

**CITRUS COUNTY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER**

**Internal Auditing Services for
Solid Waste Business Processes**

July 27, 2015

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CliftonLarsonAllen

July 27, 2015

Ms. Angela Vick

Citrus County Clerk of the Circuit Court and Comptroller

110 N. Apopka Avenue

Inverness, Florida 34450

Dear Ms. Vick:

As requested by the Citrus County Clerk of the Circuit Court and Comptroller (the Clerk and Comptroller), we have completed our engagement to evaluate selected business processes of the Citrus County (the County) Division of Solid Waste Management (the Division or Solid Waste). The general objective of the engagement was to examine and evaluate the adequacy and effectiveness of the internal controls over Division's waste disposal assessments, cash receipts and accounts receivable practices to determine whether they are adequate and in compliance with established policies and procedures. The internal control areas evaluated and the related objectives were:

- **Control Area 1: Disposal fees are consistent with applicable ordinances and charges are accurately assessed.**

Objectives:

1A: Fees charged at the landfill are consistent with the board-approved fee schedule.

1B: Fees charged are accurately selected and applied.

- **Control Area 2: Controls over cash receipts are sufficient and functioning properly.**

Objectives

2A: Cash receipts deposits follow established procedures are accurate and processed timely.

2B: Physical security procedures for cash are in place and being followed.

2C: Voided transactions are properly documented and approved.

2D: Manual transactions are used only when appropriate.

▪ **Control Area 3: Accounts receivable are properly monitored.**

Objectives

3A: Establishment of charge accounts follows established procedures.

3B: Billing of charge accounts followed established policies and procedures.

3C: Billing of individuals for insufficient payment followed established policies and procedures.

3D: Aged receivables balances are reasonable.

3E: Policies and procedures for processing accounts receivable are updated and complete.

3F: Account write-offs are properly authorized.

▪ **Control Area 4: Controls over recycling program revenue are sufficient and functioning properly.**

Objectives

4A: Revenue and expenditure from recycling programs is properly verified and monitored.

4B: Calculation of single stream recycling revenue follows adequate procedures and adheres to existing contract.

We appreciate the assistance and contribution of management and staff of Solid Waste, Community Services Department staff, as well as the staff of the Clerk and Comptroller's Finance Department and Internal Auditor.

Our report is intended solely for the Clerk and Comptroller's management, the Board of County Commissioners of Citrus County (BOCC), and BOCC management, and is not intended for any purpose other than to assist you with the items mentioned above. Consequently, our report is limited for your information and use only and should not be used by anyone else. In addition, our report is based on current circumstances. We have no responsibility to update our report for events and circumstances that occur after July 27, 2015.

Respectfully submitted,

CliftonLarsonAllen LLP



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I. SCOPE AND METHODOLOGY

The scope of the audit covered the period from October 2013 to March 2015. CLA interviewed the following employees

- Solid Waste Department Director
- Contract Service Specialist
- Lead Solid Waste Technician
- Recycling Coordinator
- Solid Waste Supervisor
- Customer Service Representative
- Senior Secretary

For the evaluation of internal controls over cash handling, CLA observed cashier procedures and documented cash reconciliation and bank deposit process. Our methodology included intensive analytical testing of data whereby we obtained a report listing all transactions that were recorded in the Division's automated system, AutoScale, during the audit period of October 1, 2013 to March 31, 2015. All transaction records were imported into IDEA Software and subjected to a series of queries and reports to identify any unusual activity during the audit period. In total, 180,487 tickets totaling \$4,726,434 were scrutinized.

The methodology also included limited benchmarking procedures, whereby the team gathered information from the counties of Highlands and Hillsborough on ten specific topics with the purpose of identifying best practices. Benchmarking results are cited throughout the report, and a summary is included under Exhibit A of this report.

II. SUMMARY OF RESULTS

We determined that the Division of Solid Waste Management maintains a reasonable level of controls for ensuring that cash handling is adequate. The Department mitigates the risk of fraud with daily checks and reconciliation procedures to detect and correct errors. Nonetheless, there are opportunities for the Division to strengthen internal controls by expanding segregation of duties; developing, changing or formalizing procedures; conducting additional business reviews, and producing operation reports to facilitate management oversight.

III. OVERVIEW OF THE BUSINESS PROCESSES EVALUATED AND ASSOCIATED CONTROLS

The Division of Solid Waste Management (the Division) provides long-term solid waste disposal services for the citizens of Citrus County (the County). The Central Landfill is a double-lined facility that accepts over 100,000 tons of household, commercial and industrial waste every year.

Annually, the BCC passes an Administrative Resolution (number 2014-134 is effective for fiscal year 2015) that establishes annual rates, fees, charges, assessments and service charges to be imposed upon the owners of improved real property in the County pursuant to Chapter 90, Citrus County Code. This resolution also includes waste disposal fee schedules which are applied to residential and commercial customers, based on the weight and type of waste being disposed (see Exhibit B of this report). During the 18 months from October 2013 to March 2015, a total of \$4.7 million was collected at the landfill (approximately \$261K each month).

The table below shows the top ten landfill customers, whose related total cost represents 96% of the total amount collected in fees during the audit period.

**Table 1
Fees Collected by the Top Ten Landfill Customers (Oct. 2013 – Mar. 2015)**

Customer Name	Number of Transactions (Individual Tickets)	Total Cost	Total Fees as a Percent of Total Amount Collected	Average Cost per Ticket
FDS Disposal, Inc.	10,418	\$1,915,512	41%	\$184
Citrus County residents	152,687	\$1,167,536	25%	\$8
Waste Pro of Florida, Inc.	2,766	\$484,020	10%	\$175
Waste Management of Central Florida, Inc.	1,425	\$322,093	7%	\$226
Advanced Disposal Services Solid Waste SE, Inc.	689	\$183,460	4%	\$266
Beverly Hills Waste Mgmt. Corp.	1,005	\$153,051	3%	\$152
Advanced Waste Solutions, Inc.	772	\$98,102	2%	\$127
CC Utilities	245	\$85,727	2%	\$350
Republic Services (DBA Seaside Sanitation)	263	\$61,841	1%	\$235
Road Maintenance	1,163	\$51,904	1%	\$45
Total		\$4,523,246	96%¹	

¹The total fees (cost) associated to the top ten landfill customers represents 96% of the total amount collected in fees during the audit period.

Charge accounts

As of March 31, 2015, there were approximately 36 active charge accounts of companies and nonprofit organizations that continuously haul large amounts of waste and chose to be billed monthly. To have a charge account, companies enter into a formal *Waste Disposal Account Agreement* with the Board of County Commissioners (BCC) and are required to establish a security deposit representing two months' worth of what the disposal charges are estimated to be. These companies should not incur monthly charges greater than 50% of their deposit amount over three consecutive months. These deposits are held as security by the Clerk's Finance Department in an escrow account until a customer decides to terminate their account, in which case they must then submit a termination letter and pay their final invoice before the deposit is refunded, less any unpaid balances. There is no specified term on the agreement; the customer will provide written notice 30 days prior to terminating the agreement.

Recycling operation

The Division manages nine recycling contractors that remove various waste items at the landfill and recycle them at their own facility, plus one contractor that processes yard waste onsite, as shown in the table below.

**Table 2
Recycling Programs' Revenue and Expenditure – Fiscal Year 2014**

Recycling Program	Revenue from Contractor for Purchased Waste	Revenue from Single Stream Recycling Program	Expenditure for Contractor Removal of Waste	Expenditure for Contractor Processing of Waste	Unit of Revenue or Expenditure	Contractor Name
Yard waste *	-	-	-	\$ 107,399	Per ton to grind. Per hour to screen.	Consolidated Resource Recovery
Scrap metal	\$ 71,699	-	-	-	Per ton removed from landfill.	Trademark Metals Recycling
Tires	-	-	\$ 27,257	-	Per ton removed from landfill.	Wheelabrator
Land/acid batteries	2,922	-	-	-	Per ton removed from landfill.	Trademark Metals Recycling
Electronics **	1,553	-	-	-	Per ton removed from landfill.	Bay to Bay Recycling
Vegetable oil	255	-	-	-	Per gallon.	Precision Renewable Energy Oil Co
White paper	1,631	-	-	-	Per ton removed from landfill.	Land O'Lakes Recycling
Waste oil	10,667	-	-	-	Per gallon.	FCC Environmental
High pressure tanks	-	-	333	-	Per unit.	South Alabama Gas
Styrofoam	425	-	-	-	Per ton removed from landfill.	RecycleTech
Concrete	Unknown	-	Unknown	-	Per ton removed from landfill.	<i>(Contractor has not been selected)</i>
Single Stream		\$ 2,804			Per ton collected	Waste Pro
Total	\$ 89,152	\$ 2,804	\$ 27,590	\$ 107,399		

Source: Solid Waste Supervisor and Recycling Coordinator.

* Once recycled, yard waste is given free to residents for mulch or used at the landfill. The role of the contractor is to process the waste to be usable.

** Not televisions because there is a fee charge to customers to dispose of televisions.

Most recycling contractors operate under a formal agreement with the County, and there is one contractor for each category of recyclable items. Contractors that do not have an agreement are those that deal with miscellaneous items, such as propane high pressured tanks or batteries. Some of these contractors also deposit solid waste at the landfill.

A major recycling program through the landfill is the single-stream program. The current single-stream contractor, Waste Pro USA, picks up recyclable material from 15 sites located throughout the County. The material is weighed through a certified scale system before being off loaded for processing at the contractor’s facility. The value of the material is based on composition studies to determine percentages of material present, and is defined by market index indicated in the contract.

Technology supporting landfill operations

The Division uses the following automated systems –

System Name	Description
AutoScale 2000	<ul style="list-style-type: none"> ▪ Supports weighing, invoicing and ticketing. ▪ Produces various reports utilized in daily and monthly billing. ▪ AutoScale server is in the County and under County jurisdiction.
Real Time Transfer	<ul style="list-style-type: none"> ▪ Automatic process that transfers information from AutoScale to CRMS system.
CRMS	<ul style="list-style-type: none"> ▪ Central Management and Reporting System (CRMS) works in conjunction with AutoScale to provide integration to accounts receivable and reporting. ▪ CRMS Invoicing module is used for monthly billing. ▪ CRMS Auto Accounts Receivable module generates invoices and statements that are mailed to customers that are billed monthly. ▪ CRMS is designed for multi-locations. The Citrus landfill is the only location currently, but expectation is that there will be a second location in the future. ▪ CRMS does not interface with the financial accounting system, Pentamation.

Scale house cash collection procedures

The main scale house includes two computerized registers connected to AutoScale, one for the in-bound scale and one for the out-bound scale, each manned by a Solid Waste Technician (herein, Technician) that carries out cashiering duties. Customer payment is taken at scale house in-bound or out-bound, depending on the type of load or the need to measure gross weight. Each Technician has individualized register log-in information and is responsible for a “change bag” of \$150 total at all times in change, and

a cash audit log. Cashiers log into the system upon the start of the shift and stay logged in until the end of the shift.

A policy is in place for there to be two Technicians in the scale house at all times; occasionally, there may be an additional Technician in the by-pass lane adjacent to the scale house during busy times. During breaks, the Technician's drawer is locked in the safe, and the Lead Solid Waste Technician or the Solid Waste Supervisor will fill in during that time, utilizing their own cash drawer.

Determination of applicable fees

The first step in the payment process is determining the applicable fee(s) by selecting the appropriate code(s) in AutoScale. The in-bound Technicians have a large impact on revenue, as they are responsible for determining the rates to charge the customer based on customer type, waste classification, and observation of the number of items being disposed. Judgment is frequently exercised. According to management, Technicians are provided intense supervision during the first week of employment while they learn about the different codes, transactions and materials disposed, and are not scheduled to work alone during the first three months. Also per management, Technicians are provided and required to review the policies and procedures manual when they first come on board.

Payment procedures

Payment procedures vary according to the type of customer –

Charge account customers

- If the vehicle's tare weight is recorded in the system, the technician measures the gross weight and provides the customer with a draft invoice for them to sign and approve the net weight calculated automatically by the system. After dumping the load, the customer will exit through the out-bound lane. At month-end, the customer will receive a bill for charges incurred.
- If the vehicle's tare weight is not registered in the system, the gross weight is taken at in-bound and tare weight at out-bound. In this case, the customer receives a pre-numbered card associated to the ticket number created at the in-bound lane, which is presented to the out-bound technician after dumping. At this point the system calculates the net weight and the customer will sign in approval. The customer will receive a bill for charges incurred at month-end.

Non-charge account customers

- County residents

If the customer is a Citrus County resident, the customer is entitled to dispose a variety of materials free of charge (as displayed in the Fee Schedule) up to a certain quantity per visit, on the basis that the resident has already been assessed for waste disposal through property taxes. For example, residents are entitled to dump five passenger car tires twice a year, for a total of 10. As another example, residents can dispose of five 30 gallon bags or cans each visit (under the transaction fee) for residential solid waste; excess bags are charged at \$1 a bag. Currently, there is no formal or automated mechanism to track and control that residential disposal stays within established limits; thus, an honor system is used. The Technicians check the eligibility for free disposal by asking customers to provide the driver's license to demonstrate residency; however, if the client is familiar, they generally would not request identification.

When residents dispose of items such as asbestos, concrete, sludge, or construction debris, the fee schedule applies based on the Technician's observation of the load. In this case, the gross weight is measured at in-bound, and the tare weight at out-bound, at which point the customer pays the amount due. If the load is mixed, gross weight is taken at in-bound and the customer may then dump the paid item, return to the scale to get the weight with the free items loaded to take the tare weight, and return to the yard to dump the free items.

- Non-County residents

Non-charge customers that are not county residents are charged the commercial rates. The Technician has ability to check the customer's address in the system to verify that the customer lives in a non-assessed area, if requested. Gross weight is measured at in-bound, and the tare weight at out-bound, at which point they pay the amount being charged. A load falls under the classification of business when the hauler is paid by another resident to perform the service or the load comes from a business.

Pass holders

The County maintains a residential self-haul annual pass program for County residents (except City of Inverness residents) who choose to prepay their disposal fees for up to eight-30 gallon bags per week; quantity limit is tracked through an honor system. The pass price is prorated, depending on the quarter

of the year that it is purchased: To exemplify, the full price is \$96 in the 1st quarter, \$72 in the 2nd quarter, \$48 in the 3rd quarter, and \$24 in the 4th quarter, for fiscal year 2014-2015, and there is no security deposit involved. Pass-holders are entered into AutoScale same as the charge accounts. All passes expire September 30 and the following year passes are issued in new color, which distinguishes expired passes. While not used at present, AutoScale has the capacity to track pass expiration. As of 3/31/15, there were approximately 652 active pass holders who transacted \$47,128 during the audit period.

Nonprofits

Nonprofit customers are entitled to dispose 1,000 pounds free of charge each month, beyond which the nonprofit is then charged \$24/ton. Net weight information is logged into AutoScale. If the non-profit does not meet the maximum 1,000 pounds free on the first visit, their charge/weight will be recorded in a manual log to be tracked during the month to control the free weight limit. Nonprofits generally do not have vehicle tare weights recorded in the system, therefore gross weight is taken at in-bound and tare weight at out-bound. They are subject to monthly billing procedures for weight in excess of the 1,000 free pounds.

Forms of payment

Technicians will accept cash, check and credit cards as a form of payment in all lanes as follows:

- Cash: Technicians will provide the customer with the appropriate amount of change as needed.
- Check: Technicians will ensure all checks include the customer's telephone number, and for checks over \$50, a driver's license number.
- Credit card: Solid Waste uses MyFlorida County.com for credit card transactions, with credit card surcharges passed on to the customers. Technicians will access a state of Florida website (a clearing house for payments made to governments) and manually enter the customer's credit card information (see Observation 16).

Clerk's reconciliation procedures

- Deposit reconciliations

The Clerk's Financial Services staff matches every landfill deposit recap to the validated bank deposit slip received from the bank, and communicates any discrepancies to the Division and/or to the bank. Financial Services then updates the deposit in the financial system, Pentamation, with the date in

which the money went to the bank. Within the first five business days of the new month, all cash activity (deposits included) is reconciled through the bank statement reconciliation.

- Monthly billing reconciliation

Clerk's Financial Services staff reconciles the Division's monthly billing/invoicing by comparing a monthly report provided by the Lead Solid Waste Supervisor to the appropriate general ledger accounts. According to the Clerk's accountant responsible for this process, the process runs smoothly and the reports sent by the Lead Solid Waste Supervisor are prepared properly.

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IV. OBSERVATIONS AND OPPORTUNITIES FOR IMPROVEMENT

CONTROL AREA 1: DISPOSAL FEES ARE CONSISTENT WITH APPLICABLE COUNTY REGULATIONS AND CHARGES ARE ACCURATELY ASSESSED.

OBJECTIVE 1A: FEES CHARGED AT THE LANDFILL ARE CONSISTENT WITH THE BOARD-APPROVED FEE SCHEDULE.

Every type of waste and associated weight and quantity within the *Fee Schedule* of the “solid waste” Administrative Resolution (AR 2014-134, effective for fiscal year 2015) has an associated charge code in AutoScale.

Observation 1

The Board-approved Fee Schedule is comprehensive and creates operational challenges when customizing the product codes in AutoScale to reflect Board resolutions. The result is an excessive number of active codes which creates room for error of overcharge/undercharge.

CLA obtained the number of product codes in the system and identified the number of codes used during the audit period. During the audit period (October 1, 2013 to March 31, 2015), there were 979 codes in AutoScale, 762 of which are active and 217 are inactive. Of the active product codes, only 155 were used during the audit period. CLA also noted that there were 71 product codes that are used less than 40 times. Management reviewed the list of these infrequently used codes and for some of them, determined that the product code was not necessary or should not be active.

Best practice: In Highlands County, the landfill office manager tasks the county engineer with reviewing the codes entered into the system each year, to ensure completeness and accuracy.

Recommendation 1

CLA recommends an in-depth review of the active product codes to purge any unnecessary codes from AutoScale to arrive at a more reasonable number of codes. Benchmarking fee schedules of counties with similar assessment models could generate ideas for a simplified fee schedule.

Management Response 1

Management agrees with this recommendation. Since receiving this Audit Report, Staff has reduced the number of active codes to 200. In AutoScale, product codes may not be deleted once a transaction has been recorded. A product code that is no longer utilized is marked inactive.

Observation 2

The Solid Waste Supervisor enters or updates the product codes in AutoScale upon the Board's annual approval of the Fee Schedule every fiscal year. Currently, there is no review process of the codes and prices entered each year into AutoScale. According to the Solid Waste Supervisor, if a price is entered incorrectly into AutoScale, the customers will promptly report that an incorrect rate is being applied. Best practices recommend adequate segregation of duties by assigning a person to make changes to codes who does not have the ability to create transactions within the system.

Recommendation 2

We recommend management strengthen segregation of duties by designating a person independent from operational activities to be responsible for entering or updating codes and related prices into the system. We also recommend that the Solid Waste Supervisor be responsible for verifying that the Board-approved rates are accurately associated with the proper product codes.

Management Response 2

Management agrees with this recommendation. A review of personnel and duties will be undertaken for the purpose of segregating the duties of uploading codes and related prices.

OBJECTIVE 1B: FEES CHARGED ARE ACCURATELY SELECTED AND APPLIED.

The decision as to which product code to select and charge a customer is at the discretion of the Technicians, based on their technical judgment. While there is a potential risk of collusion between the Technician and the client that can result in undercharging, the risk is minimized when one Technician assesses the charge at inbound, and the other technician collects the money at outbound. The risk is larger, however, when tare weight is not necessary and a Technician charges and also takes payment at in-bound.

CLA conducted a number of tests to evaluate whether customers were charged rates accurately and as approved by the Board:

- a. **CLA randomly selected customer “CH85” (Waste Pro of Florida, Inc.) which had 2,766 transactions during the audit period, each averaging \$175. CLA then grouped all the product codes used to charge this account, and defined a “cost per weight” ratio for each transaction. The “cost per weight” was a formula designed to divide the transaction *Total Cost* by its *Net Weight*, the result of which was expected to be a constant number equal to the Board approved rate for that product code.**

Observation 3

Of the 2,766 transactions for contractor “CH85”, CLA noted the following –

- There was one transaction where the “cost per weight” ratio associated to product code 855B (Unmarketable Recycling¹) was not equal to the to the Board approved rate for that product code. In this case, a higher price was used (\$62.50 instead of \$30.00). Management explained that AutoScale product codes allow for a minimum price charged per load. On product code 855B the minimum charged per load is \$5.00.
- There was one product code, 954C (Certified weight only) where the price in the system differed from the price in the FY 2013/2014 and the FY 2014/2015 Fee Schedule. The Fee Schedule price for certified weight is \$5, but in the system is \$1. Management explained that product code 954C consists of a \$1.00 fee plus a \$4.00 transactions fee. Certified haulers are exempt from the transaction fee and since CH85 is a certified hauler, it is charged the \$1.00 fee and no transaction fee.

Recommendation 3

No recommendations noted.

- b. **CLA randomly selected six vendors (two certified waste/garbage companies, two non-certified landscape companies, and two nonprofits) to analyze whether the codes applied to the vendors were reasonable compared to each other based on the type of business.**

¹ Referred to internally as “outtakes”

Observation 4

CLA found that the product codes selected and charged to the two waste/garbage companies, the two nonprofits and one of the landscape companies were reasonable based on the nature of their business. CLA noted that for the second landscape company selected for comparison, product code 690c (Concrete) appears unusual for a lawn company; however, management explained that it would not be unusual for a landscaper to bring in concrete from a residential customer.

Recommendation 4

No recommendations noted.

c. CLA conducted a test to evaluate the reasonableness of the use of codes associated to disposals free of charge.

Citrus County residents are entitled to dispose a variety of materials free of charge, up to a certain quantity per year. For example, residents are entitled to dump five passenger car tires twice a year, for a total of 10; or a resident can dispose of five 30 gallon bags each visit and excess bags are charged at \$1 a bag plus a \$4 transaction fee. To evaluate the reasonableness in the use of free or charge codes, CLA extracted the 72 different product codes used during the audit period denoted as free of charge.

Observation 5

While it was expected to see zero dollars associated to those transactions associated with “free of charge” codes, CLA noted a total of \$17,752.

According to management, when there is a mixed load ticket that includes items free of charge as well as at least one paid item, a \$4 transaction fee is automatically added for the paid item(s), and the Technician is required to allocate a percent of the transaction fee to the “free of charge” product codes (total allocation must equal 100% for the ticket regardless of number of product codes used). Ideally there should be no allocation to the “free of charge” code, but due to a flaw in the system, when 0% is applied to a free item, CRMS applies another \$4 transaction fee to the ticket which would alter the total collected. This flaw results in the “free” product code (that typically ends in “f”) showing a charged amount. Due to this, CLA was not able to complete the analysis of the “free of charge” transactions.

Recommendation 5

In order to accurately represent the amounts associated to free charge codes as zero dollars, we recommend working with the County's Information Technology Department or CRMS to correct the flaw whereby the system applies an additional \$4 transaction fee to the ticket when 0% allocation is applied to a free item in a mixed load.

Management Response 5

While Management agrees that the 0% allocation would streamline ticket entry and improve the reporting process, management has previously contacted Autoscale about this particular glitch prior to the Audit. Autoscale indicated that the corrective action would require a major rewrite of the software program with all costs being borne by Citrus County. We will continue to look at other software applications as we move forward with Scale House and Citizen Service Area improvements.

Observation 6

A test to assess whether there were any "free of charge" codes applied to commercial clients showed that for one randomly selected customer, "CH50", two "free of charge" codes were applied. During the audit period, customer "CH50" showed 123 tickets with product code 691F (Glass road base), and two tickets that involved product code 954F (Certified weight only). This customer had a total of 10,418 tickets during the audit period. Also, code 691F does not appear on the rate schedule.

According to management, 691F is used to track recycling material; therefore, it is not unusual to apply this code to a commercial client. However, not all recycling materials, especially those outside of the single stream program, appear on the rate schedule.

Recommendation 6

Management should periodically evaluate commercial client code use activity to identify any incorrect "free of charge" codes applied to commercial accounts which could result in uncollected fees. Additionally, management should include codes for all recycling material in the fee schedule, especially those outside of the single stream program such as oil, white paper, and Styrofoam.

Management Response 6

Management agrees with the recommendation. A monthly report will be prepared for the Solid Waste Division Director's review of "Free of Charge" codes for commercial accounts. All recycling materials will be reviewed for inclusion on the Rate Schedule.

Observation 7

Currently, the limit established in the Fee Schedule for the disposals that are free is controlled using an "honor system," whereby the customers ensure that their disposals stay within established limits. The Technicians check the eligibility for free disposal by inquiring the place of residency; there is no request to view driver's license or any other information.

Recommendation 7

We recommend management to benchmark and identify a better manual or automated system to track free disposals. This would allow the Division to charge once the established limit is exceeded.

Management Response 7

Management agrees with this recommendation. A new system is slated to be installed when the new Scale House and Customer Service Area improvements are completed.

d. CLA conducted a test to determine whether nonprofits were charged after the 1,000 pounds free of charge limit is exceeded.

Nonprofit customers are entitled to dispose 1,000 pounds free of charge each month, beyond which the nonprofit is charged \$24/ton. Net weight information is logged into AutoScale. If the non-profit does not meet the maximum 1,000 free on the first visit, the weight will be recorded in a manual log located at the scale house to track future transactions until the 1,000 pound weight limit is attained.

For two randomly selected nonprofits, CLA found that one was properly charged once the 1,000 free pounds limit of disposed waste was reached each month. For the second nonprofit, there were three months that all the excess weight was not charged; the variance however, was minimal.

CONTROL AREA 2: CONTROLS OVER CASH RECEIPTS ARE SUFFICIENT AND FUNCTIONING PROPERLY.

The Division has effective internal controls in place for cash handling, which include monitoring and reconciling procedures, and two layers of review.

OBJECTIVE 2A: CASH RECEIPTS DEPOSITS FOLLOW ESTABLISHED PROCEDURES ARE ACCURATE AND PROCESSED TIMELY.

CLA randomly selected two days of the 18 months within the audit scope to verify that the daily deposit procedures were followed and that all amounts agree and are supported with proper documentation. Specifically, CLA verified that –

- Each Technician’s daily report was reviewed by an independent person.
- All deposit bag numbers listed on the Technicians individual deposit report were listed on the main “deposit report” for the day.
- The “daily transactions cash and personal checks” and “daily transactions annual passes” shown in the daily deposit report totaled to all of the Technician’s individual report for cash and checks. Numbers and support matched.
- The Lead Technician’s daily individual deposit report for his register tied to numbers on the deposit report.
- The deposit was entered into the financial accounting system, Pentamation, in a timely manner.

Observation 8

CLA noted one payment of \$72 for an annual pass purchase with a deposit report completed by a Secretary who does not work in the scale house. The report contained supporting documentation, and while there was not a specific second review on the deposit report, the independent review is achieved through the Lead Technician’s daily deposit review procedures.

Recommendation 8

No recommendation noted.

OBJECTIVE 2B: PHYSICAL SECURITY PROCEDURES FOR CASH ARE IN PLACE AND BEING FOLLOWED.

CLA observed the physical security procedures for cash procedures at the scale house where Technicians (cashiers) process money, as well as the independent review process, recounting cash, and temporary deposit of funds in a deposit bag and into the safe.

Observation 9

CLA noted no security cameras inside the scale house or by the safe that holds the cash deposits. Best practices recommend the use of cameras in highly cash-intense operations.

Recommendation 9

We recommend management install security cameras in key points to further ensure security and deter cash theft or other misconduct.

Management Response 9

Management agrees with this recommendation. Cameras will be installed in the near future.

OBJECTIVE 2C: VOIDED TRANSACTIONS ARE PROPERLY DOCUMENTED AND APPROVED.

Cashiers are not authorized to void transactions; only the Solid Waste Technician or the Solid Waste Director can do so. The number of voided transaction is reviewed as part of the employee's evaluation at 60 days for new employees and once a year for existing employees. A "Voided Cash Ticket" report is copied and attached to the monthly billing invoice packet that is sent to the Clerk's office.

During the audit period, there were 292 voided transactions (approximately 16 per month) which totaled \$33,455. The top three Technicians with the most voids were:

- Technician 1 – 92 voids
- Technician 2 – 58 voids
- Technician 3 – 35 voids

Of the 22 reasons for voiding transactions found during the audit period, five totaled 82% of the total void amount, represented in the table below. To test the reasonability of voided transactions, CLA selected one ticket for three different void reasons ("wrong product code", "bad weight", and "wrong truck"), determining that the void was reasonable in all three cases.

**Table 3
Top Five Voiding Reasons and Amount**

Void Reason and Description	Number of Records	Total Cost	Avg. per Transaction
Wrong product code: Operator enters wrong code/driver corrects material delivered after ticket printed	86	\$7,657	\$89
Bad weights: Usually involves two vehicles on the scale when the ticket is recorded	43	\$5,775	\$134
No tare in system: Vehicle requires an empty weight to be recorded on inbound scale	35	\$8,907	\$255
Wrong customer number: Operator enters wrong customer number/catches mistake after recording ticket/driver catches error	28	\$2,282	\$82
Wrong truck: Operator enters wrong truck/catches mistake after recording ticket/driver catches error	18	\$3,157	\$175

Observation 10

Both the Lead Solid Waste Technician and the Solid Waste Supervisor can create and void their own transactions, which constitutes inappropriate segregation of duties. During the audit period, these two employees had 30 and 21 voided transactions, totaling \$3,578 and \$1,702, respectively.

Recommendation 10

CLA recommends changing policies and procedures so that neither the Lead Solid Waste Technician nor the Solid Waste Supervisor are authorized to void their own ticket(s). Further, we recommend that a copy of the monthly Voided Cash Ticket report be provided to the Solid Waste Division Director to stay abreast of the voided activity.

Management Response 10

Management agrees with this recommendation. A policy on ticket voiding practices will be written.

OBJECTIVE 2D: MANUAL TRANSACTIONS ARE USED ONLY WHEN APPROPRIATE.

Manual tickets are generally created wherever the transaction is associated with waste units that are counted, not weighed. Manual tickets are also used when the fees are charged based on hours (for example, late fees charged for staying too long after the landfill closes), or for recording nonprofit transactions until the 1,000 pounds free of charge threshold is reached. Modified transactions are marked with an “M” in the system database to indicate it has been altered manually. During the audit period, CLA noted 11,020 manual tickets with an associated cost of \$126,853, which represents about 2.6% of the total fees collected during the period. The table below shows the system users with the top highest manual transaction total costs.

**Table 4
System Users with the Top Five Highest Amounts in Manual Transactions**

User	Number of Records	Net Weight (Tons)	Total Cost	Cost per Net Weight	Average Cost per Ticket (Record)
User 1	632	1.097	\$ 45,460.00	\$ 41,440.29	\$71.93 ¹
User 2	1,779	309.367	\$ 24,704.40	\$ 79.85	\$13.89
User 3	821	741.897	\$ 16,612.03	\$ 22.39	\$20.23
User 4	2	48.700	\$ 9,171.81	\$ 188.33	\$4,585.91 ²
User 5	2,388	192.070	\$ 9,158.30	\$ 47.68	\$3.84

¹ User 1 processes the landfill’s prepaid self-hauler passes. Average cost of \$72 per ticket is reasonable.
² User 4 processes the City of Inverness waste deposited at the landfill, as supported by interlocal agreement. Instead of an assessment, the City pays a surcharge equivalent to the assessment. The two tickets processed during the audit period represent the commercial and the residential portion of the surcharge.

Observation 11

Specific policies and procedures regarding manual transactions are not documented.

Recommendation 11

Develop specific policies and procedures for manual transactions. Consider the value of producing a bi-weekly summary report of manual transactions, and submit to Director for informational purposes.

Management Response 11

Management agrees with this recommendation. A written policy will be developed. Reports are now completed for the Division Director’s review.

CONTROL AREA 3: ACCOUNTS RECEIVABLE ARE PROPERLY MONITORED.

OBJECTIVE 3A: ESTABLISHMENT OF CHARGE ACCOUNTS FOLLOWS ESTABLISHED PROCEDURES.

Charge account charges should not incur charges greater than 50% of their deposit amount. For example, if “XYZ Company” initially gives a deposit of \$100,000, they should not exceed \$50,000 of charges in any given month. The Division monitors companies exceeding the 50% threshold through a monthly accounts receivable (A/R) report issued as part of the billing process that shows monthly charges along with the deposit amount. Customers exceeding the threshold are sent a letter informing of the overage and requesting prompt payment. If a customer exceeds the deposit threshold for three consecutive months, the Contract Service Specialist calculates the average excess amount and determines a revised deposit amount.

AutoScale cannot detect accounts that exceed 50% deposit threshold, so this is manually monitored. If a customer fails to make payment on exceeding the deposit threshold, the Contract Service Specialist will inform the Solid Waste Technician or Solid Waste Supervisor to put a “freeze” on the account, which will prevent the customer from entering the landfill unless payment is made at that time.

CLA requested an example where an increase of the security deposit was requested because the 50% threshold was being consistently exceeded. No issues noted.

Annually, the Division re-weighs the vehicles that have the tare weight recorded in the system to ensure accuracy and a new, different color, decal is issued. An Excel file is used to track recalibrations. Recalibrations usually take place in late September before the new fiscal year begins. This process is a recommended business practice.

Best practices: In Highlands County there is a system in place that links to the scale house which would alert personnel and “freeze” an account any time the monthly charges of a “franchise customer” (charge account) exceeds 10% of their deposit.

Hillsborough County also requires charge account customers to pay an advance deposit on account or provide a surety bond guaranteeing payments. Customers are permitted to incur up to 95% of this balance. Customers exceeding this amount are placed on hold, and disposal charges are by cash basis only until sufficient payment is received to reduce the customer’s outstanding debt to below the 95% of security amount.

Observation 12

Once the Waste Disposal Account agreement is executed, the Division produces decals for the account vehicles and measures the vehicles' tare weight if applicable². The Solid Waste Director or the Solid Waste Technician will then create the new charge account in AutoScale with all appropriate information; these two employees can also modify account information anytime. Since these two employees have cashiering and/or invoicing responsibilities, creating accounts in the system constitutes inadequate segregation of duties.

Best practices: In Hillsborough County the landfill administrative office creates and/or changes account information in the ticketing system. The administrative office does not have cashiering responsibilities, but does have invoicing capabilities.

In Highlands County, the Highlands County Clerk's Office is responsible for creating and/or changing account information in the ticketing system.

In Highlands County, decals are in the form of electronic stickers designed to be scanned upon the vehicle's entry to the scale house, at which point the customer's account automatically displays on the cashier's register. These passes are similar to electronic toll passes (i.e. the Sunpass) and only the office manager can activate them. The customer's tare weight recorded in the system is calculated as an average of five tare weight measurements. Upon entry of the tare weight, the pass is activated.

Recommendation 12

To the extent practical, management should consider implementing stronger segregation of duties by assigning personnel with no cashiering/invoicing rights responsible for creating and/or changing account information.

Management Response 12

Management agrees with this recommendation. A review of personnel and duties will be undertaken for the purpose of segregating these duties.

² Recording vehicle tare weight is not mandatory because it can vary due to occasional vehicle trailers, number of occupants in the vehicle or amount of fuel in the vehicles' fuel tank.

Observation 13

CLA noted that while the vehicle numbers are unique, per the Solid Waste Director, vehicle numbers are not assigned numerically but rather randomly by finding unassigned numbers in AutoScale, and the format of the vehicle number is not consistent. According to management, the difficulty with trying to implement a new, consecutive and consistent number is being able to transfer the history accumulated for the existing vehicle numbers.

Recommendation 13

Management should continue to explore ways to substitute the vehicle numbering system with a system that is consistent and numerically consecutive.

Management Response 13

Management agrees with the recommendation and will continue to explore ways to substitute the vehicle numbering system with a system that is consistent and numerically consecutive.

Observation 14

Not all nonprofits have the tare weight recorded in the system. Additionally, some nonprofits laminate the decal and present it at the scale house at entry.

Recommendation 14

Consider the advantages of a policy requiring nonprofits to affix the decals to the vehicles. Additionally, develop a policy for all nonprofit vehicles to have a tare weight recorded to avoid risk of another vehicle entering the yard.

Management Response 14

Management agrees that commercial trucks should have decals affixed to their vehicles. However, this is not practical for “mom and pop” operations using light pickup trucks where fuel and equipment variations become significant as a percentage of the load weight. Small businesses also frequently change or borrow trucks, making an overly strict enforcement of the decal requirement difficult.

OBJECTIVE 3B: BILLING OF CHARGE ACCOUNTS FOLLOWED ESTABLISHED POLICIES AND PROCEDURES.

Monthly charge account billing procedures appear to be functioning properly. CLA selected two months of the 18 months under audit to determine that the procedures for billing charge accounts were followed. The review included submittal of invoices to clients and period closeout reports to the Clerk's office.

OBJECTIVE 3C: BILLING OF INDIVIDUALS FOR INSUFFICIENT PAYMENT FOLLOWED ESTABLISHED POLICIES AND PROCEDURES.

At times, residential customers may not have sufficient funds to pay the amount charged for a transaction. According to management, the majority of insufficient payment (IP) cases are due to the credit card system being unavailable and the client not having another form of payment. During the audit period, there were 47 IP transactions, totaling \$1,451.

When IPs occur, the Technicians record the customer's information in AutoScale, make copies of the drivers' license, and create a scan of the ticket showing charges, the driver's license, and a disclosure noting payment is due within seven days. The customer is then required to provide signature on these documents. An IP ticket number is generated in AutoScale at that point.

IPs are handled and monitored by the Solid Waste Supervisor. If the IP is not paid within the stipulated seven days, an invoice is generated and mailed to the customer, allowing 30 days to pay. If this invoice is not paid, a second invoice is sent and the Solid Waste Supervisor will call the customer. Any invoices greater than \$50 and not paid can be sent to the Utilities department for collection; if the outstanding balance is less than \$50, additional letters may still be sent to attempt to collect and the balance is eventually written off. The Division submits write-off recommendations to the BOCC twice a year.

IP payments are generally made at the scale house. The Technician will take the payment and give the customer a BOCC receipt for amount received, noting the IP Number in the "FOR" section of the receipt. The scale house operator must sign the receipt form. If the payment is from a prior day, this amount will need be noted on the Prior Insufficient Payment Collection line on the Daily Operator Report.

CLA selected two insufficient payment tickets/customers and traced those tickets to the respective daily deposit to ensure documentation matches established insufficient payment procedures. CLA verified that the procedures for insufficient payments operated properly for the two IP tickets selected.

Best practices: In Hillsborough County, insufficient payments are tightly controlled, with only four incidents of insufficient payments documented during last fiscal year.

Observation 15

While the IP transactions and associated costs were found to be low, IPs create additional work and constitute an undesirable accounting practice.

Recommendation 15

Management should devise mechanism to discourage, further reduce or eliminate insufficient payment transactions. Additionally, management should prepare and submit to the Division Director a monthly insufficient payment report for informational purposes.

Management Response 15

Management agrees with the recommendation. Staff will provide a written report of insufficient payment to the Division Director for review purposes.

Observation 16

The Division uses MyFloridaCounty.com as the third-party to process credit card payments. Customers paying by credit card are charged a 3.5 percent service charge from MyFloridaCounty.com. According to Division leadership, the current credit card mechanism produces inefficiencies because it involves certain manual entries and additional steps that slow down the operation and create bottlenecks.

The Division has looked into an alternative mechanism involving a commercial bank merchant account, by which management estimates the processing time by client will reduce from 2.5 minutes to 0.75 minutes. Put into perspective, if four credit cards are received in a row, then four customers are processed in 3 minutes, as opposed to 10 minutes in the current system. Management also believes that the number of steps to process one credit card will go from 15 to 8 in the alternate system.

Changing the current process would also require the purchase of a payment software which would enable communication between AutoScale and the merchant account. Exhibit C compares the current and the proposed credit card flow charts, and notes the advantages of a change.

Recommendation 16

We recommend that Division and County leadership coordinate with Clerk of Court personnel to discuss the benefits, cost savings and investment associated with changing credit card processing from MyFloridaCounty.com to a commercial merchant account. Discussion should address how the merchant costs will be covered.

To the extent needed, conversations to change credit card processing should address compliance with Payment Card Industry Data Security Standard (PCI DSS, referred to PCI compliance), which is a set of requirements designed to ensure that all organizations (merchants) that process, store or transmit credit card information maintain a secure environment. At present, the County is not PCI compliant. Management has acknowledged the critical importance of this matter and is currently completing an enterprise-wide PCI compliance assessment.

Management response 16

Management agrees with the recommendation and this process is currently being implemented. On August 11, 2015 the Board approved Solid Waste Management to pay credit and debit card processing fees generated as a result of payments to Solid Waste Management, for a transaction total of \$75.00 or less, as doing so serves a public purpose for convenience to the public.

OBJECTIVE 3D: AGED RECEIVABLES BALANCES ARE REASONABLE.

If an outstanding A/R balance is identified, the Contract Service Specialist generates a letter informing the customer and demanding prompt payment. As of March 31, 2015, none of the charge accounts had 90-day or older past due payments. CLA reviewed the March 31, 2015 Detailed Delinquent Aging report, determining that the accounts receivable aging balances were reasonably low, as shown in the table below.

**Table 5
Summary of Aged Accounts as of March 31, 2015**

Days Outstanding:	Amount and Type of Customer
150 days	\$124.13 - All IP customers.
120 days	\$24.59 – All IP customers.
90 days	\$37.81 – All IP customers.
60 days	\$4,891.08 – Combination of customer types.
30 days	\$181,078.36 – Combination of customer types.

OBJECTIVE 3E: POLICIES AND PROCEDURES FOR PROCESSING ACCOUNTS RECEIVABLE ARE UPDATED AND COMPLETE.

Accounts receivable payments received are processed by a Landfill Senior Secretary. These payments include all charge account payments, IP payments, methane gas carbon checks, revenue checks from vendors (for scrap metal, oil, batteries, etc.), and payments from training classes for Landfill Spotter classes. The Senior Secretary receives all payments and receipts, opens payment envelopes, and enters payments in the A/R module in AutoScale, makes copies of all checks, and prepares a bank deposit slip. The Lead Solid Waste Technician reviews deposit and supporting documentation, and includes entry in the Daily Recap.

Best practice: In Highlands County, customer billing responsibilities are with the Highlands County Clerk’s Office who prepares and sends monthly invoices to customers, and provides the landfill office manager an aging report for informational purposes. Any checks that come to the landfill are forwarded to the Clerk’s office to process. Customers can pay at the landfill but they usually pay at the Clerk’s office.

Observation 17

Segregation of duties is not optimal in the A/R process because the person that processes payments also opens the mailed payments.

Recommendation 17

While in other counties the Clerk of Courts is responsible for invoicing and/or accounts receivable in connection with waste management operation, such setting is not appropriate to Citrus County due to its size, location, and the extent of the operation. In order to bring operations closer to central

management, we recommend that the Management and Budget office becomes proactively involved in key aspect of administration, with the purpose of providing guidance wherever needed.

Additionally, we recommend improving segregation of duties by designating a person independent from processing payments at the office (not at the scale house) to open all mail. For any payments received in the mail, the independent person fills a log showing the date the mail was opened, the payment description, amount, and payer name.

Management response 17

Management agrees with the recommendation. A review of personnel and duties will be undertaken for the purpose of segregating the duties of opening mail and preparing deposits from recording the payments in accounts receivable. During Fiscal Year 2014, the Department of Management and Budget worked with Public Works and Water Resources to reallocate the Fiscal Specialist's time to provide administrative and fiscal oversight and guidance. The Fiscal Specialist position, that is housed in the Department of Management and Budget, has been in place and is proactively involved in key aspects of administration, with the purpose of providing financial guidance wherever needed.

OBJECTIVE 3F: ACCOUNT WRITE-OFFS ARE PROPERLY AUTHORIZED.

As noted by the Clerk's Accounting Services Director, there were no A/R accounts written off during the audit period.

CONTROL AREA 4: RECYCLING REVENUE AND EXPENDITURE IS PROPERLY MONITORED.

OBJECTIVE 4A: REVENUE AND EXPENDITURE FROM RECYCLING PROGRAMS IS PROPERLY VERIFIED AND MONITORED.

The gross weight removed from the landfill by the recycling contractors' for subsequent processing is measured at in-bound and tare weight at out-bound. Some contractors are paid by the number of units removed, in which case the contractor leaves a receipt detailing how much material was removed. Payments are made in accordance with the time frame specified in the contract, generally within 45 days after the material is removed. The accounts are not treated as receivables, because the value of

the material can vary significantly from month to month,-as dictated by fluctuations in demand occurring in the global markets.

Upon receipt of an invoice or when accepting payment, the Recycling Coordinator compares the contractor's claimed weight or units to the information recorded at landfill to determine that there are no major discrepancies. The Recycling Coordinator noted that variances in weight are common due to fuel use or natural nuisances such as dirt or water, which are removed once weighed at the contractors' facility. Per the Recycling Coordinator, the variation is usually under 1%.

Observation 18

In FY 2014, the total revenue for purchased waste was \$89,152 (see Table 2, page 3). This amount does not include single stream proceeds. The largest contribution, \$71,699, came from the scrap metal recycling program.

CLA selected one payment for scrap metal removed from the landfill and verified that procedures for review and approval were followed. However, CLA noted that in four of the seven transactions that made up the selected payment, the difference between the landfill weight and the vendor weight was over the 1% threshold that the landfill prefers to maintain

Recommendation 18

We recommend that management implements changes necessary to research and adjust variances of landfill weight and vendor weight that are over 1%. Alternatively, management should increase the threshold as necessary.

Management Response 18

Variations exceeding 1% are not abnormal, especially when dealing with commodities such as waste tires and scrap metal. Within the scrap metal pile, on a daily basis, are non-metallic unmarketables. An example would be what are referred to as "white goods", i.e. refrigerators, freezers, dishwashers, etc.. While the total weight is comprised of approximately 95% metal, the remaining weight is composed of plastic, rubber, glass and urethane foam insulation. These materials are considered trash by any metal recycler. For this reason alone, the threshold should be raised closer to the 5% mark.

Observation 19

In FY 2014, the total revenue for purchased waste was \$89,152 (see Table 2, page 3). This amount does not include single stream proceeds. The largest contribution, \$71,699, came from the scrap metal recycling program.

Recommendation 19

No recommendation noted.

Observation 20

The total expenditure for contractor processing of yard waste was \$107,399. CLA selected one of the five payments made to Consolidated Recovery, the subcontractor that screens and grinds yard waste, verifying that the invoice amount was based on the landfill’s weight record.

Recommendation 20

No recommendation noted.

OBJECTIVE 4B: CALCULATION OF SINGLE STREAM RECYLING REVENUE FOLLOWS ADEQUATE PROCEDURES AND ADHERES TO EXISTING CONTRACT.

In FY 2014, the current single-stream contractor, Waste Pro USA, marketed a total of 3,020.37 tons valued at \$358,662 (see table below).

**Table 6
Single Stream Recycling Program – FY 2014 Summary and September 2014 Detail**

Period	Waste Marketed Value	Vendor Processing Cost	Vendor Transportation Cost	Net Profit	39% Contractor Commission per Contract	61% Sponsors and Landfill Split per Contract	Net Dist. to Sponsors (95% of the 61% split)	Net for County (5% of the 61% split)
Total FY 2014	\$358,662	\$129,230	\$137,506	\$91,926	\$35,851	\$56,075	\$53,271	\$2,804
Selected for analysis:								
Sept. 2014	\$31,875	\$10,578	\$10,274	\$11,022	\$4,299	\$6,724	\$6,387	\$336

As established in the contract, the vendor’s processing and transportation costs are deducted from the marketed value to arrive at the program’s net monthly profit. The net monthly profit is split 39% and 61% between the contractor and the County, respectively. Of the County’s portion, 5% is retained by

the County as an administrative fee, while the remaining 95% is divided among the recycle center/site sponsor, based on the percentage of the total amount recycled that the group produced. For example, if the Beverly Hills Civic Association generated 20% of the total amount recycled, and the rebate for the month was \$1,000, they would receive \$190. ($\$1,000 \times 95\% \times 20\% = \190 .) The table below shows the breakdown of sponsor fees in September 2014.

**Table 7
Breakdown of Sponsor Fees - September 2014**

Recycle Site / Sponsor		Percent of Pool Revenue	Amount Paid
1.	Arlington Street/ Boy Scout Troop 302	3.72%	\$ 237.75
2.	Beverly Hills Plaza/ Beverly Hills CA	19.83%	\$ 1,266.76
3.	1 Civic Circle/ Beverly Hills Civic Assoc.	0.78%	\$ 50.01
4.	Beverly Hills VFD/ Beverly Hills VFD	1.64%	\$ 104.83
5.	Citronelle/ Grounds Maintenance	0.00%	\$ -
6.	East Citrus Community Center/ Friends of the Community Center	0.18%	\$ 11.23
7.	Citrus Springs/ Citrus Springs Civic Assoc.	9.37%	\$ 598.45
8.	Fairgrounds/ Cooperative Extension 4-H	1.55%	\$ 99.10
9.	Homosassa Lions Club/ Homosassa Lions Club	15.90%	\$ 1,015.45
Recycle Site / Sponsor (Continued)		Percent of Pool Revenue	Amount Paid
10.	Lecanto Government Building/ Friends of Citrus County Animal Services	1.55%	\$ 98.83
11.	Duval Isl. Boat Ramp/ Floral City VFD	5.60%	\$ 357.66
12.	R.M. Area 5/ Gulf to Lake Church Youth	12.10%	\$ 772.65
13.	Recycle Alley/ Keep Citrus County Beautiful	5.87%	\$ 375.18
14.	West Citrus Community Center/ Friends of the Community Center	1.12%	\$ 71.51
15.	Citrus County Fleet/ Jessie's Place	0.32%	\$ 20.75
16.	Gun Range/ Jessie's Place	0.13%	\$ 8.40
17.	Animal Shelter/ Friends of Citrus County Animal Services	1.21%	\$ 77.09
18.	Withlacoochee Tech./ School Board/Boy Scout Troop 457	19.13%	\$ 1,221.74
		Total	\$ 6,387.39
NOTE: The payment for Withlacoochee Technical Institute is split, 60% goes to Boy Scout Troop 457, 40% to the Citrus County School Board.			

Observation 21

CLA selected the month of September 2014 and verified that there is a process in place to compare the weights registered at the contractor's scales to the weight's registered at landfill. CLA noted that while there were some days in the month where the variation was significantly over or under, in aggregate, the variation for the month was the desired 1%. CLA also recalculated and verified the accuracy of the September 2014 net profit amount, the contractor's commission, the net distribution amount for the program sponsors, and the County's administrative fee portion. No exceptions were noted.

Recommendation 21

No recommendation noted.

Observation 22

The average amount of \$234 that the County retains monthly as an administrative fee for supporting the Single Stream recycling program may not be commensurate with the amount of time and effort involved.

Recommendation 22

Division management and County leadership should evaluate the reasonability of the County's benefit associated to providing support to the Single Stream recycling program in terms of the effort involved.

Management Response 22

Single Stream Recycling is part of the County's waste reduction program designed to meet the State goals for recycling. Currently, Citrus County has a recycling effort of 47% and is listed as tied for 7th best in the State of Florida. By the year 2020, the State of Florida has set a recycling goal of 75%. It is widely known that recycling is not a revenue generator but rather a means to reduce the amount of material being landfilled. These efforts protect valuable airspace in our current landfill and optimize the life capacity.

Observation 23

As of May 2015 there were no written procedures in regards to recycling processes/procedures, but the Recycling Coordinator noted they are in the process of being created.

Recommendation 23

The complexity and multiplicity of the County's recycling operation necessitates formal and detailed procedures. CLA recommends that management ensures that procedures are completed immediately, and that they encompass all the components of the recycling operation.

Management Response 23

Management agrees with the recommendation. Formal procedures are in the process of being written.

Observation 24

Overall, the Recycling Coordinator is responsible for reviewing the accuracy of contractor payment received for waste removed from the yard and from single stream program, and of contractor invoices for processing yard waste. The Landfill Director is responsible for providing an independent review of these transactions; however, since this position has been vacant, such independent review is not being provided consistently. This creates a weakness in internal control.

Recommendation 24

We recommend that until the Director position is filled, management devise mechanisms for a second review of key recycling payment transactions. Additionally, management should ensure that the recycling procedures include steps for independent review of payments and invoices received.

Management Response 24

Management agrees with the recommendation. A Solid Waste Director has been hired and will provide the independent review of major recycling program transactions.

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EXHIBIT A – SUMMARY RESULTS OF LIMITED BENCHMARKING PROCEDURES

BENCHMARKING SUMMARY

Benchmarking Question	Hillsborough County	Highlands County
1. Name of the system that supports the landfill operation.	Effective 7/6/15, will implement Paradyne Compu Weigh and Weigh Station software. It has the capability to track tonnage by material type, provide a receipt to the customer, and provide monthly billing and daily cash receipting.	(Specific name of system not requested.)
2. Describe your vehicle identification system.	Vehicle identification is by physical identification using printed or placard account-truck/trailer number on the equipment entering the facility.	Decals are in the form of electronic stickers designed to be scanned upon the vehicle's entry to the scale house, at which point the customer's account automatically displays on the cashier's register.
3. Describe the policy for disposal free of charge for county residents.	Residential customers can deliver up to 10 tons yard waste, 2.25 tons non-processable material (non-burnable), or 12 tires per calendar year at no charge. Regular rates apply after they have exceeded these limits.	(Question not asked.)
4. Describe your residential self-haul annual pass program for county residents, if available.	A program is in place for customers located too far from the public roadway to permit collection by franchise collectors. These customers are not charged collection fees on their property tax assessments, but do pay disposal fees on their property tax assessments. To be able to dispose of their garbage, they may pay a \$73.81 fee and bring their trash directly to the landfill.	They do not have such passes. The only passes are for franchise fees that utilize the digital barcode system.
5. For credit card payments, provide the name of the merchant services utilized.	Credit card payments are currently not available to Solid Waste customers. This is a planned future enhancement.	(Question not asked.)
6. Indicate who is responsible for creating and/or changing account information in the ticketing system.	The landfill administrative office creates and/or changes account information in the ticketing system. The administrative office does not have cashing responsibilities, but does have invoicing capabilities.	The Highlands County Clerk's Office. For franchise haulers (those billed monthly only) landfill fills out an application and give deposit to clerk's office; the landfill office creates the account.

Benchmarking Question	Hillsborough County	Highlands County
7. Indicate the approximate number of active product charge codes currently in the ticketing system.	(Answer not available.)	Approximately 200.
8. Describe the policies and procedures in place for handling insufficient payments.	Insufficient payments are tightly controlled, with only four incidents documented last fiscal year. Accounts with insufficient payments are handled as accounts receivable to the county, with subsequent uncollectable amounts written off with the approval of the Department Director.	A product code exists for insufficient payments. They take the customers drivers license, address, etc., and create a ticket and customers are required to pay within 7 days. If payment is not received during the time frame, office manager will follow up and then send a certified letter if needed.
9. Indicate who within the organization is responsible for account invoicing (billing), accounts receivable, and collections.	The administrative office is responsible for account invoicing (billing) and account receivable tracking on a monthly basis.	The Highlands County Clerk's Office.
10. Indicate whether there are security cameras inside the scale house cashier station.	Yes. all scale houses have continuous 24 X 7 monitoring both inside and out. Videos are available for viewing for an extended amount of time and are used when required.	Yes

EXHIBIT B – 2014 – 2015 WASTE DISPOSAL FEE SCHEDULE

EXHIBIT "A"
EFFECTIVE OCTOBER 1, 2014

RESIDENTIAL DISPOSAL ASSESSMENT

\$20.00 per residential dwelling unit

(Each single-family residence, condominium unit, apartment, mobile home or mobile home within a mobile home park shall constitute a residential dwelling unit, but shall not apply to commercial as defined in Section 90-731, Citrus County Code.)

COMMERCIAL DISPOSAL FEE

\$1.00 per cubic yard (Disposal Service Unit Rate)

(Nonresidential or commercial as defined in Sections 90-731 and 90-763, Citrus County Code.)

EXHIBIT "B"
FEE SCHEDULE
EFFECTIVE OCTOBER 1, 2014

CHARGED AT LANDFILL:

TRANSACTION FEE:.....\$ 4.00 per visit for all paid items
(Certified Haulers and Municipalities exempt)

BAGGED OR CANNED WASTE:

Residential Solid Waste/Trash	Up to 5 - 30 gallon bags or cans Included under transaction fee \$ 1.00 additional per bag from 6 to 9 - 30 gallon bags or cans 10 and over will be per ton rate
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Residential Yard Waste	Up to 8 - 30 gallon bags or cans Included under transaction fee 9 and over will be per ton rate
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CERTIFIED WEIGHT:.....\$ 5.00

RESIDENTIAL SELF-HAUL BULKY WASTE:.....No Charge
Consists of furniture / carpet & padding / mattress & box springs

NON-ASSESSMENT RESIDENTIAL SELF-HAUL BULKY WASTE:.....\$49.00 per Ton
Consists of furniture / carpet & padding / mattress & box springs

CLEAN RECYCLABLES:
As defined in the county's single stream recycling drop-off programNo Charge

CLEAN CONCRETE FOR RECYCLING:.....\$10.00 per Ton

CONSTRUCTION & DEMOLITION DEBRIS:.....\$49.00 per Ton

ALL COMMERCIAL HAULERS AND LOADS OF LOOSE DEBRIS (NOT BAGGED OR CANNED) WILL BE CHARGED ACCORDING TO THE FOLLOWING RATES, WITH WEIGHTS DETERMINED BY THE LANDFILL SCALES.

EXHIBIT "B"
FEE SCHEDULE
EFFECTIVE OCTOBER 1, 2014
PAGE 2

SOLID WASTE:

Uncovered or uncontained waste surcharge.....	\$10.00 per Ton
Contract haulers and residential self-haul.....	\$24.00 per Ton
City trucks/city contract haulers	\$36.00 per Ton*
Non-Assessment residential self-haul.....	\$49.00 per Ton
Non-contract/Non-Assessment haulers and business self-haul.....	\$49.00 per Ton
Roll-off containerized waste from unincorporated areas.....	\$49.00 per Ton
Non-Assessment Roll-off containerized waste.....	\$49.00 per Ton
Roll-off containerized waste from cities.....	\$36.00 per Ton
Mixed – city/county routes.....	Per agreement with BOCC only
Out of County Waste.....	Per agreement with BOCC only
FDEP Certified Recyclers for the disposal of.....	\$24.00 per Ton
Household generated recyclable residuals	

YARDWASTE:

Uncovered or uncontained waste surcharge.....	\$10.00 per Ton
Grass, leaves, trimming debris, branches, palm fronds.....	\$22.50 per Ton
Residential Christmas Trees.....	No Charge (Dec. & Jan. only)
<i>Stumps in excess of 4 feet in diameter will not be accepted</i>	
<i>Logs in excess of 4 feet in diameter or in excess of 10 feet in length will not be accepted.</i>	

SPECIAL WASTE: (1) Asbestos (Friable), Sludge (Dried) including Municipalities without Solid Waste Disposal Interlocal Agreement, Oil-Contaminated Materials by staff pre-approval only

- (2) Boats or Trailers and
- (3) Items requiring certified burial.....\$90.00 per Ton

SCRAP METAL:.....No Charge

METAL APPLIANCES:

	Non-Assessment & Commercial	Residential
Refrigerators, Freezers, A/C Units	\$49.00 per ton	First Unit No Charge **
Propane Tanks	\$49.00 per ton	First Unit No Charge **
		* Thereafter \$24.00 per ton

		(Purchaser 62 or older)
Oct. 1–Dec. 31	\$ 96 per Vehicle	\$ 68 per Vehicle
Jan. 1-Mar. 31	\$ 72 per Vehicle	\$ 51 per Vehicle
Apr. 1-June 30	\$ 48 per Vehicle	\$ 34 per Vehicle
July 1-Sept. 30	\$ 24 per Vehicle	\$ 17 per Vehicle

The County has an established renewal by mail process for all existing pass holders for the rate schedule October 1 through December 31. In order to qualify for the senior rate, a copy of the applicant’s driver’s license must be attached to the application for verification. Applications delivered to the Landfill Administrative Office will be processed in a timely manner and returned by mail.

Loads may be combined with “No Charge” items up to per-visit limits and still use bypass lane. Loads that contain items for which there is a charge must use the scale lane.

**EXHIBIT “B”
FEE SCHEDULE
EFFECTIVE OCTOBER 1, 2014
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MATERIALS DELIVERED BY CONDITIONALLY EXEMPT SMALL QUANTITY GENERATORS

Hazardous Waste (excluding all paint related materials).....	\$1.00 per Lb
Ballasts and capacitors (with possible PCB’s)	\$1.00 each
Used Oil, Oil Filters and Antifreeze (10 gallon limit per disposal).....	No Charge

PAINT MATERIALS DELIVERED BY CONDITIONALLY EXEMPT SMALL QUANTITY GENERATORS

Latex Paint (First 10 gallons or 60 pounds free of charge).....	\$ 0.35 per Lb
Oil Based Paint and Paint Thinners.....	\$1.00 per Lb

**HAZARDOUS WASTE FROM SMALL QUANTITY (AND LARGER) GENERATORS
WILL NOT BE ACCEPTED**

HAZARDOUS WASTE AND PAINT DELIVERED BY RESIDENTS

Materials Delivered on Program Days and Times by Assessed Residents (First 10 gallons or 60 lbs)	No Charge
Materials Delivered on Program Days and Time by Non-Assessment Residents.....	\$0.35 per Lb
Materials Delivered on Program Days and Times (Over 10 gallons or 60 lbs).....	\$0.35 per Lb

LATEX PAINT DELIVERED BY RESIDENTS ON NON-PROGRAM DAYS AND TIMES

(10 gallon or 60 lb limit per disposal).....	No Charge
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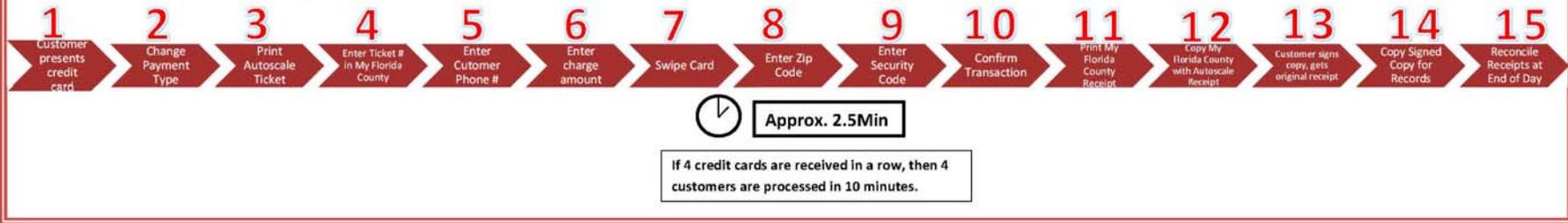
LATEX PAINT DELIVERED BY NON-ASSESSMENT RESIDENTS ON NON-PROGRAM DAYS AND

TIMES (10 gallon or 60 lb limit per disposal).....\$0.35 per Lb

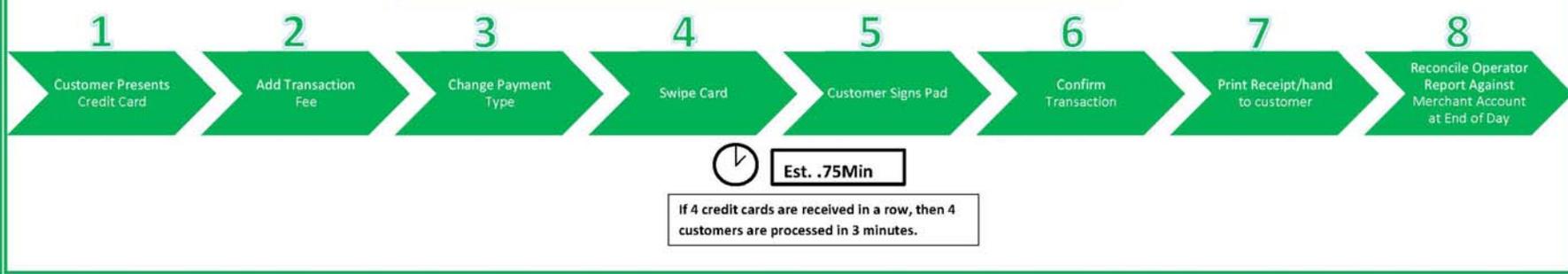
***Non-commingled City trucks/city haulers collected as follows: \$24.00 per ton disposal plus \$12.00 per ton municipal surcharge equivalent collected at the time of disposal.**

**EXHIBIT C – COMPARSION OF CREDIT CARD FLOWS PREPARED BY
THE DIVISION OF SOLID WASTE MANAGEMENT**

Current Credit Card Process—Not very user-friendly



SunTrust Credit Card Process—Much Better



Changing from a parallel system for processing credit cards to an integrated one confers several distinct advantages.

1. Swiping the credit card directly into the Autoscale system provides greater customer service by eliminating the most time consuming steps and reducing wait times.
2. Eliminating manual data entry eliminates charge errors from not filling out MyFloridaCounty forms correctly.
3. An integrated system is required for smooth and efficient operations at any of the proposed convenience centers. (Otherwise they have to stop and pay inside)
4. Having a more retail oriented approach mimics the experience that the 21st century consumer is familiar with at the point of sale at other locations.
5. Costs will be covered through a flat-rate convenience charge of 35 cents per transaction. (Cheaper than MyFloridaCounty for all transactions over \$10)