

**POST AUDIT REPORT
COMMERCIAL REFUSE
PAR26-04**

WEST PALM BEACH

INTERNAL AUDITOR'S OFFICE

**Beverly Mahaso Esq., CIA, CFE
Chief Internal Auditor
August 11, 2026**

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Audit Committee
City of West Palm Beach
401 Clematis Street
West Palm Beach, Florida

RE: POST AUDIT REPORT OF COMMERCIAL REFUSE PAR26-04

Dear Audit Committee Members:

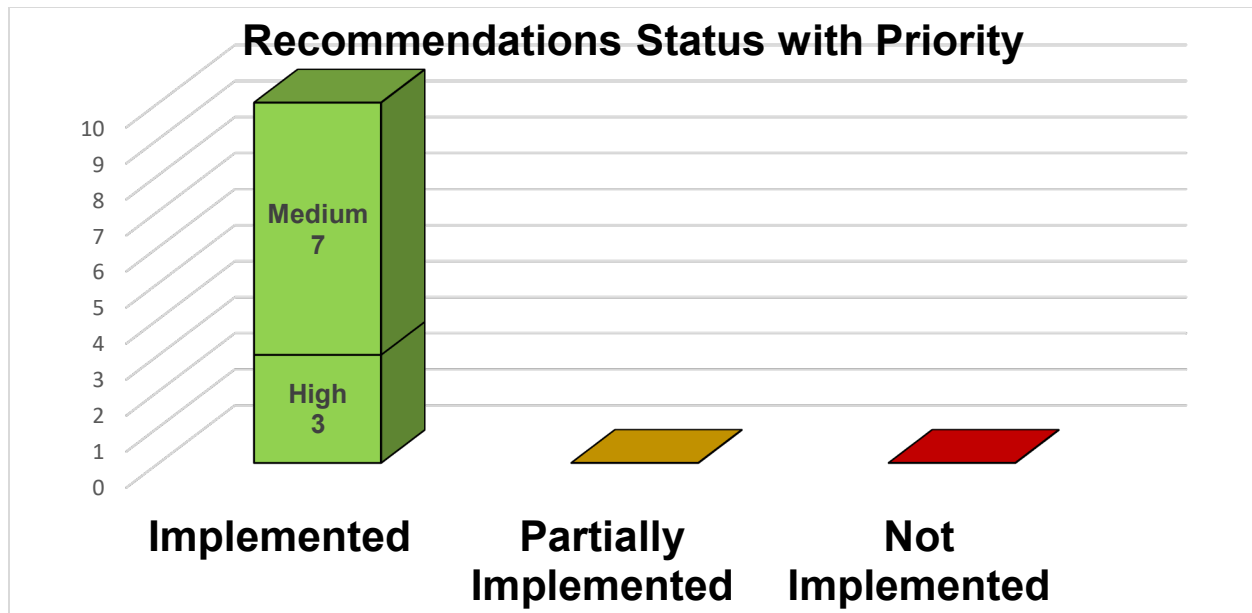
In FY2017, the Internal Auditor's Office released an audit of Commercial Refuse (**AUD16-03**). Subsequently, we performed certain procedures, as stated below, with respect to activities of the Commercial Refuse Division in order to reach a conclusion on the status of the recommendations made as a result of that review.

This Post Audit Report (PAR) consisted primarily of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The audit contained ten (10) recommendations that addressed the audit's findings. Upon completion of this PAR, we concluded that all recommendations had been implemented.

We have enclosed a table listing all the recommendations with the current statuses. We commend management for implementing the recommendations.



We thank the personnel from the Commercial Refuse Division for their assistance in conducting this review and on continuing implementation efforts.

Respectfully Submitted,

s/ Beverly Mahaso
Chief Internal Auditor

cc:

Joseph Peduzzi, Commission President
Cathleen Ward, Commissioner
Shalonda Warren, Commissioner
Christy Fox, Commissioner
Stephen Sylvester, Commissioner

Keith James, Mayor
Faye Johnson, City Administrator
Leon Pinder, Public Works Director

Encl.

POST AUDIT REPORT COMMERCIAL REFUSE AUDIT RECOMMENDATIONS

No.	Auditor's Condition and Recommendation	Management's Initial Response	Auditor's Status Update
1 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED AUGUST 2020
2 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED AUGUST 2020
3 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED AUGUST 2020
4 High Priority	CONDITION: The Division utilizes franchisees to haul large volumes of City waste, which is a service that the Division does not provide. City Code stipulates many requirements for the franchisees to adhere to. Some of the requirements include: -Payment of an annual franchise fee in the amount of \$12,500. -Payment of \$1 for every cubic yard of waste hauled, payable monthly. -Providing a certified and signed statement of cubic yards hauled every month.	Management's Initial Response: We agree with the observations presented in this report. The following are steps that we are going to take to improve the process and operations. Please note that all of the following steps will take time to implement and the results will also take longer based on full implementation. Franchise Fees - The program has major deficiencies that are being discussed. While it is alright to expect the haulers to provide the	IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been implemented. In January 2022, the Commercial Refuse Division reclassified the Fiscal Analyst position to the Senior Fiscal Analyst position. In this role, the analyst reviews monthly franchise hauler reports for compliance with ordinance requirements using a standardized checklist, verifies reported amounts and signed cover sheets, and communicates any deficiencies to the haulers. Revenue posted by the Cashier's Office to a shared Universal

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	-Providing the names and addresses of each location served including the rates charged to each account. We conducted interviews, site visits, and data analyses to determine whether fees were paid accurately. Based on data we reviewed for the five franchisees the City has authorized, we found that the monthly franchise fee is generally billed to the customers as a pass-through cost and then paid to the City. However, the Division does not independently verify the amount hauled by the franchisees or the locations that were served. Rather, they rely upon self-reported information from the franchisees. Further, the Division does not maintain a list of customers served by the franchisees, nor is there a mechanism to track or monitor waste hauled. As a result, we found that currently the Division cannot independently confirm that the City received all fees due from waste collected by the franchisees. Finally, we reviewed the monthly statements provided by the franchisees and found that	information, to assume they would do so accurately would definitely be premature and inaccurate. The following ideas on the surface may help, but may not be financially feasible at this time. It is our intent to hold discussions and discuss possible ideas within our operation, with external agencies like other municipalities or engineering firms that specialize in this area to try and come up with solutions. 1. Initiate or identify a method using the Solid Waste Authority identification number along with their assistance to verify amounts hauled to the facility. 2. We may have to look at how it is billed. Instead of looking at it by the cubic yard, maybe we look at it by the ton instead. 3. Hire another code enforcement officer or utilize the new Engineer to track and identify the locations using GIS for stationary compactors/roll-offs.	Drive folder is reconciled monthly using a tracking spreadsheet, with outstanding amounts followed up on regularly and corroborated by on-site verifications conducted by the Public Works Customer Service Inspector. All communication with franchisees, including initial appointments and ongoing refresher guidance, is conducted electronically. NOT IMPLEMENTED JULY 2020 Management advised that they added a Fiscal Analyst position. The Fiscal Analyst has been reconciling and verifying the landfill assessed fees and has been tasked with periodically auditing the franchisee haulers. The Fiscal Analyst is seeking guidance from Internal Audit on how to carry out the audit. The Division is also planning to work with a consulting firm and get some guidelines regarding the audit. Auditor Comments: Based on information provided, Public Works personnel currently do not

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	they do not provide all the required information on their monthly statements. Specifically, we found: -100% of statements provided were not certified. -60% of statements did not contain the rates charged to each customer. -60% of statements were not signed. Recommendation: The Division should ensure that it receives all fees for waste hauled by periodically reconciling and verifying the amounts hauled and paid for by the franchisee haulers. Reconciliations should include matching independent documentation to volumes paid for, as well as the addresses served. Further, the Division should monitor statements more closely and ensure that franchisees comply with City Code requirements and deadlines. Finally, the Division should create a new franchisee training program and/or a refresher training program to explain to the franchisees the applicable requirements.	4. Hire an internal accountant that can track all the fees and ensure proper billing is completed along with proper billing for commercial services. 5. Using the new routing software that may have an A/R component to properly bill for these services. 6. Continue to look for other possible solutions. All of these possible ideas and solutions will be long term in nature because we currently do not have an absolute method in place nor the operational capacity to run the problem to ground. It could take a year or more to fully implement a reasonable solution. Target Implementation Date It could take a year or more to fully implement a reasonable solution.	periodically reconcile and monitor franchisee hauler payments and landfill assessed fees. NOT IMPLEMENTED FEBRUARY 2018 Management advised us that this has been a bigger challenge than anticipated. Because the Division is trying to address all of the other areas of concern, it has had to place this on a lower priority list. In order for the Division to be better, it has to have a firm foundation to start from and then go on to audit outside the groups. The Division is looking into and anticipates recommending the creation of an Operations Analyst position. This position could manage and periodically audit the franchise haulers program to ensure the accuracy of reporting and revenue stream.

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5 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED AUGUST 2020
6 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED AUGUST 2020
7 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED AUGUST 2020
8 Medium Priority	CONDITION: The Division does not have a documented mechanism to receive timely notifications when a business opens or closes. The Division staff and management stated that periodically they may drive around the City to look for changes or they may read local newspapers that discuss changes within the City. We observed one newspaper article that was utilized to determine which businesses had closed and which had opened. RECOMMENDATION: The Division should periodically review business locations to ensure	Management's Initial Response: We agree with the observations presented in this report. The following are steps that we are going to take to improve the process and operations. Please note that all of the following steps will take time to implement and the results will also take longer based on full implementation. Updated Commercial Location: The following are steps we are going to implement to improve how we track this information: We will institute SOP's that will give employees clear guidance on how and when to identify the changes.	IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been implemented. In 2021, the Department established the Public Works Customer Service Inspector position. The inspector is responsible for reviewing reports from Utilities, creating work orders for route updates for open/closed accounts, and verifying billing accuracy. The inspector's duties further include conducting field audits to reconcile billing discrepancies, preparing reports summarizing on-site inspections, and verifying business closures and ownership transfers to ensure accurate commercial billing.

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	that they are accurately serviced and billed. One option could be to use the refuse collectors to periodically verify the locations that they service on their routes, notate the container in use as well as the frequency of waste collection, and state whether the container is adequate for the waste collected. Once updated, the Division should ensure that the billing is accurate.	-This will be accomplished by using ArcGIS to identify all locations already in business. -Work with planning to identify new businesses as they come online. -Research other municipalities to identify methods they use to find businesses as they turn over. -Work with the Chamber of Commerce to get the message out that the business is required to contact our operations. These are steps that ultimately will be used to identify and fill in the gaps to incorporate these changes and collect all revenues that are due. The time frame to complete this is estimated to be 8 to 12 months based on other projects we will be working on to help with this process. Target Implementation Date The time frame to complete this is estimated to be 8 to 12 months based on other projects we will be working on to help with this process.	PARTIALLY IMPLEMENTED AUGUST 2020 The Sanitation Division is working with the field staff to identify businesses that have closed. In the near future, the Public Works Director intends to request from City Administration the addition of a position for a Field Inspector. The employee in this position will be responsible for all field verifications for sanitation, code compliance, account status, and route book discrepancies that may result in potential loss of revenue. PARTIALLY IMPLEMENTED FEBRUARY 2018 Management advised that the Sanitation Division is currently working on an asset management program that, in combination with a barcode/number system and the GIS system, will keep track of which business and which dumpster go together. In the meantime, the Sanitation Division is reviewing the fees charged to all customers and ensuring that the services provided are being billed

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			accurately. As employees go through the process, they are identifying discrepancies and are making adjustments, or not providing the services that are not paid for, if the customers disagree to the increased charge. Furthermore, the Division is working with staff to identify businesses that have closed. In the near future, the Public Works Director intends to request from City Administration, the addition of a position for an Operations Analyst. The employee in that position will be responsible for reaching out to businesses and ensuring that they are there and that billing is correctly set up.
9 High Priority	Implemented	Implemented	IMPLEMENTED JUNE 2018
10 Medium Priority	CONDITION: We found that the Sanitation Division did not have documented policies and procedures. This is of particular concern considering the volume of customers they serve and the revenue they generate. During our interviews and observations, we found that staff operate off memory in	INITIAL MANAGEMENT RESPONSE: We agree with the observations presented in this report. The following are steps that we are going to take to improve the process and operations. Please note that all of the following steps will take time to implement and the results will also	IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been implemented. The Department has created and implemented Standard Operating Procedures (SOPs) for solid waste operations including work order and sanitation routes management.

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	all areas. While we commend them for managing to operate a large division in this manner, it would be prudent to implement documented policies and procedures. RECOMMENDATION: The Division should ensure that it operates efficiently and provides sufficient oversight by documenting policies and procedures. Further, the Division should ensure that all employees receive the final policies and procedures. Finally, the Division should periodically review and update the policies and procedures to ensure that they reflect current business practices.	take longer based on full implementation. Standard Operating Procedures -As noted, there are no Standard Operating Procedures. As the new Public Works Director this is of great concern. We have already been apprised of the situation upon arrival and we are in the process of correcting the issue. -We will be hiring an industrial engineer that will be in charge of the programs. The position will be responsible to review the operations, recommend necessary changes and implement differences in the system as they arise. April 2017 anticipated start date. This position will document these procedures and continually modify them as the natural environment evolves. -Until the industrial engineer starts, we as a Department will start to put basic guidelines in place to include a template that will allow the creation of quality and standardized SOP's that will be used Department wide, not just divisionally.	Additional SOPs were created following the addition of the Public Works Customer Service Inspector position whose duties include managing work orders, reviewing reports, and verifying billing. Supervisors train new hires on these SOPs within the first 30 days of onboarding. SOPs are reviewed routinely during new-hire training or at least annually. They are updated whenever operational or safety changes occur, with revision logs maintained in each SOP to track updates. PARTIALLY IMPLEMETNED AUGUST 2020 Management advised that the Department has created standardized operating procedures (SOPs) for all the Divisions in Public Works, which are rolled out in formal training sessions with training logs. All the process maps and procedures are continually monitored and assessed to reduce operational cost and improve efficiency and safety. This is an ongoing process of continual improvement. NOT IMPLEMENTED FEBRUARY 2018

Legend

- Implemented
- Partially Implemented
- Not Implemented

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		-While not vetted at this point, we would like to additionally look at having SCS engineers look at putting together a rough draft of SOP's to jump start the process. -Ultimately the goal is to have in place SOP's that will serve as guidance not only for the operations staff but for supervisors in case of emergency or loss of supervisory staff. Someone should be able to walk in and understand what we do and how to do it using an SOP manual. -The preliminary concept is already in process; implementation scope should be developed over the next 2 months with a finalized plan being completed and implemented within 6 months or by the beginning of FY18. Target Implementation Date By the beginning of FY18.	Management advised that the Sanitation Division hired an industrial engineer, it has identified a need for process mapping, which will soon be under way. This process mapping is an important part of the creation of SOPs. While it is not happening as fast as anticipated, the Division intends to have a base set of documents over the course of the next year, depending on how fast it can correct the process failures it has now. Management stated that as staff peel the onion, they continually find problems.