

## Memorandum



**DATE:** September 27, 2012

**TO:** Honorable Members of the Budget, Finance & Audit Committee –  
Jerry R. Allen, Chair; Tennell Atkins, Vice-Chair;  
Monica Alonzo; Scott Griggs; Ann Margolin

**SUBJECT:** Presentation to the Budget, Finance & Audit Committee:  
Audit of Selected Landfill Financial Controls

I will provide a briefing to the members of the Budget, Finance & Audit Committee on Monday, October 1, 2012 regarding:

- Audit of Selected Landfill Financial Controls

If you have additional questions, please contact me at 214-670-3222.

Sincerely,



Craig D. Kinton  
City Auditor

# Budget, Finance & Audit Committee

## Audit of Selected Landfill Financial Controls

City of Dallas  
Office of the City Auditor  
October 1, 2012





# Purpose

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To brief the Committee on the Results of the “*Audit of Selected Landfill Financial Controls*”

(Report No. A12-010; September 7, 2012)

# Background

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- Included in the Fiscal Year (FY) 2011 Audit Plan
- Audit Objective: To evaluate the adequacy of selected landfill financial controls
- Audit Scope: Cash receipts and accounts receivable transactions for the period October 1, 2009 to June 30, 2011

# Audit of Selected Landfill Financial Controls

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- Overall, significant internal control deficiencies over cash receipts and accounts receivable were identified
- Several identified deficiencies were previously reported to Sanitation Services in 2009

# Audit of Selected Landfill Financial Controls

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- Landfill and transfer stations lack physical safeguards to protect personnel, cash, and equipment
  - Access to the scale house is not properly restricted
  - Cash is not properly protected
  - Physical security of scanned and remotely deposited original checks is inadequate
  - Security camera systems are inadequate
  - Transfer station security measures are also inadequate

# Audit of Selected Landfill Financial Controls

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- Lack of controls over customer vehicle information may result in lost landfill revenue
  - Sanitation cannot visually verify vehicle numbers
  - No controls over vehicle identification information provided by credit customers
  - No controls over manual tare weight entry results in errors
  - Cashiers do not consistently capture customer names for cash customers

# Audit of Selected Landfill Financial Controls

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- WasteWORKS security is insufficient to prevent unauthorized access
  - Invalid Users – 96 percent, or almost 1,500 user accounts, in WasteWorks are invalid
  - Inappropriate access to data – Only one of the valid users had appropriate access
  - Changes to WasteWorks are not automatically or manually tracked





# Audit of Selected Landfill Financial Controls

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- Segregation of duties is not adequate to detect errors and reduce fraud risks
- Written policies and procedures are inadequate or not in accordance with City Administrative Directives

# Audit of Selected Landfill Financial Controls

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- Customer security deposit process does not provide adequate revenue protection for the City
- Cash receipts and related activities are not properly reconciled

# Audit of Selected Landfill Financial Controls

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- Accounts receivable balances are not timely updated
- Accounts receivable adjustments are not properly documented and authorized

# Audit of Selected Landfill Financial Controls

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- Bank deposits are not timely
- City Controller's Office is not timely recording and notifying departments of bank returned items

# Audit of Selected Landfill Financial Controls

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## Management Response

- Agree with the eleven recommendations
  - Four recommendations already implemented
  - One recommendation to be implemented September 30, 2012
  - Plans developed to implement remaining recommendations

# Questions?

City of Dallas  
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