



**A Report to the Galveston
City Council**

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**Audit Report
AU2017-4**

Sanitation Internal Controls – Public Works Department Audit Report

Report Summary

The City of Galveston is in the process of evaluating the written Standard Operating Procedures (SOPs) for the Public Works Department Sanitation Division. SOPs serve the City of Galveston by five different methods. First, the purpose of SOPs are to assist the Sanitation Division in maintaining their quality control and quality assurance processes and ensure compliance with governmental regulations. Second, the development and use of SOPs minimizes variation and promotes quality through consistent implementation of processes within the organization even if there are temporary personnel changes. Third, SOPs can indicate compliance with organizational and governmental requirements and can be used as part of human resource training programs since they provide detailed work instructions. Fourth, SOPs minimize opportunities for miscommunication and address safety concerns. Fifth, historical data may be incorporated for use with SOPs and serve to be valuable for reconstructing project activities when no other references are available.

The Public Works Department is charged with establishing the SOPs for the Sanitation Division administration within the City of Galveston. In turn, the City Auditor Department is responsible for evaluating the design and operating effectiveness of those SOPs.



**SANITATION INTERNAL CONTROLS
PUBLIC WORKS DEPARTMENT
CITY AUDITOR**

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AUDIT TEAM

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City of Galveston
Sanitation Internal Controls – Public Works Department
City Auditor Executive Summary

August 17, 2017

Background

The City of Galveston is in the process of evaluating the written Standard Operating Procedures (SOPs) for the Public Works Department Sanitation Division. SOPs serve the City of Galveston by five different methods. First, the purposes of SOPs are to assist the Sanitation Division in maintaining their quality control and quality assurance processes and ensure compliance with governmental regulations. Second, the development and use of SOPs minimizes variation and promotes quality through consistent implementation of processes within the organization even if there are temporary personnel changes. Third, SOPs can indicate compliance with organizational and governmental requirements and can be used as part of human resource training programs since they provide detailed work instructions. Fourth, SOPs minimize opportunities for miscommunication and address safety concerns. Fifth, historical data may be incorporated for use with SOPs and serve to be valuable for reconstructing project activities when no other references are available.

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Objective

The objective of this report is to evaluate the design and operating effectiveness of the SOPs of the compliance reporting internal control framework and financial reporting internal control framework in the Public Works Sanitation Division.

- (1) Compliance Reporting Framework - The objectives of internal controls over Sanitation processes for a compliance reporting network is to ensure a complete set of principles for the requirements, laws, and regulations that a municipal government is subject to.
- (2) Financial Reporting Framework - The objectives of internal controls over the Sanitation division processes for a financial reporting network is to ensure a comprehensive set of standards for determining measurement, recognition, presentation, and disclosure.

Scope

The scope of this report is to evaluate the design and operating effectiveness of the two objectives of internal controls over Sanitation processes identified above and then to evaluate the basic components of each objective that appear to have the highest amounts of risk. The basic components chosen by the auditors for this are described as:

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(1) Compliance Reporting Network

- a) *Control Activities* – The City of Galveston’s control activities are the policies and procedures that are performed by personnel that help ensure that management’s directives regarding compliance are carried out. The Sanitation Department has a duty to maintain clearly written standard operating procedures at all times in the performance of their job tasks.
- b) *Information and Communication* - The information and communication component includes the City of Galveston’s identification, capture, and exchange of information in a form and time frame that enable personnel to carry out their responsibilities. It is a vital goal of the Sanitation Department to establish a communication network with the citizens of Galveston.
- c) *Monitoring Activities* - Monitoring activities assess the City of Galveston’s quality of internal control performance over time. The Sanitation Department is charged with administering to daily work such as the Recycling Center or trash hauling. Hence, the Sanitation Department must be able to document proof of their monitoring activities for such projects.

(2) Financial Reporting Network

- a) *Rights and Obligations* – All transaction balances properly reflect amounts collected or should have been collected by the City of Galveston. The Sanitation Department inherently does have a responsibility to the public to ensure private trash hauling is licensed and the appropriate license fees are collected.
- b) *Valuation and Allocation* – All transaction balances properly value and allocate amounts that individuals or agencies paid to the City of Galveston. The Sanitation Department oversees franchise fees paid to the City of Galveston by private trash haulers.
- c) *Occurrence* – Transaction balances should also represent accounts uncollected by the City of Galveston when applicable. The Sanitation Department is bound to cancel services to be performed for these types of accounts.

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Fieldwork Performed

The City Auditor Department researched the best practices, internal controls, policies, and procedures for a Public Works Sanitation Division process within a local municipality and compiled this research into a list. Each practice listed was then compared and contrasted to the City Auditor's observations on control design and operations of management to determine the effectiveness of the compliance reporting framework and the financial reporting framework for the Sanitation Division. The results of this fieldwork performed are not intended to replace current management practices but rather to inform management of the internal controls, policies, and procedures that are advantageous for a well-designed city sanitation process. The City Auditor Department also noted if opportunities exist for the improvement of the existing SOPs below in "City Auditor's Recommendations".

Audit Findings

There are no findings for the City Auditor to report to The Mayor and City Council concerning the Public Works Sanitation Division. The City Auditor Department will make itself available to consult with the Public Works Sanitation Division should management choose to act upon changing internal controls for compliance at the City of Galveston.

Staff Conduct

All staff acted in a professional and timely manner.

City Auditor's Recommendations

1. A vital goal of the Sanitation Department, as mentioned in the "Compliance Reporting Network", is to establish a communication network with the citizens of Galveston. The City Auditor's Office is of the opinion that this has been accomplished by the Sanitation Department. The City Auditor's Office would like to recommend an enhancement to this goal in that the City of Galveston follows the direction of other cities to create a children's program with the Galveston Independent School District and other surrounding private schools. The theory behind this concept is to start teaching future generations about zero waste and its beneficial environmental impact. This program would include all of the aspects of the Sanitation Department from picking up trash, properly disposing of trash, touring the recycling center and viewing a dumpster truck. Appendix 1 is an example of a flyer from another city that teaches the types of items to recycle.

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City Manager’s Response:

The Manager has reviewed the Auditors findings and recommendation and has no comments. The Manager will discuss the recommendation related to the “children’s program” with the City’s Risk Manager and Legal Department to see if we can design and implement a risk free program consistent with the Auditor’s program.

Reuse

"Fill me up!"

- Use both sides of a piece of paper
- Reuse shopping bags, aluminum foil, and all kinds of containers
 - Use a lunch box or reusable bag
- Donate old toys and clothes to charities instead of throwing them out

Reduce

Recycle



- Compost food and yard waste
 - Put a stop to junk mail
- Choose products with the least amount of packaging
 - Choose products that last a long time
 - Repair broken items instead of throwing them out
 - Carry your own mug instead of using paper cups
 - Buy only what you need

- Glass bottles, jars
- Aluminum cans, foil
- Metal cans
- Plastic bottles
- Paper (newspaper, white paper, magazines, catalogs, phone books, paper bags, cardboard, paperboard, junk mail, milk and juice cartons)

When we all reduce, reuse and recycle as much as we can, there's very little left to throw away!

THE GREEN TEAM



"TRASH TERMINATORS" (Level One)

- THE GREEN TEAM Pledge:**
As a member of THE GREEN TEAM I pledge to recycle where I live, learn and play! I will encourage my family and friends to follow the 3 R's - Reduce, Reuse, and Recycle to help protect the environment for a better planet earth!



"ENVIRONMENTAL EAGLES" (Level Three)

- Waste-free day
- Set up a school recycling program
- Set up a worm bin or compost bin
- Hold a school rummage sale or drive to collect recyclables
- Other (Describe):



"CONSERVATION COYOTES" (Level Two)

- Slash Trash Lesson
- Create recycling signs or posters
- Write letters or news articles
- Use THE GREEN TEAM LIBRARY
- Other (Describe):

To learn more about recycling in your community, visit www.CLEANUP.org or call 1-800-CLEAN UP

Presented by
Commonwealth of Massachusetts
Executive Office of Environmental Affairs
Department of Environmental Protection