

DECISION/DIRECTION NOTE

Title: Review of Robin Hood Bay Waste Management Facility – Scale House Operations

Date Prepared: August 22, 2019

Report To: Audit Committee

Councillor and Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Decision/Direction Required:

To approve the Review of Robin Hood Bay Waste Management Facility – Scale House Operations report and the associated action plans put forth by management.

Discussion – Background and Current Status:

In accordance with the City's approved audit plan, the Office of the City Internal Auditor recently completed a review of scale house operations at the Robin Hood Bay Waste Management Facility in the Environmental Services Division of the Department of Public Works.

The review identified several areas for improvement. Details of these opportunities and related recommendations can be found in the attached audit report. Management have provided action plans and implementation dates for all recommendations.

The Office of the City Internal Auditor would like to thank the DCM, Public Works, the Director, Environmental Services, the Waste Management Engineer and all staff involved in scale house operations for their help and time during this review.

Key Considerations/Implications:

1. Budget/Financial Implications
 - There may be budget implications depending on how management decides to mitigate the risks highlighted in the report.
2. Partners or Other Stakeholders
 - City staff involved in scale house operations

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- Users of the Robin Hood Bay Waste Management Facility
- 3. Alignment with Strategic Directions/Adopted Plans
 - N/A
- 4. Legal or Policy Implications
 - Policies and/or procedures have been recommended throughout this report
- 5. Privacy Implications
 - There may be privacy implementations depending on how management decides to mitigate the risks highlighted in the report.
- 6. Engagement and Communications Considerations
 - There may be engagement and communications considerations depending on how management decides to mitigate the risks highlighted in the report.
- 7. Human Resource Implications
 - There may be human resource implications depending on how management decides to mitigate the risks highlighted in the report.
- 8. Procurement Implications
 - There may be procurement implications depending on how management decides to mitigate the risks highlighted in the report.
- 9. Information Technology Implications
 - There may be information technology implications depending on how management decides to mitigate the risks highlighted in the report.
- 10. Other Implications
 - There may be other implications depending on how management decides to mitigate the risks highlighted in the report.

Recommendation:

To approve the Review of Robin Hood Bay Waste Management Facility – Scale House Operations report and the associated action plans put forth by management.

Prepared by/Date: Sean Janes, City Internal Auditor / August 22, 2019

Reviewed by/Date: Sean Janes, City Internal Auditor / August 22, 2019

Approved by/Date: Sean Janes, City Internal Auditor / August 22, 2019

Attachments: Review of Robin Hood Bay Waste Management Facility – Scale House Operations report

INTERNAL AUDIT REPORT

**Department of Public Works – Environmental Services
Division**

**Review of Robin Hood Bay Waste Management Facility -
Scale House Operations**

Assignment # 18-02

INTERNAL AUDIT REPORT

Department of Public Works – Environmental Services Division

Review of Robin Hood Bay Waste Management Facility - Scale House Operations

Assignment # 18-02

Sean Janes

Sean P. Janes, CPA,
CMA, CIA, CFE
City Internal Auditor
Date: March 28, 2019

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To: Chair & Council Members, Audit Committee

Area Responsible: Lynnnann Winsor, Deputy City Manager – Public Works
Andrew Niblock, Director – Environmental Services

Copy to: Kevin Breen, City Manager

INTRODUCTION

OBJECTIVES

In accordance with the City's approved audit plan, the objectives of this review are to assess whether:

1. the service is being managed with due regard to risks and due diligence (risk management),
2. processes and structures are implemented to inform, direct, manage and monitor activities that are intended to move the City toward the achievement of our strategic plan (governance processes), and
3. the process is being managed with due regard to control processes - i.e. policies, procedures, regulations and council directives (control processes).

It is the overall areas of risk management, governance processes and control processes which structured the work carried out during the review.

Specifically, the objective of the audit was to determine if waste disposal transactions at the Robin Hood Bay Waste Management Facility are accurate, complete and monitored.

METHODOLOGY & SCOPE

This review of Robin Hood Bay Scale House Operations has been undertaken in accordance with the approved three-year audit plan. To meet the review objectives, research was conducted on landfill material transactions best

practices. In addition, audit procedures included interviews with management and staff, observation of Scale House operations, review of policies and procedures, and detailed testing of various supporting documentation such as Ticket Edit, Manual Ticket, Ticket Void and Customer/Material reports. Key inputs and outputs of the various functions were identified and assessed for relative importance and risk, with the main area of the audit focused on areas involving higher risk.

The scope of the audit was limited to a review of waste material transactions occurring at the Robin Hood Bay Scale House to ensure they are accurate, complete and monitored. The period under review was mainly September 2018 to November 2018.

The scope did not include verification of the accuracy of billing to landfill customers or of any type of regulatory compliance.

BACKGROUND

The Robin Hood Bay Waste Management Facility is owned and operated by the City of St. John's. In November of 2007 the Provincial Government officially designated Robin Hood Bay (RHB) as the site for the Eastern Region's Integrated Waste Management Facility. The Eastern Waste Management Committee contracts with the City of St. John's to provide waste disposal services for other municipalities in the Eastern Region.

Subsequent to applying for and receiving a permit, commercial and municipal waste haulers can dispose of garbage, bulk metal, concrete, recyclables and other waste at the Robin Hood Bay Waste Management Facility. Commercial and municipal waste haulers must report to the Scale House for weigh-in prior to accessing the disposal areas of RHB so that the proper tipping fee can be charged to the permit. Only those vehicles with a permit will be allowed access to the commercial drop-off areas. Residents disposing of non-commercial waste

must use the Residential Drop-off Facility at RHB which is free for use for all residents of the Eastern Region of the province. The Residential Drop-off Facility is located before the Scale House and users of this facility will not be weighed-in as this is a free service.

There are two methods used for determining the weight of a load at the Scale House. The method most often used is to weigh the vehicle on the way into the waste disposal area to obtain the total weight of the vehicle and load and to weigh the vehicle on the way out of the facility after the load has been disposed of. Subtracting the weight of the vehicle on the way out of the facility from the weight of the vehicle on the way in will provide the weight of the load disposed of in the drop-off area. This weight along with the type of material disposed of will be used by the PC Scale computer system to determine the total tipping fee to be charged to the permit holder.

The second method is to obtain the Tare Weight of the vehicle, which is the weight of the vehicle when it is empty plus the weight of the driver. The Tare Weight is entered into the system and is attached to the users permit number. When this vehicle comes to RHB with a load it is weighed at the Scale House on the way in. The PC Scale computer system will automatically subtract the Tare Weight from the current weight of the vehicle to obtain the weight of the load being disposed of. The Scale House Attendant will also manually enter the type of material being disposed of as there are different tipping fee rates for different types of material. With this information, the computer system will calculate the total tipping fee to be charged to the commercial or municipal waste hauler.

CONCLUSION

Based on the audit procedures completed, the processes and controls implemented by management are generally effective to ensure that transactions are accurate, complete and monitored. However, improvements can be made to the control environment as outlined in this audit report.

EXECUTIVE SUMMARY

Internal Audit's review of the Robin Hood Bay Waste Management Facility – Scale House Operations (Department of Public Works – Environmental Services Division) has been undertaken in accordance with the approved three-year audit plan.

The Robin Hood Bay Waste Management Facility is owned and operated by the City of St. John's and is the site for the Eastern Region's Integrated Waste Management Facility. The Eastern Waste Management Committee contracts with the City of St. John's to provide waste disposal services for other municipalities in the Eastern Region.

The objective of the audit was to determine if waste disposal transactions at the facility are accurate, complete and monitored. To achieve this objective audit procedures, such as, discussion with management and staff, review of policy and procedures, and review of management reports were performed. Based on the results of these audit procedures it was determined that management's processes and controls are generally effective to ensure that transactions are accurate, complete and monitored.

However, the audit also identified areas for improvement. Some of the more significant items, by report section, are:

- Reporting and Review Process
 - Opportunities for management to streamline the reporting process and to make adjustments to some of the reports currently reviewed have been identified. Also, production of additional reports that will help management in the review process have been suggested. Recommendations in this section will help ensure that management is monitoring the right

information at the right time which will help reduce risk associated with transaction accuracy and completeness.

- PC Scale System Access Controls
 - By ensuring that only authorized users have access to the PC Scale computer system and making certain that user access is appropriately restricted, risks regarding transactional accuracy and completeness can be reduced.
- Procedure Documents
 - Procedures are important documents in that they outline how employees should perform their duties to ensure that work is completed accurately, consistently and on time. Management have created well thought out and professionally written procedure documents. However, opportunities to improve these documents by removing redundancies, adding additional procedures and ensuring the documents are located in the Scale House have been identified and can help reduce risks regarding transactional accuracy and completeness.
- Miscellaneous
 - Transaction accuracy and completeness risks can further be reduced by documenting the process for completing transactions at the Scale House during a power outage, obtaining a back-up power source for the PC Scale system and reviewing the benefits of developing a materials inspection program.

Additional recommendations of a less significant nature can be found in the body of the report. It should be noted that management have agreed to implement or further investigate all recommendations.

DETAILED ANALYSIS

Section 1 – Reporting and Review Process

To ensure a proper segregation of duties, internal control best practices would suggest that individuals who initiate transactions should not have the ability to make adjustments to the same transactions. Segregation of duties over transaction adjustments is important because it ensures there is oversight and review to catch errors and it helps to prevent fraud and theft because it would require a minimum of two people to collude in order to hide a transaction. However, management determined that in order to provide an efficient landfill service to the customers of the waste facility the Scale House Attendants required the ability to make certain adjustments to transactions in the PC Scale computer system. These adjustments include the abilities to void transactions, edit transactions and manually enter transactions.

To compensate for this internal control deficiency management developed reporting and review procedures (i.e. Robin Hood Bay Auditing Procedures Using PC Scale) to ensure there was management oversight of any adjustments made by the Scale House Attendants. These procedures also include oversight over other transactions that are not adjustments such as reviewing no charge transactions and transactions that are charged at amounts other than \$67.60 per ton (e.g. asphalt, concrete, leaves, cover material, etc.,).

Generally, the compensating controls developed by management are effective at ensuring the accuracy and completeness of most transactions; however, our review did identify several areas for improvement. This section discusses these areas.

Issue 1.1 – Daily Report Package

At the end of each day the foreperson is required to complete an RHB Daily Work Report and print the Manual Ticket Report, the Customer/Material Report, the Ticket Edit Report, and the Ticket Void Report. Except for the Customer/Material Report these reports show adjustments made to transactions. Once the foreperson reviews the reports for reasonableness and signs and dates them, they are put together in a package (i.e. daily report package) and provided to the Director, Environmental Services for his review.

As part of audit procedures, the daily report packages for the period September 1, 2018 to November 30, 2018 were reviewed to determine if they were being printed, signed-off and reviewed. The review disclosed the following areas for improvement:

- i) 8 daily report packages were missing from the month of September, 4 were missing from October and 3 were missing from November. Upon discussion with management it was determined that the missing report packages were from days when a foreperson was not working at the landfill and other management employees were responsible for the foreperson's duties.
- ii) In November there were 6 days where only 2 of the 4 required reports were included in the daily package. Upon further investigation it was found that the foreperson on duty during these days was not an experienced landfill foreperson suggesting there may be a need for additional training.
- iii) Although the Director, Environmental Services indicated that he receives and reviews the daily report packages they are not signed and dated to provide evidence of the review.

Recommendation 1.1

To improve controls over the daily report package process management should:

- i) ensure that daily report packages are produced every day. If a management employee is performing the duties of a foreperson for the day then they should also be responsible for preparing the daily report package,
- ii) ensure that individuals who are responsible for preparing the daily report packages are properly trained on how to do so,
- iii) have the Director, Environmental Services, or appropriate designate, sign and date the daily report package after review to indicate that it is complete and accurate. When reviewing the packages management should ensure that all required reports are included and that there is a report package for each day.

Management Response and Intended Course of Action 1.1

These recommendations will be implemented. Report packages will be reviewed and signed by the Operations Supervisor – Waste & Recycling.

Conclusion 1.1

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Sep 2019

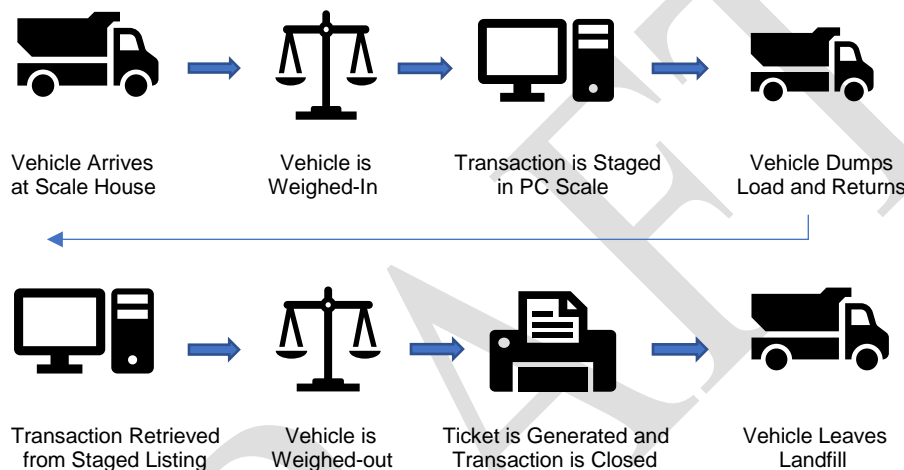
Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.2 – Staged Void Report

In general terms, when a vehicle comes to the landfill to dispose of material, they are first weighed-in at the scale house to capture the weight of the vehicle and the material to be disposed of. This is the beginning of the transaction. This

transaction is then “staged” in the PC Scale system until the vehicle is weighed-out. The vehicle proceeds to the landfill to dump their material and then returns to the scale house where the attendant retrieves the transaction from the staged list and weighs the vehicle again to obtain the weight of the material disposed at the landfill. This will close the transaction and generate a ticket or weigh bill. (see Figure 1)

Figure 1. Material Disposal and Transaction Process (overview)



Because of the potential for errors to be made during this transaction the Scale House Attendants have been provided access in PC Scale to void these transactions. In order to compensate for this lack of segregation of duties (i.e. the scale house attendant can generate the transaction and void the transaction) management reviews a Ticket Void Report daily.

This is a good compensating control in that management can review all voided tickets to ensure they are reasonable and that there are no errors. However, discussions with the Business Systems Analyst determined that this report does not show transactions that have been voided at the “staged” section of the process (i.e. before a ticket is generated) and; therefore, management is not reviewing a complete list of voided transactions. If a transaction is

inappropriately voided at the staged section of the process it could result in a loss of revenue for the City.

Recommendation 1.2

To decrease the risk of revenue loss to the City related to inappropriately voided transactions, management should:

- i) ensure a “Stage Void Report” is generated, printed, reviewed and signed-off at the end of each day,
- ii) include the “Stage Void Report” in the Daily Report Package forwarded to management for review, and
- iii) update the Robin Hood Bay Auditing Procedures Using PC Scale document to include this new process.

Management Response and Intended Course of Action 1.2

This can easily be added to the list of daily reports to run by the foreperson and submitted to the Operations Supervisor. Instructions for how to run the report will be added to the auditing procedures document.

Conclusion 1.2

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.3 – Reasons for Adjustments

Some of the reports included in the Daily Report Package (e.g. Ticket Edit Report, Manual Entry Report, etc.) have a comment field for the individual making the adjustment to record a reason for adjusting the transaction. This

comment is important for the foreperson reviewing the report, so they can determine if the adjustment was necessary and appropriate.

However, the space available for making comments is limited and, upon review of the reports it was noted that many of the comments provided do not give enough information to determine if the adjustment is justified and appropriate. Also, numerous instances were noted where no reason was provided for an adjustment. In addition, there is no guidance or requirements for making comments on the reports noted in the organizations policies or procedures. This increases the risk that an inappropriate adjustment may not be noticed by the report reviewer and could result in a loss of revenue to the City or an overcharge to a permit holder.

Recommendation 1.3

In order to reduce the risk of the report reviewer not identifying inappropriate or unjustified adjustments, management should:

- i) consider developing a list of standard comments for the most often encountered reasons as many of the adjustments were noted to involve similar comments (e.g. wrong material type, wrong origin, etc.). This would allow the report reviewer to spend more time reviewing the riskier, one-off adjustments.
- ii) instruct staff to provide more insightful reasons for those adjustments that are not standard and to provide a comment for every adjustment.
- iii) update the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document with the requirement for entering comments for specific transactions and guidance on how to enter them.

Management Response and Intended Course of Action 1.3

All recommendations will be implemented.

Conclusion 1.3

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.4 – Volume of Adjustments

From September 1, 2018 to November 30, 2018 there were 623 adjusted transactions from the Ticket Edit, Ticket Void, and Stage Void reports. Although this represents a small fraction of the 18,883 overall tickets processed at the landfill during this period it is still a large number of transactions to be reviewed when you consider that the reviewer must also look at all entries on the Manual Ticket Report and the Customer/Material Report as well. Having to review these many transactions increases the risk that the reviewer may not notice inappropriate adjustments that could result in lost revenue to the City and/or overcharges to permit holders.

Our review of these reports noted that there were recurring reasons for entries on the Stage Void Report and the Ticket Edit Report. Some of these recurring reasons were: “by-pass” – observed 207 times, “money owing/overdue account” – observed 83 times, “international” – observed 68 times, and “wrong material” – observed 32 times. Investigation into why these reasons are repeatedly occurring on the reports may present an opportunity for limiting the number of transactions requiring adjustment and; therefore, limit the risks mentioned above. It should be noted that management indicated they have previously investigated issues with the by-pass lane that was creating the need for adjusting transactions; however, the results of our review (i.e. by-pass observed 207 times) shows that another investigation into this issue may again be required.

Recommendation 1.4

In order to help decrease the risk of lost revenue to the City and/or overcharges to permit holders management should perform investigations into why the most common reasons for adjusted transactions are occurring. This may result in having to perform less adjustments to transactions (i.e. rework) which would allow the reviewer to be more effective when reviewing the remaining adjustments.

Management Response and Intended Course of Action 1.4

An employee of the Information Services Division has been here several times in the past to adjust the settings on the RFID reader to try and eliminate permits in the bypass lane scanning. However, it seems that this keeps resurfacing. Will meet with Information Services again to determine if there is a way to fix this permanently.

We will also investigate if it is possible to change settings in system so that a customer with overdue account can not be staged. These transactions shouldn't be staged as the customer is not being let in.

Conclusion 1.4

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.5 – Review of Tare Weight Changes

When a new permit is issued to a hauler standard procedure is for the Scale House Attendant to obtain the tare weight of the vehicle upon the hauler's first

visit to the landfill. The tare weight refers to the weight of the vehicle when it is empty and is sometimes used to obtain the weight of materials disposed of instead of weighing the vehicle after disposal (i.e. weight of vehicle with materials minus tare weight equals weight of material disposed of). Management indicated that normal practice is to weigh vehicles upon entering the landfill and when exiting as this will provide the most accurate weight reading; however, tare weights may be used instead of weighing out when only one Scale House Attendant is available.

As a vehicle's tare weight can change depending on equipment added to or removed from the vehicle (e.g. snow plow blades, racks, etc.) the PC Scale system is set to prompt the Scale House Attendant to reset the tare weight every six months; however, management indicated that the attendants can ignore the prompt without performing the procedure. This could result in inaccurate weights being recorded in the PC Scale system which would; therefore, lead to inaccurate billings to the permit holder.

In addition, management indicated that they do not review reports of adjustments made to tare weights. As tare weight adjustments could be used to manipulate the weights recorded in the PC Scale system and; therefore, manipulate billings to permit holders it is important that these adjustments be reviewed for reasonableness.

Recommendation 1.5

To improve controls over the tare weight process and help ensure that weights and billings to permit holders are accurate, management should:

- i) determine if the PC Scale system can be adjusted so that the prompt to reset the tare weight cannot be ignored, or alternatively generate a report, on a semiannual basis, of vehicles whose tare weight has not been reset for six months or greater and ensure they are reset.

- ii) generate and review a report of tare weight adjustments on a monthly basis to ensure they are reasonable.

Management Response and Intended Course of Action 1.5

- i) There were over 1400 active permits over the past year, so this would likely be a time-consuming task to review all of them to ensure accuracy. It would also be a time-consuming practice to update some tare weights, especially for roll-off trucks and trucks with trailers as they would have to remove equipment before obtaining tare weight. We try to minimize the amount of times tare weights are actually used by maintaining two staff members in the scale house at all times and making each vehicle weigh in and out. We will also do an analysis to see how many times during the year that tare weights were actually used versus weighing out.

It would likely be better to review on a semi-annual basis as suggested. We will discuss the most efficient way of doing this while still ensuring integrity of tare weight data.

- ii) A report of tare weight adjustments will be generated and reviewed for reasonableness on a monthly basis.

Conclusion 1.5

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.6 – Process for Expired Permits and Overdue Accounts

A hauler who has an expired permit or who's account balance is older than 60 days is not permitted to dump at the landfill. The PC Scale system is configured to not allow a transaction under these circumstances and the Scale House Attendants do not have access to override this control.

Management indicated that it is not unusual for a hauler to arrive at the Scale House with a full load even though their permit has expired, or their account is overdue. When this happens, the hauler is instructed to contact the City's Citizen Services Centre to renew their permit or pay their account balance so that they can gain access to the landfill.

However, there are several days each year when the landfill is open for business and City Hall is closed meaning that the haulers cannot renew their permits or pay their account balances. In these instances, management indicated that the process is for the Scale House Attendants to notify management who will disable the required function for the specific hauler in PC Scale so that the transaction can be processed. The function must later be re-enabled by management. Management indicated that they decided to allow haulers access to the landfill under these circumstances to maintain service levels as there was no other option for the haulers. These procedures; however, are not included in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document.

As a part of audit procedures, a review of a report showing haulers in PC Scale with the function "outstanding account balances greater than 60 days not at the default setting", showed that the default setting was turned off for three haulers and had been off for an extended time. This means that the system would still allow transactions for these haulers even if their account balances were greater than 60 days old. This increases the risk of non-payment for the City.

Upon further review, it was determined that the default setting for all three customers had been turned off by employees in the Revenue Accounting Division. Under the current procedure described by management there should no longer be a need for employees in the Revenue Accounting Division to have access to disable this function in PC Scale.

Recommendation 1.6

To improve controls in the process for handling expired permits and overdue accounts, management should:

- i) ensure that the default setting for the function “outstanding account balances greater than 60 days” is reactivated for all haulers,
- ii) review reports showing haulers in PC Scale with the functions “expired permit not at the default setting” and “outstanding account balances greater than 60 days not at the default setting” on a monthly basis to ensure the default settings are activated for all haulers.
- iii) document procedures for handling expired permits and overdue accounts, including the reporting process noted above, and include them in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale and the Robin Hood Bay Auditing Procedures Using PC Scale documents,
- iv) review PC Scale system access to determine if access to deactivate these two functions is appropriate (i.e. should Revenue Accounting staff have access, etc.).

Management Response and Intended Course of Action 1.6

All recommendations will be implemented.

Conclusion 1.6

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.7 – Daily Review of Staged List

The Robin Hood Bay Auditing Procedures Using PC Scale document provides instructions for the foreperson to check the staged list at the end of each day and what must be done if a vehicle remains in the staged list at the end of the day. The staged list shows vehicles that have been weighed-in and have entered the landfill but have not yet been weighed-out to close the transaction.

On March 8, 2019 a review of the staged list noted 7 vehicles that were still on the list that had weighed-in on a previous day. Five of these vehicles had weighed-in during 2018 with the oldest being staged since September 20, 2018. As long as these vehicles remain on the staged list the transactions will not be closed, and a bill will not be generated (if required).

Recommendation 1.7

To decrease the risk of transactions not being closed due to vehicle's remaining on the staged list, management should:

- i) determine why the older transactions are still on the staged list and remove them or close the transaction as appropriate,
- ii) ensure that the foreperson is checking the staged list at the end of each day as required by the Robin Hood Bay Auditing Procedures Using PC Scale document,
- iii) review the staged list on a regular basis to ensure it is up to date.

Management Response and Intended Course of Action 1.7

These recommendations will be implemented. A procedure will be added to the auditing procedures document and scale attendants will be instructed to pay closer attention to this.

Conclusion 1.7

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.8 – Ticket Reprints

When a transaction is closed in PC Scale (i.e. after weigh-out of the vehicle) a ticket or weigh bill is printed at the Scale House and provided to the hauler. The ticket contains various information about the transaction, such as the date, material type, weight, and overall charge.

At the time of the audit a report printed by the Business System Analyst showed that there were 265 ticket reprints for the September 1, 2018 to December 12, 2018 period, with 156 of these being printed at either the inbound or outbound terminals in the Scale House. Tickets are usually reprinted due to an error made by the Scale House Attendant (e.g. wrong material type entered, etc.) or at the request of the hauler/permit holder. Although there appears to be no risk to the City in reprinting tickets for customers it is an inefficient process and there is a time and material cost to do so.

Recommendation 1.8

Management should monitor ticket reprints to determine if some customers are requesting an excessive amount. Any customers found to be requesting ticket reprints excessively should be contacted to determine if other, less wasteful, arrangements can be made, such as using the option in PC Scale to email a copy of the ticket to a specified email address automatically upon generation of the ticket.

Management Response and Intended Course of Action 1.8

Emailing of tickets is available. We will identify the customers requesting reprints and advise they sign up for email option.

This can also be an on-going practice even past the completion date to inform customers that emailing of tickets is an option.

Conclusion 1.8

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

Section 2 – PC Scale System Access Controls

PC Scale is the IT system used to record and store transactional activity at the Robin Hood Bay Waste Management Facility and is used by the scale house attendants, financial accounting staff, revenue accounting staff, citizen services centre staff and management.

Due to the volume and types of transactions handled by PC Scale it is important that proper controls are in place to ensure that access is appropriate and is monitored on a regular basis.

Issue 2.1 – Active Operators

As a part of the audit procedures an Operator List report for PC Scale was obtained from the Business System Analyst in the Information Services Division. The Operator List report provides the Operator, Operator Name, Role and Status for everyone with access to the PC Scale system. Access to PC Scale is provided to individuals at: the Robin Hood Bay Waste Management Facility (i.e., Operator, Forepersons, Coll Forepersons and Administration); the Citizen Services Centre (i.e., Permit User, and Permit Supervisor); Revenue Accounting (i.e., A/R Cash Receipting and Accounting); Information Services (i.e., Administrator); and Finance and Administration (i.e., AR Inquiry).

The review of the Operator List report disclosed several individuals who are still listed as active users who do not currently require access. For the A/R Cash Receipting operator group management indicated there was one individual on maternity leave and another individual who has been off work on long-term disability for at least a couple of years. For the Permit User operator group management indicated there was one individual who had retired, one individual on sick leave for at least six months and another individual on extended leave for about nine months.

To ensure proper internal control over access to computer systems best practices recommend that operator lists be kept up to date to make certain that only individuals with legitimate need have access to the system. However, there is no mechanism in place for the PC Scale computer system to ensure that the operator list is regularly reviewed and updated.

Recommendation 2.1

To improve internal controls over access to the PC Scale computer system management should:

- i) review the active operators in the Operator List for PC Scale and ensure that individuals who are retired or absent from work for an extended period are inactivated in the system
- ii) ensure the Operator List report is generated and reviewed annually to make certain the operator list is kept up to date, and
- iii) develop a formal, written procedure to document this process.

Management Response and Intended Course of Action 2.1

We will schedule a meeting with the IT business system analyst to review this list. Will also implement other recommendations to review annually and document procedures.

Conclusion 2.1

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Oct 2019

Information Only: DCM, Public Works
DCM, Finance & Administration
DCM, Community Services
Director, Environmental Services
Director, Corporate Information Services

Issue 2.2 – Operator Access Rights

As part of the audit procedures a Security Level List report for PC Scale was obtained from the Business System Analyst in the Information Services Division. The Security Level List report provides a list of access rights for each operator group. Essentially, the report shows what each user can do in the PC Scale computer system based on what operator group they are associated with.

Discussion with management disclosed that access rights for operator groups were established when PC Scale was first implemented, and they have not been reviewed since. Although a detailed review of operator access rights was outside of the scope of this audit best practices would recommend that they be reviewed by management on a regular basis to ensure they remain appropriate as work practices change over time. Inappropriate access rights could increase the organizations fraud risk (e.g., inappropriately voiding or editing transactions) and may also make it difficult to ensure compliance with privacy regulations (e.g., does someone have access to personal information when it is not required).

Recommendation 2.2

To decrease the risks associated with inappropriate computer system access rights management should:

- i) immediately review access rights for operator groups in the PC Scale computer system to ensure they are appropriate and adjust access rights where necessary,
- ii) ensure the Security Level List report is generated and reviewed on a regular basis (e.g., every two years) and/or when changes are made to the job responsibilities for an Operator group, and
- iii) develop a formal, written procedure to document this process.

Management Response and Intended Course of Action 2.2

A meeting will be organized with the business system analyst to review access rights settings in the software. All recommendations will be implemented.

Conclusion 2.2

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
DCM, Finance & Administration
Director, Environmental Services
Director, Corporate Information Services

Section 3 – Procedure Documents

In terms of documented procedures related to the roles of the Scale House Attendants and management's duties regarding oversight of Scale House operations management have created three main documents. These documents are well thought out and professionally written and management should be commended for having them in place.

The Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document outlines the procedures required to be followed by a Scale House Attendant to perform transactions on the PC Scale computer system. The Standard Operating Procedures – RHB Scalehouse document contains procedures for performing transactions at the Scale House and conduct rule types of procedures. The Robin Hood Bay Auditing Procedures Using PC Scale document provides procedures for forepersons and management regarding their oversight role of Scale House operations.

This section mainly deals with these procedural documents and offers several recommendations aimed at either improving items contained in the documents, adding specific procedures to the documents, or otherwise enhancing the documents, that have not already been covered by other recommendations in this report.

Issue 3.1 – Redundancy in Procedural Documents

A review of the three main procedural documents noted that there is a significant amount of overlap between the Standard Operating Procedures – RHB Scalehouse (SOP) document and the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document. Some of the procedural areas covered by both documents are; sign on/off process, information about permits, denying access for overdue accounts, etc. These items are mainly ticketing procedures.

Having multiple documents containing similar procedural information is inefficient as management must ensure that both documents are updated whenever changes are required to the procedures which can lead to inaccuracies. It can also lead to confusion for staff who may not know which document to consult for information.

Recommendation 3.1

In order to ensure that procedural information is accurate and that employees have access to necessary guidance management should consider removing all ticketing procedure items from the Standard Operating Procedures – RHB Scalehouse document. All procedures related to the ticketing process should be included in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document.

Management Response and Intended Course of Action 3.1

The SOP document will be updated as recommended.

Conclusion 3.1

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 3.2 – Processes not Covered in Procedures

Observations at the Scale House and discussions with management noted that most transactions occurring at the Scale House are standard in nature and follow the processes as written in the procedure documents. However, there were

three different types of transactions noted during the audit that occur on a regular basis that are not documented in the procedures.

The first type of transaction is the process followed when a hauler's load contains different material types at different costs. The second type of transaction is the process followed when a hauler's load contains materials that may be from out of the province, referred to as "International" materials. The third type of transaction is the process followed when the hauler's load contains materials to be disposed of at the Materials Recovery Facility.

Although it appears that the Scale House Attendants are aware of how these transactions are to be processed it would be beneficial to have the processes documented in a written procedure so that the attendants would be able to review the proper process if required. It would also give management assurance that the attendants have been provided with the necessary information to perform their duties.

Recommendation 3.2

To ensure the Scale House Attendants have been provided with all the necessary information to perform their duties correctly management should update the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document with written procedures for the following processes.

- i) The process followed when a hauler's load contains different material types at different costs.
- ii) The process followed when a hauler's load contains "International" materials.
- iii) The process followed when a hauler's load contains materials to be disposed of at the Materials Recovery Facility.

Management Response and Intended Course of Action 3.2

Management will update the procedural document as recommended.

Conclusion 3.2

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 3.3 – Procedures for Reviewing Audit Documents

The Robin Hood Bay Auditing Procedures Using PC Scale document provides instructions on how to generate, print and review a Manual Ticket report, Customer/Material report, Ticket Edit report, and Ticket Void report as well as who is responsible for performing these tasks and how often they are to be printed (i.e. weekly).

While the instructions for generating, printing and reviewing the reports are accurate, operational requirements since the development of the procedures have necessitated changes to who performs some of the duties and how often they are performed (i.e. daily). As a result, the procedures are not depicting current practice.

Recommendation 3.3

Management should ensure the Robin Hood Bay Auditing Procedures Using PC Scale document is updated to include the current process followed for generating, printing and reviewing the audit documents. The updated document should be provided to those employees responsible for performing the procedures.

Management Response and Intended Course of Action 3.3

This will be updated and distributed as recommended.

Conclusion 3.3

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 3.4 – Copy of Procedure Documents for Scale House

Through discussions with the Scale House Attendants at the time of the audit it was noted that copies of the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale and the Standard Operating Procedures - RHB Scalehouse documents were not maintained at the Scale House.

As these documents pertain to the job duties and conduct rules for the Scale House Attendants it would be beneficial to keep copies of both procedural documents at the Scale House where the attendants are located so that they can be referenced when required.

Recommendation 3.4

Management should ensure that copies of the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale and the Standard Operating Procedures – RHB Scalehouse documents are maintained at the Scale House so that the Scale House Attendants can refer to them when required.

Management Response and Intended Course of Action 3.4

All scale house staff were given a copy of the procedural document and SOPs were reviewed at the time they started their positions. The documents will be posted at the scale house as recommended and will be updated as procedures are updated in the future.

Conclusion 3.4

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Section 4 – Miscellaneous**Issue 4.1 – Power Outages**

While power outages at the Robin Hood Bay Waste Management Facility are not a frequent event, they do occur multiple times a year. When a power outage occurs, the scales used to weigh vehicles are still operational as the Scale House is equipped with a back-up generator. However, the PC Scale computer system is maintained in the administrative building which does not have a back-up power source and as a result the system cannot be used.

When a power outage occurs the Scale House Attendants issue hand written Weigh-in Receipts to haulers and must complete the Robin Hood Bay Waste Management Facility PC Scale Manual Entry Log. This log captures various information required to be entered into the PC Scale system when power returns. However, these procedures are not documented in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document.

Also, having weights recorded on a log form and manually entered into the PC Scale system when it later becomes available increases the risk of input errors. In addition, management cannot be certain that all loads entering the landfill during a power outage have been documented on the log form. As of the time of the review management indicated that they are investigating obtaining a back-up power source for the PC Scale system so that operations can continue as normal in the event of a power outage.

Recommendation 4.1

To improve controls over Scale House operations during a power outage management should:

- i) update the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document to include the process to be followed when processing a transaction at the Scale House during a power outage. This should

- include the process for issuing the Weigh-in Receipt, completing the log form, entering the information into PC Scale when the system becomes available, and for reviewing and approving the entries.
- ii) obtain a back-up power source for the PC Scale system, if feasible. This will ensure regular operations can continue at the Scale House during a power outage and eliminate the risks noted above.

Management Response and Intended Course of Action 4.1

The instructional document will be updated to reflect the recommendations. Management will also gather information and determine the feasibility of installing a back-up power supply for the administration building to ensure the scale house can maintain a network connection in the event of a power outage.

Completion Date: March 2020 (to determine feasibility for back-up power supply and install if necessary)

Conclusion 4.1

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer

Action Date: Mar 2020

Information Only: DCM, Public Works
Director, Environmental Services

Issue 4.2 – Materials Inspection Program

The Robin Hood Bay Waste Management Facility rules and regulations require that loads must be covered and secured to help prevent littering. However, as a result of loads being covered the Scale House Attendants cannot always see the material types being disposed of and must rely on the honesty of the hauler to inform the attendant of the materials they are hauling. This increases the risk

that the wrong material type may be entered in PC Scale which could lead to inaccurate billings since the material type determines the dollar value, per tonne, charged to the permit holder. In addition, if a Scale House Attendant accidentally or deliberately enters the incorrect material type in PC Scale this could also lead to inaccurate billings.

To decrease the risk of inaccurate billings management have implemented several controls, such as management review and monitoring, to help ensure material types and weights are correctly entered in PC Scale. However, these controls are mainly detective in nature and the relatively high volume of transactions monitored makes it more difficult for management to note errors or irregularities.

The most definitive way to ensure the accuracy of billings is for management to develop an inspection program whereby the load of every hauler is inspected to determine if the material type being dumped matches the material type entered in PC Scale by the attendant. However, an inspection program of this magnitude would be costly and may result in complaints from users of the landfill as it would likely slow down the dumping process for haulers.

Recommendation 4.2

Management should investigate the feasibility of developing an inspection program with the goal of providing some level of assurance that the material types being entered in the PC Scale system are accurate. This would involve determining the risk tolerance of senior management and Council to establish the level of inspection required (e.g. no inspection, random spot inspections, full inspection, etc.).

Management Response and Intended Course of Action 4.2

Procedures in place for the MRF, as well as the daily customer/material report already ensure that materials with reduced or no tipping fees are reviewed each

day. Random load inspections are already being completed to ensure compliance with materials we don't accept for landfilling.

Note that all materials subject to landfilling at the tipping face have the same tipping fee of \$67.60 applied (with exception of International Waste which is \$90/tonne). So, if commercial garbage was accidentally coded as residential garbage, roofing material, or C/D waste for instance, the same tipping fee would apply to the load.

Driver does not get a copy of weigh slip until leaving the landfill, so they would have nothing to show the spotter (or City employee) at tipping face. Spotter would have to inspect load and call up to scale house to ask what the load was coded as. This would not provide much benefit for the effort involved for the spotter and the scale attendant.

Management proposes to maintain status quo on this recommendation; however, we will draft an information note for the Senior Executive Committee and/or the Committee of the Whole to highlight our current practice to ensure they are comfortable with the level of risk being assumed.

Conclusion 4.2

Internal Audit agrees with management's suggestion of drafting an information note for the Senior Executive Committee and/or Committee of the Whole so that they are aware of the level or risk being assumed. This will help ensure Senior Management and Council can fulfill their governance responsibilities.

Action By: Waste Management Engineer

Action Date: Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services