically range from \$25 to \$200 per incident. In response to this issue and as confirmed during our follow up review, the Solid Waste Utility now documents managerial decisions made in regard to assessments of liquidated damages based on applicable circumstances (e.g., waivers and/or reductions to amounts assessed because of circumstances). Additionally, our review of recent invoices and activity (January through March 2011) showed that circumstances for which liquidated damages are assessable are being properly identified and amounts assessed are appropriate and in accordance with controlling contractual provisions.

Ensure timely actions by Waste Pro	
<ul style="list-style-type: none"> • PeopleSoft CIS field activities (orders) dispatched to Waste Pro will be followed up on weekly in accordance with existing procedures. 	<ul style="list-style-type: none"> ✓ In the initial audit, we determined Solid Waste Utility staff did not always timely follow up on field orders that had been dispatched to Waste Pro (i.e., outstanding field orders). This precluded a timely determination by the Solid Waste Utility as to whether the requested actions had been performed. We found during our follow up field work staff is now timely following up on and reporting to Waste Pro outstanding field orders. Specifically, lists of outstanding dispatched field orders are sent (via e-mail) to Waste Pro weekly in accordance with established procedures. Solid Waste Utility management is copied on these e-mails. Furthermore, our review on May 10, 2011, showed no outstanding dispatched field orders more than eight days old.
Ensure accurate recycling participation rates	
<ul style="list-style-type: none"> • Waste Pro will be instructed to use current customer counts when calculating and reporting overall (Citywide) monthly recycling participation rates. 	<ul style="list-style-type: none"> ✓ In the initial audit we reported that Waste Pro was not using updated customer counts when calculating and reporting recycling participation rates to the Solid Waste Utility. As reported, we found Waste Pro used the same customer counts for 30 consecutive months (October 2007 through March 2010). Additionally, we noted and reported that for several months (April through June 2010) Waste Pro used inaccurate route information in calculating and reporting participation rates, as customer counts for one route/area were used for multiple routes/areas. These instances increased the risk of City management using inaccurate information for program evaluation purposes. These instances were attributable to Waste Pro not using available total customer count data provided by the Solid Waste Utility and to neither party (Waste Pro or Solid Waste Utility) capturing current customer counts by individual route or area. Our follow up review showed this had been corrected as: <ul style="list-style-type: none"> – Total customer counts for all routes/areas as calculated and used by Waste Pro for recent months (February through April 2011) were determined to be materially correct and accurate based on our comparison to total customers served per the City’s customer billing system. Furthermore, those amounts varied slightly from month to month which would be expected.

	<ul style="list-style-type: none"> - Waste Pro updated its customer counts for individual routes and areas and is continuing to update those counts monthly as individuals and families change their residences. <p>Those circumstances indicate that accurate and updated customer counts are being determined and reported to the Solid Waste Utility by Waste Pro for purposes of reporting and determining accurate recycling participation rates for the City as a whole and for individual locations/areas within the City.</p>
<ul style="list-style-type: none"> • A determination will be made whether it is cost beneficial to capture (count) the number of recycling customers by route and area on an on-going (e.g., monthly or quarterly) basis; if determined to be cost beneficial those counts will be provided to Waste Pro with instructions to be used in their calculations and reporting of recycling participation rates by individual route and area. (NOTE A) 	<ul style="list-style-type: none"> ✓ This was corrected and resolved as explained in the previous action plan step.
<p>Enhance contract administration and compliance</p>	
<ul style="list-style-type: none"> • Waste Pro will be instructed to commence reporting required information on complaints received directly from City customers in accordance with contractual provisions. 	<ul style="list-style-type: none"> ✓ In the initial audit, we recommended the Solid Waste Utility require Waste Pro to document and report to the Solid Waste Utility information on any complaints received directly (by Waste Pro) from City customers. Such reporting is required by contractual provisions and provides the Solid Waste Utility an additional means to ensure customer concerns and complaints are timely resolved. In our follow up on this issue, we found Waste Pro now sends e-mails describing customer concerns and complaints, received directly from City customers, to designated Solid Waste Utility management and staff.
<ul style="list-style-type: none"> • Periodic route audits will be documented to capture the information noted in the audit report. 	<ul style="list-style-type: none"> ✓ Route audits are performed as one of several methods used by the Solid Waste Utility to oversee and monitor Waste Pro services rendered to City customers. In the initial audit we recommended the Solid Waste Utility better document its performance of those periodic route audits. As noted in our initial audit report and in response to our recommendation, the Solid Waste Utility developed a log to capture various information including dates performed, staff performing the route audits, reasons for the audits, observations made, conclusions, and actions taken. During our follow up review we found the Solid Waste Utility was using that log to capture and document the described information.

<ul style="list-style-type: none"> • Future contracts will (1) clarify and specify applicable City offices and departments that should have access to Waste Pro records pertaining to operation of the City contract and (2) require annual audited financial statements be provided to Solid Waste Utility management. 	<ul style="list-style-type: none"> ➤ We acknowledged in the initial audit that the contractual agreement with Waste Pro was generally appropriate and adequate. We identified two contractual provisions that warranted enhancements in future contracts. Specifically, we recommended contract language be enhanced (1) to ensure appropriate City departments (e.g., City Attorney’s Office, City Auditor’s Office, Solid Waste Utility) have the right to access and examine applicable records and materials and (2) to require Waste Pro to obtain independent audits of its financial statements and provide the Solid Waste Utility copies of the resulting audit reports. (Note: Although not contractually required, Waste Pro did undergo annual independent audits and provided Solid Waste Utility management with copies of the resulting audit reports.) During our current follow up the Solid Waste Utility was still operating under the initial contract with Waste Pro. Solid Waste Utility management reasserted the intent to address the recommended contract enhancements in the subsequent contract process. Based on the overall adequacy of contractual provisions and management’s stated intent, responsibility for ensuring completion of this action plan step is turned over to management.
<p>Ensure proper and timely collection/deposit of revenues</p>	
<ul style="list-style-type: none"> • Recycled Fibers will be instructed to remit monthly payments directly to the City’s Revenue Office. 	<ul style="list-style-type: none"> ✓ In the initial audit we reported that Recycled Fibers remitted monthly checks for City delivered materials to the Solid Waste Utility. While we found those checks were properly reviewed and transferred by the Solid Waste Utility to the City’s Revenue Office for processing and deposit into the City’s bank account, we reported that practice was contrary to preferred internal controls. Accordingly, we recommended the checks be remitted by Recycled Fibers directly to the City’s Revenue Office. In our follow up review we found the Solid Waste Utility revised this practice as recommended. Recycled Fibers now submits the monthly checks directly to the City’s Revenue Office. Solid Waste Utility administrative staff verify the receipt of the checks through access and review of entries recorded in the City’s cashing system.
<ul style="list-style-type: none"> • Waste Pro will be required to provide copies of driver weight tickets from Recycled Fibers to the Solid Waste Utility. 	<ul style="list-style-type: none"> ✓ We found in our initial audit that Waste Pro was not submitting to the Solid Waste Utility copies of weight tickets obtained by their (Waste Pro) drivers for recyclable collections delivered to

	<p>Recycled Fibers on behalf of the City. Those weight tickets document the amount (tonnages) of delivered recyclable materials. Tonnages reported by Recycled Fibers to the Solid Waste Utility serve as the basis on which monthly payments are determined and made to the City (i.e., at \$35 per ton). Driver-obtained tickets provide a reliable source document for the City to ensure tonnages reported by Recycled Fibers are complete and accurate. Accordingly, we recommended the Solid Waste Utility require Waste Pro to submit weight tickets obtained by their drivers and use those tickets to substantiate the tonnages reported by Recycled Fibers. In accordance with our recommendation, the Solid Waste Utility is now obtaining from Waste Pro weight tickets provided by Recycled Fibers to their (Waste Pro) drivers.</p>
<ul style="list-style-type: none"> • City drivers will be reminded to turn their copies of weight tickets into designated Solid Waste Utility managerial and administrative staff. 	<ul style="list-style-type: none"> ✓ Solid Waste Utility supervisors have emphasized to City drivers delivering collected recyclables to Recycled Fibers the importance of turning in all of their weight tickets in a timely manner. Specifically, City drivers have been instructed to turn in their tickets each day, opposed to accumulating those tickets and turning them in periodically (e.g., weekly). Solid Waste Utility supervisory staff indicated the drivers are complying with these instructions. Our analysis of tickets turned in by City drivers to copies of tickets provided by Recycled Fibers substantiate that drivers are turning in the vast majority of their tickets.
<ul style="list-style-type: none"> • Designated Solid Waste Utility staff will use driver-provided weight tickets to ensure the accuracy and correctness of Recycled Fibers' monthly reports and payments. 	<ul style="list-style-type: none"> ✓ In the initial audit, we recommended the Solid Waste Utility staff use weight tickets obtained by Waste Pro and City drivers in their validations of the accuracy and completeness of activity reported by Recycled Fibers. Those "driver-provided" weight tickets provide a more reliable source document for those validations when compared to tickets provided by Recycled Fibers. Our follow up review showed the designated Solid Waste Utility staff are now using the driver-provided tickets to ensure the accuracy and completeness of tonnages reported and used by Recycled Fibers to calculate the payment amounts made to the City.
<ul style="list-style-type: none"> • To the extent the City continues to dispose of white goods and scrap metals through a contracted or non-contracted entity for a fee, revenues due the City will be billed through the centralized accounts receivable system 	<ul style="list-style-type: none"> ✓ In the initial audit, we noted that amounts owed by a contractor for delivered white goods/scrap metals were determined and billed by a Solid Waste Utility administrative specialist. As reported, the payments from the contractor were

<p>administered by Accounting Services; with the corresponding payments sent by the contractor directly to the City’s Revenue Office.</p>	<p>remitted directly to the Solid Waste Utility and received and processed by the same administrative specialist. The payments (checks) not immediately processed and transferred to the City’s Revenue Office for deposit in the City’s bank account were temporarily stored in an unlocked desk drawer. To improve internal controls over those payments, we recommended and Solid Waste Utility management agreed that subsequent amounts due the City would be billed through the City’s accounts receivable system with the corresponding payments mailed by the contractor (or other entity) directly to the City’s Revenue Office. Our follow up review showed that no subsequent goods have been delivered and no additional payments made or due the City since the initial audit. However, Solid Waste Utility management and applicable administrative staff indicated their intent, and understanding of the importance, to bill the entity through the City’s centralized accounts receivable system in the future, with corresponding payments made directly to the City’s Revenue Office. As reported below, this described process has already been implemented by the Solid Waste Utility for similar services and revenues. Accordingly, this issue is considered resolved.</p>
<p>Ensure proper billing and collection of fees for non-routine collections</p>	
<ul style="list-style-type: none"> • Solid Waste Utility management will enhance the review of the billing process for non-routine services. This will include using a PeopleSoft CIS query to generate periodic reports of completed system field orders reflecting the provision of billable non-routine services; and review of the items on the report (on at least a sample basis) to ensure proper billing of those services. 	<ul style="list-style-type: none"> ✓ As noted in the initial audit, instances were identified where some non-routine collection services were not properly billed. This included services provided in connection with special requests and non-routine commercial dumpster services. To ensure non-routine services are properly billed, we recommended the Solid Waste Utility enhance its oversight of billing for those services. Our follow up review showed Solid Waste Utility management has assigned a specific supervisory employee to (1) identify non-routine services rendered by the Solid Waste Utility (i.e., via queries of the PeopleSoft CIS system and review of other documents such as correspondence from individuals and other entities requesting services) and (2) ascertain whether those services were properly billed. Efforts by that assigned staff to date have yielded meaningful results, as incidents have been identified where several non-routine services had not been billed (e.g., due to staff oversight). Those internal reviews are also being done to ensure routine services for certain commercial

	<p>customers (dumpster) are properly billed when customer transitions occur. As of our follow up fieldwork in early May 2011, those reviews for services rendered since October 2010 have resulted in adjusted (correcting) billings that generated additional revenues approximating \$7,000. Had those reviews not been done, those revenues due the City likely would not have been collected.</p>
<ul style="list-style-type: none"> • Staff will be reminded to use the correct system field activity/order type for the services to be rendered. 	<ul style="list-style-type: none"> ✓ Solid Waste Utility management has taken appropriate actions and is reinforcing to both Solid Waste Utility and Utility Business and Customer Services (UBCS) staffs (both staffs create and dispatch system field activities/orders for collection services) the importance of creating the correct field activity/order types based on the services required. Those actions include notification (via e-mail) to applicable supervisors and staff when a determination is made that an incorrect system field activity/order was generated and dispatched.
<ul style="list-style-type: none"> • Drivers will be instructed to document on the applicable system field activity/order when it is not cost beneficial to make a separate trip to the landfill for the collected materials. 	<ul style="list-style-type: none"> ✓ In the initial audit we reported tonnages fees were not always charged by the Solid Waste Utility for collection of yard waste and bulky items outside of normal pick up times (e.g., special requests). Solid Waste Utility staff explained this was because the quantities collected (tonnage) for individual customers sometimes do not warrant a separate trip to the landfill solely for that special collection. The determination as to whether a single customer collection warrants a separate trip to the landfill (where the collected materials are weighed and the tonnage determined) inherently must be made by the staff performing the collection. From a cost/benefit perspective, we noted that process was logical and appropriate. However, for individual collections where tonnage was not determined and billed for those reasons, we found those circumstances were not documented. Accordingly, there was no documentation supporting why tonnage was not billed. In response to this and our audit recommendation, the Solid Waste Utility implemented a process whereby determinations not to assess tonnage fees (for the reasons described above) are now documented in the comment field within the applicable system field activity/order created for that special collection. Our review showed that process is now in place.
<ul style="list-style-type: none"> • Fees for non-routine services rendered to individuals/entities without City utility accounts 	<ul style="list-style-type: none"> ✓ In some instances non-routine collection services are rendered to individuals or entities that are not

<p>will be billed through the centralized accounts receivable system administered by Accounting Services; with the corresponding payments sent by those individuals/entities directly to the City's Revenue Office.</p>	<p>City utility customers. As noted in the initial audit, we found the same administrative specialist within the Solid Waste Utility generated invoices, submitted the invoices to the customers, and received and processed the related payments for those instances. Good internal controls provide that the same employee should not authorize and execute revenue activities and also collect and process the related revenues. Accordingly, we recommended fees for non-routine services rendered to individuals/entities without City utility accounts be billed through the City's centralized accounts receivable system administered by Accounting Services, with the corresponding payments sent directly to the City's Revenue Office. Our follow up review showed the described process has been revised as recommended. Fees are now billed through the City's centralized accounts receivable system with corresponding payments sent directly to the City's Revenue Office.</p>
<p>Ensure City funds are not diverted for unauthorized purposes</p>	
<ul style="list-style-type: none"> • The employee funds bank account will be re-titled so as not to infer it is a City bank account. 	<ul style="list-style-type: none"> ✓ In our initial audit we determined an employee funds bank account was incorrectly titled in a manner inferring it was a City bank account, thereby increasing the risk that City funds could be improperly deposited in that account and subsequently used for unauthorized purposes. As described in our initial audit report, Solid Waste Utility management took prompt corrective action by retitling the account.

Table Legend:

- Issue to be addressed from the original audit.
- ✓ Issue addressed and resolved.
- Activity not occurred to which corrective actions can be applied; appropriate intentions stated so responsibility for finalization of action step turned over to management.

(NOTE A) – This action plan step was not due to be completed until subsequent to March 31, 2011. However, it has been addressed and resolved.

Conclusion

Table 1 above shows the Solid Waste Utility successfully completed each of the 19 action plan steps established to address the issues identified in our initial audit. Those steps included recovery of \$88,321 in overpayments to Waste Pro and various other improvements and enhancements to existing procedures, processes, and controls.

We commend the Solid Waste Utility for their efforts in the timely completion of these action plan steps.

Appointed Official's Response

City Manager:

I am pleased with the findings and the corrective actions of this audit. The conclusion that Solid Waste Services successfully completed each of the 19 action plan steps addressed in the initial audit report reflects strong leadership and their commitment to comply with the City's applicable financial regulations and established procedures. It also demonstrates staff's professionalism and desire to capitalize on recouping revenues for services rendered and to institute strong internal controls. I commend them on their promptness and cooperation to implement the various operational improvements to existing procedures. I thank the audit staff for their thorough analysis and timely follow-up.

Copies of this final audit follow-up #1113 or audit report #1104 may be obtained from the City Auditor's website (<http://talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

Audit follow-up conducted by:
T. Bert Fletcher, CPA, Sr. Audit Manager
Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP, City Auditor