



MEMORANDUM

City of Fort Smith
Internal Audit

TO: Mark Schlivert, Sanitation Department Head

FROM: Tracey Shockley, Internal Audit Director

DATE: April 10, 2017

SUBJECT: Sanitation Residential, Industrial and Commercial Collections

An audit review was completed on the residential, industrial and commercial collections aspect of the Sanitation department. This review was to determine whether the City’s policies and procedures were accurate and efficient in practice.

Both departments were reviewed for the following:

- The name on the customer account matches the name recorded in the Sanitation log,
- The address on the customer account matches the name recorded in the Sanitation log,
- The activation date on the customer account matches the date recorded in the Sanitation log,
- Charges for trash bins were displayed correctly in the collection’s system, and
- Physical bin numbers matches the bin numbers recorded in the collection’s system.

Two-hundred and thirty three residential accounts and support were reviewed, some included multiple exceptions. Based upon the areas tested above the following exceptions were noted:

Total Exceptions	Name on account matches	Address on account matches	Date on account matches	Charge on account matches
187	0	1	147	22

- One account did not have a matching address located in the collection’s system.
- One Hundred and forty seven activation dates on the Sanitation log did not match the activation date in the Collection’s system.
- Twenty-two activation dates on the Sanitation log did not match the activation date in the Collection’s system and were not within the same billing month.

In order to ensure that both systems, Sanitation log and Collection’s system, were properly maintained, 50 residential trash bins were physically tested to determine if the physical trash bin number matched the trash bin number in the collection’s system. The following exceptions were noted:

CONFIDENTIAL: Not to be distributed without prior permission of Internal Audit Department.

- Thirteen trash bin numbers were not entered into the system by dispatch.
- Four residential trash bin numbers did not match the number in the collection’s system.

Also while surveying the physical collection of residential trash bins, some bins appeared to be in the middle of property lines which made it hard to determine which address the trash bin belonged to. There are multiple risks associated with the collection of residential trash bins including, but not limited to the over/under billing of some customers, improper disposal of goods allocated from a customer’s address, improper distributed billing of charges, incorrect inventory levels, improper adjustments to accounts, ext.

Seventy-five industrial/commercial accounts and support were reviewed, some included multiple exceptions. Based upon the areas tested above the following exceptions were noted:

Total Exceptions	Name on account matches	Address on account matches	Charge displayed on account	Charge on account matches
15	3	2	5	5

- Three names on the Sanitation log did not match the names in the collection’s system.
- Two accounts on the Sanitation log did not have a match the address in the collection’s system.
- Five accounts did not have charges and/or agreements associated with them in the collection’s system.
- Five accounts with amounts notated on the Sanitation log did not agree to the amounts in the Collection’s system.

In the beginning stages of testing, it was noted that the Sanitation department had limited policies and procedures in place demonstrating the processes of these two departments.

In order to ensure that both systems were properly maintained, 11 industrial/commercial trash bins were physically tested to determine if the physical trash bin number would match the trash bin number stated by the collection’s system. The following exceptions were noted:

- Two industrial/commercial bin number were not in the Collection’s system (Sanitation could not produce these numbers).
- Two industrial/commercial customer names were incorrect due to misspelled business names (i.e. customer name was Pad Phai, but should have been Pad Thai)
- One industrial/commercial address was incorrect (i.e. address was entered as 78050 Rogers Ave., but should have been 7800 Rogers Ave).

It was noted during the walkthrough of the collections procedures that the information communicated from dispatch to the two supervisors regarding customer accounts did not have a proper process. For example, when a customer calls into Sanitation, dispatch receives the call and will communicate the information either by text, radio, phone, piece of paper, email, etc....

IA recommends the following:

- All customer information received by dispatch should be documented in an email or order/change form. If an order/change form is utilized, the supervisor should sign off to document receiving the form.
- Customer should sign for receipt of the canisters.
- Supervisors should monthly reconcile all order/changes received to the Collection's system.
- Supervisors should utilize a software system for tracking customer accounts that should be reconciled to the Collection's system for accuracy regarding customer names, address, canisters, and amounts charged.
- The excel Sanitation Log should be password protected since it is maintained on the drive which is utilized by multiple different sanitation employee's.
- Spot audits should be conducted at a minimum quarterly to ensure accounts are accurate.
- Policies and procedures should be documented. This includes writing a residential, industrial/commercial manual.
- Inventory of canisters should be documented and audited at a minimum quarterly to ensure accuracy and have the ability to identify any discrepancies immediately.
- At a minimum, an analysis could be done for the missed pick up calls. This will allow the supervisor to see any trends that are occurring on specific routes, with specific drivers, customers, etc.....
- Based upon the analysis, steps should be implemented for remediation training, discipline, procedural changes, etc...
- A manual tonnage procedure should be documented. This procedure should be followed for emergencies (i.e. electrical outages, computer failures, viruses, etc...).

Second part of the audit will be to meet and perform individual walkthroughs with the residential, industrial/commercial employees.