

Audit Report

**Department of Public Works and Transportation,
Bureau of Solid Waste Management**

**Eastern Sanitary Landfill
Sanitary Landfill Fees**



Office of the County Auditor
Baltimore County, Maryland
April 2024



LAUREN M. SMELKINSON, CPA
COUNTY AUDITOR

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April 14, 2024

Honorable Members of the County Council
Honorable John A. Olszewski, Jr., County Executive
Baltimore County, Maryland

We have audited the Department of Public Works and Transportation, Bureau of Solid Waste Management's (the Bureau) controls over Eastern Sanitary Landfill (ESL) sanitary landfill fees billed and collected for the period July 1, 2020 to December 31, 2021. During the audit period, ESL sanitary landfill fees billed and collected totaled approximately \$22.0 million, including on-site disposal fee payments via credit/debit cards, cash, and checks of approximately \$2.0 million.

Our audit disclosed the following: the Bureau's regulations did not fully comply with the County Code and did not establish contract eligibility criteria or acceptable contracted rates; certain Bureau policies and procedures related to sanitary landfill fees were not documented, not adequate, and/or not established; the Bureau did not always comply with certain established waste disposal regulations, cash collection procedures, and/or waste disposal contract terms; the Bureau did not properly separate certain waste disposal fee billing and collection duties at the Scalehouse; and certain employees' access to the Bureau's computerized systems was not appropriate based on their job function(s), and the Bureau's procedure to review granted access was not documented nor adequate.

The Department's response to this audit is included as Appendix A to this report. We wish to express our appreciation to the Department for the cooperation and assistance extended to us during our audit.

Our audit reports and responses thereto are available to the public and may be obtained online at "www.baltimorecountymd.gov/agencies/auditor" or by contacting the Office of the County Auditor, 400 Washington Avenue, Towson, Maryland 21204.

Respectfully submitted,

A handwritten signature in black ink that reads "Lauren M. Smelkinson". The signature is written in a cursive style.

Lauren M. Smelkinson, CPA
County Auditor

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Background

The Department of Public Works and Transportation, Bureau of Solid Waste Management is responsible for the County's Eastern Sanitary Landfill (ESL). The 375-acre ESL is open to the public for the acceptance of waste (e.g., municipal solid waste), Monday through Saturday, from 7:30 a.m. to 3:30 p.m. (certain customers can access at 6:15 a.m.). Sanitary landfill fees are generated from the ESL's acceptance of waste for disposal and transfer.

In accordance with the Bureau's disposal regulations at the ESL, County residents are permitted to dispose of non-commercial waste (e.g., household waste) for free up to twice per week and six times per year, and other non-contracted customers are billed a disposal fee based on the tonnage and waste type; rates range from \$100/ton (regular waste) to \$400/ton (non-compliant asbestos waste). During the audit period, the County also had three contracts for disposal and one contract for transfer of municipal solid waste at the ESL: two with commercial entities for disposal at a rate of approximately \$68/ton; one with Harford County Government for disposal from authorized vehicles at rates ranging from approximately \$66/ton to \$71/ton (formula-driven, variable rate); and one with a commercial entity for waste transfer at a rate of \$8/ton.

Upon entry into the ESL, there are two marked traffic lanes. County residents enter one lane that leads to a booth, where an employee scans the customer's license into the residency validation system (to confirm County residence), inquires of the waste type and origin, and looks for indications of a commercial entity (e.g., uniforms on occupants, logo on vehicle, construction waste). Once confirmed as a County resident, the driver is directed to the Residents' Drop Off Center, landfill, and/or yard material acceptance area (waste type is not recorded into the residency validation system) and exits the ESL after the waste is disposed; if suspected of being a commercial entity, the driver is directed to the second lane that leads to the Scalehouse. Other customers (e.g., commercial entities) enter the second lane and proceed to the Scalehouse's inbound scale window where an employee inputs the customer's information (e.g., waste type, origin, truck number (per Baltimore County-issued decal on side of truck) or customer's name) into the sanitary landfill system and the vehicle's gross weight per the inbound scale is automatically recorded into the system; customers are then directed to the landfill, waste transfer station area, and/or yard material acceptance area. The information inputted into the system determines the rate to be billed and whether the customer has a County-approved credit account ("Charge on Account"). (Customers without a Charge on Account are required to provide their license to ensure disposal fee payment at the outbound scale window.) After the waste is disposed or transferred, the vehicle enters the Scalehouse's outbound scale where the vehicle's net weight is automatically recorded in the system and the fee is calculated for non-contracted customers. For customers without a Charge on Account, an ESL employee bills (i.e., charges) and collects the disposal fee from the customer via cash, check, and/or credit/debit card (via the credit/debit card processing system) and returns their license. For customers with a Charge on Account, an employee at the Bureau's Headquarters (Towson) bills (i.e., invoices) the customer monthly utilizing information from the system; the contracted entities are billed using the tonnage

information from the system at the contracted rates. Payments are to be remitted to the Office of Budget and Finance within 30 days; a Bureau employee monitors the status of the collections.

During the audit period, from July 1, 2020 to December 31, 2021, ESL sanitary landfill fees billed and collected totaled approximately \$22.0 million, including on-site disposal fee payments via credit/debit cards, cash, and checks of approximately \$2.0 million, as follows.

| Payment Type | \$ Amount (in millions) |
|---------------------|--------------------------------|
| Charges on Account | \$20.0 ⁽¹⁾ |
| Credit/Debit Card | 1.0 |
| Cash and Check | 1.0 |
| | \$22.0 |

As previously noted, the Bureau has established various regulations for waste disposal at the ESL, including the types of accepted/restricted waste. The Bureau has also established policies and procedures for billing and collecting sanitary landfill fees and uses four separate computerized systems in managing these fees, including the three aforementioned systems and the refuse disposal authorization system.

⁽¹⁾ Includes approximately \$16.0 million billed and collected from Harford County Government.

Findings and Recommendations

1. **The Bureau's regulations did not fully comply with the County Code and did not establish contract eligibility criteria or acceptable contracted rates.**

County Code, Section 13-4-305, requires the Department of Public Works and Transportation to adopt regulations for the acceptance of solid waste, including a disposal rate structure. Our audit disclosed that the Bureau had established a Disposal Rate Regulation with rates for non-contracted customers ranging from \$100/ton (regular waste) to \$400/ton (non-compliant asbestos waste). However, the Regulation did not establish eligibility criteria or acceptable rates for contracted customers; during the audit period, the County had three contracts for waste disposal, including two with commercial entities at a rate of approximately \$68/ton and one with Harford County Government at a rate of approximately \$66/ton to \$71/ton (formula driven, variable). Our audit also disclosed that the Bureau had not established regulations for the transfer of waste, including a rate structure, contract eligibility criteria, and acceptable contracted rates; during the audit period, the County had one contract with a commercial entity for waste transfer at a rate of \$8/ton.

As a result, the Bureau was not fully in compliance with the County Code.

We recommend that the Bureau update its regulations to establish disposal and transfer rate structures inclusive of all customers and establish contract eligibility criteria and acceptable contracted rates.

2. **Certain policies and procedures related to sanitary landfill fees were not documented, not adequate, and/or not established.**

Our audit disclosed that the Bureau had not documented certain established policies and procedures related to sanitary landfill fees at the ESL (Scalehouse) and Headquarters (Towson) for the following activities:

- ESL – billing, collecting, recording, void processing, and safeguarding cash receipts (during operating hours), and scale testing; and
- Headquarters – billing and collections monitoring for Charges on Account and for insufficient fund balances (invoice generated when customer did not have sufficient funds to pay the disposal fee at the ESL), void/refund processing and void monitoring (for voids processed at the ESL), and reconciliation of the sanitary landfill system to the credit/debit card processing system.

Our audit also disclosed that certain undocumented policies related to sanitary landfill fees at the ESL were not adequate as follows:

- The Bureau's undocumented scale testing policy did not require its contractor to retest and recertify a scale immediately after the Bureau corrected an issue (excessive mud buildup) that the contractor suspected had caused a test reading to exceed the acceptable 60-lb. tolerance level. In this regard, 4 ESL scale tests and certifications were performed during the audit period (July 2020, November 2020, May 2021, and October 2021); however, the May 2021 test identified an inbound scale that was not in compliance with the 60-lb. acceptable tolerance level (weighed 120 lbs. lighter than the 60-lb. acceptable tolerance level). Although the Bureau advised that it removed the mud buildup, it did not require its contractor to retest and recertify the scale. Assuming the scale had been inaccurate between November 2020 and October 2021 (i.e., the two dates when the scale had tested accurately), customers would have been underbilled sanitary landfill fees by approximately \$310,000 for 4,120 additional tons (see related Finding 3).
- The Bureau's undocumented billing policy required the ESL's inbound scale cashier to inquire of each driver for vehicles authorized by both Baltimore County and Harford County as to the origin of the waste. Based on the origin, the cashier inputted the corresponding Baltimore County or Harford County truck number (per a Baltimore County-issued decal for each jurisdiction on the side of the truck) into the sanitary landfill system, which determined the rate to be billed (the rates for Harford County were lower than the rates for non-contracted Baltimore County customers). However, our audit disclosed that the Bureau's policy was not adequate because it did not require verification of the origin of the waste disposed by the 20 vehicles authorized by both Baltimore County (approximately 600 tons totaling \$57,000) and Harford County (approximately 33,000 tons totaling \$2.4 million).

Additionally, our audit disclosed that the Bureau's undocumented policy required personnel at Headquarters to review the daily voided transactions report generated by the sanitary landfill system at the ESL (1,000 of the 295,000 transactions at the ESL were voided (e.g., driver entered lane but did not dispose of waste because of wait time)); however, the policy was not adequate because it did not require personnel to evidence their review (e.g., sign-off).

Our audit further disclosed that the Bureau did not establish a procedure for personnel at Headquarters to reconcile the cash and check waste disposal fee payments report (generated from the sanitary landfill system) to the validated bank deposits to ensure that all funds collected at the ESL were deposited (see related Finding 4). During the audit period, cash and check waste disposal fee payments collected at the ESL totaled approximately \$1.0 million.

As a result, there was a lack of assurance that sanitary landfill fee billings and corresponding collections were accurate and properly safeguarded, and that all funds collected were deposited.

To ensure sanitary landfill fee billings and corresponding collections are accurate and properly safeguarded and that all funds collected and recorded are deposited, we

recommend that the Bureau establish and document adequate policies and procedures related to sanitary landfill fees.

3. The Bureau did not always comply with certain established waste disposal regulations, cash collection procedures, and/or waste disposal contract terms.

Waste Disposal Regulations

The Bureau's various regulations govern waste disposal at the ESL; however, our audit disclosed that the Bureau did not always comply with these regulations, as follows:

- The Bureau's Regulation for Disposal Rates established a waste disposal rate for non-contracted commercial waste with the fee based on the tonnage and waste type disposed. However, our audit disclosed the following:
 - The Bureau did not bill one customer approximately \$3,000 for 30 tons of regular waste.
- The Bureau's Regulation for Use of Residents' Drop-off Center (RDOC) permitted the disposal of "acceptable materials (e.g., household waste) from a primary Baltimore County residence" (i.e., household, apartment, condominium with proof of residency) up to twice per week and six times per calendar year for free; disposals in excess of the limits were to be billed in accordance with the Bureau's Regulation for Disposal Rates, which range from \$100/ton (regular waste) to \$400/ton (non-compliant asbestos waste). In this regard, an employee is required to scan each customer's license into the residency validation system to confirm County residence (waste type is not recorded in the system). However, our audit disclosed the following:
 - The Bureau permitted individuals with non-"residence" addresses (e.g., PO Box) to access the ESL. Specifically, our audit disclosed that from July 1, 2020 to December 31, 2020 and in calendar year 2021, 9 and 13 individuals with non-"residence" addresses accessed the ESL 15 and 19 times, respectively (with some accessing the ESL more than once).
 - The Bureau did not bill residents for disposals that exceeded the weekly and yearly residence limits. Our audit disclosed that from July 1, 2020 to December 31, 2020, individuals from 25,685 residences visited the ESL, where individuals from 1,226 and 2,050 residences exceeded the weekly and yearly limits, respectively (individuals from 713 residences exceeded both the weekly and yearly limits), and in calendar year 2021, individuals from 33,866 residences visited the ESL, where individuals from 1,688 and 4,202 residences exceeded the weekly and yearly limits, respectively (individuals from 1,129 residences exceeded both the weekly and yearly limits).
- The Bureau's Regulation for Disposal permitted County-approved charitable organizations to dispose of 100 tons per fiscal year of County-generated waste for free. The Regulation also required the Bureau's documented approval for other nonprofit/community organizations to dispose of County-generated waste and for County residents to dispose

of certain waste (e.g., construction, demolition) for free. However, our audit disclosed the following:

- The Bureau incorrectly billed one County-approved charitable organization approximately \$18,000 for 180 tons of waste that should have been free. Our audit also disclosed that the Bureau's sanitary landfill system was not configured/capable of dividing the load that reached and then exceeded the 100-ton limit from tonnages that should have been free versus billed.
- The Bureau lacked evidence that it had approved the free disposal of 3,203 tons from 2 nonprofit/community organizations and 1 resident (approximately \$320,700 in fees waived).
- The Bureau's Regulation for Disposal required the Bureau to approve the disposal of restricted waste, and the Bureau's Regulation for Acceptance of Asphalt, Concrete, Brick, Block, Stone, Aggregate, and Earth permitted the fees to be waived if certain requirements were met (e.g., need for the material at the ESL). However, our audit disclosed the following:
 - The Bureau lacked evidence that it had approved the disposal of restricted waste, including 65 tons of railroad ties (collected fees totaling approximately \$7,800) and 6,315 tons of concrete as well as lacked evidence that there was a specific need for the concrete at the ESL (approximately \$631,500 in fees waived).
- The Bureau's Regulation for Acceptance of Select Waste prohibited the ESL from accepting "select waste" (e.g., house or travel trailers, boats, campers, pickup truck caps) when other disposal options existed (e.g., scrap yards, junkyards) and certain requirements were met (e.g., substantial metallic objects were removed from the waste). However, our audit disclosed the following:
 - The Bureau lacked evidence that it had confirmed no other disposal options existed and that requirements were met as it accepted 59 tons of select waste (i.e., boats, campers, and pickup truck caps) (collected fees totaling approximately \$7,000).
- The Bureau's Regulation for Acceptance of Non-Hazardous "Special" Solid Waste required the Department of Environmental Protection and Sustainability (EPS) to document its approval for the disposal of special waste (e.g., asbestos, asbestos shingles, spoiled food, spices) on the "Special Waste Disposal Request" form. However, our audit disclosed the following:
 - The Bureau lacked evidence of EPS' approval as it accepted 252 tons of special waste (i.e., spices) (collected fees totaling approximately \$30,300).

Cash Collection Procedure

Our audit disclosed that the Bureau did not comply with the Office of Budget and Finance's "Procedures for Cash Collection," which required departments with cash collection activity exceeding \$250/week (e.g., the ESL) to make deposits at the end of each business day into the County's bank account. Specifically, our review of 38 waste disposal fee payments (20 checks and 18 cash receipts) collected during the audit period, totaling \$15,335, disclosed that ESL

personnel deposited 8 payments (4 checks and 4 cash receipts), totaling \$3,231, two to three business days after receipt.

Waste Disposal Contract Terms

Our audit disclosed that the Bureau did not comply with certain terms in the County's contract with Harford County Government for waste disposal services. Specifically, the contract required the ESL's scales to be tested and certified at least once per year with all test results and certifications to be provided to Harford County Government. The contract also specified that if a scale was deemed to be inaccurate (i.e., outside of the 60-lb. acceptable tolerance level), then the billings for the 30 days preceding the test were to be adjusted by the percentage of inaccuracy identified. However, our audit disclosed that the Bureau had not provided the test results and certifications for the 4 tests that occurred during the audit period (July 2020, November 2020, May 2021, and October 2021). Our audit further disclosed that the Bureau had not increased the subsequent billing to Harford County Government for the percentage of inaccuracy identified from the May 2021 test of the inbound ESL scale (weighed 120 lbs. lighter than the 60-lb. acceptable tolerance level), which totaled approximately \$10,000 for 154 additional tons (see related Finding 2).

As a result, waste disposal billings and corresponding collections were not always accurate and properly safeguarded, and certain unauthorized waste was disposed at the ESL.

To ensure waste disposal billings and corresponding collections are accurate and properly safeguarded, and that only authorized waste is disposed at the ESL, we recommend that the Bureau comply with its waste disposal regulations, the Office of Budget and Finance's procedures for cash collection, and the County's waste disposal contract with Harford County Government.

4. The Bureau did not properly separate certain waste disposal fee billing and collection duties at the Scalehouse.

To ensure effective internal control, management must properly separate incompatible duties to ensure protection of assets against the risk of loss, misuse, or theft. An "incompatible" duty is one that would put a single individual in the position of being able to both commit a fraudulent act and then conceal it.

On a daily basis, two cashiers were assigned to work in the Scalehouse, as follows: one cashier worked at the inbound scale window (6:15 a.m. to 3:30 p.m. (time the ESL closes to the public)) and inputted each customer's information, including waste type into the sanitary landfill system (determines the rate to be billed); a second cashier worked at the outbound scale window (7:00 a.m. to 4:00 p.m.) and collected the waste disposal fee calculated by the system (based on the inputted waste type and tonnage disposed).

However, our audit disclosed that the cashiers performed the following incompatible duties.

- During the time between cashier work shifts, from 6:15 a.m. to 7:00 a.m., the same cashier was responsible for both the inbound and outbound scale windows. In this regard, the cashier billed the waste disposal fee and also collected, maintained (in the cash drawer), and recorded (in the sanitary landfill system) the payments.
- The outbound cashier collected, maintained (in the cash drawer), recorded (in the sanitary landfill system), and deposited (at the bank) the payments and also reconciled the payments to the system (at the conclusion of the work shift).

These conditions precluded effective internal control because waste disposal fee cash and check payments could have been stolen without detection.

We recommend that the Bureau separate incompatible waste disposal fee billing and collection duties at the Scalehouse. Specifically, the inbound cashier should not be responsible for billing the waste disposal fee while also being responsible for collecting, maintaining, and recording payments. Additionally, the outbound cashier should not be responsible for collecting, maintaining, recording, and depositing payments while also being responsible for reconciling the payments to the sanitary landfill system.

5. Certain employees' access to the Bureau's computerized systems was not appropriate based on their job function(s), and the Bureau's procedure to review granted access was not documented nor adequate.

To ensure effective internal control, management must protect assets against the risk of loss, misuse, or theft. The Bureau used four separate computerized systems to manage sanitary landfill fees: the sanitary landfill system; the credit/debit card processing system; the residency validation system; and the refuse disposal authorization system. In this regard, the Bureau identified the appropriate level of computerized access ("view" versus "update") based on each employee's assigned job functions. The Bureau granted employees access to the sanitary landfill system (PC-based), and the Office of Information Technology (after receiving a Bureau-approved request) granted employees access to the other three systems (network-based). However, our audit disclosed that 14 employees' update access to the Bureau's computerized systems was not appropriate based on job responsibilities as follows: 12 Bureau employees to the refuse disposal authorization system, including 2 Bureau employees also with access to the sanitary landfill system, and 2 non-Bureau employees (1 Executive Office employee and 1 former Bureau employee that was transferred to the Property Management Division) to the residency validation system.

Our audit also disclosed that the Bureau's undocumented procedure to review granted access levels to the four computerized systems to evaluate whether such access remained appropriate

based on employees' assigned job functions was not adequate, because the procedure required a review only when an employee was hired or promoted, rather than on a periodic (at least annual) basis.

These conditions increased the risk that unauthorized changes to the Bureau's records could have occurred without timely detection.

We recommend that the Bureau modify the update access in accordance with Bureau employees' job responsibilities and remove access for the two non-Bureau employees. We also recommend that the Bureau update and document its current procedure to require a periodic (at least annual) review of granted access levels to its computerized systems to ensure that access remains commensurate with employees' job functions.

Audit Scope, Objectives, and Methodology

We have audited the Department of Public Works and Transportation, Bureau of Solid Waste Management's (the Bureau) controls over Eastern Sanitary Landfill (ESL) sanitary landfill fees billed and collected for the period July 1, 2020 to December 31, 2021. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In accordance with the Baltimore County Charter, Section 311, the objectives of our audit were to evaluate the adequacy of internal control practices and procedures over ESL sanitary landfill fees billed and collected and to determine compliance with applicable County laws, policies and procedures, rules and regulations, and contract terms. In planning and conducting our audit, we focused on certain ESL sanitary landfill fees billed and collected based on assessments of significance and risk. In this regard, our audit scope focused solely on ESL sanitary landfill fees and excluded ESL-related expenses (e.g., waste disposal services, motor fuel, professional services) and fees/expenses at the County's other two drop-off facilities: the Central Acceptance Facility (in Cockeysville) and the Western Acceptance Facility (in Halethorpe).

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected. We performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not audited.

Management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, regulations, contracts, policies, and procedures are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Baltimore County Council in exercising its legislative oversight function and to provide constructive recommendations for improving County operations. As a result, our reports generally do not address activities we reviewed that may be functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control and administrative and operating practices and procedures that could adversely affect the Bureau's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, regulations, contracts, policies, and procedures. We communicated to the Bureau less significant findings that did not warrant inclusion in this report and other matters that came to our attention.

APPENDIX A

Department of Public Works & Transportation

Response



JOHN A. OLSZEWSKI, JR.
County Executive

D' ANDREA L. WALKER, *Director*
Department of Public Works and Transportation

April 13, 2024

Lauren M. Smelkinson, CPA
Office of the County Auditor
Baltimore County, Maryland
Courthouse, Room 221
Towson, Maryland 21204

Dear Ms. Smelkinson:

We are providing this letter in connection with your audit of the Department of Public Works and Transportation, Bureau of Solid Waste Management's controls over ESL sanitary landfill fees billed and collected for the period July 1, 2020 to December 31, 2021 to evaluate the adequacy of internal control practices and procedures over ESL sanitary landfill fees and to determine compliance with applicable County laws, policies and procedures, rules and regulations, and contract terms.

Sincerely,

A handwritten signature in blue ink, appearing to read "D'Andrea L. Walker", is written over a light blue horizontal line.

D'Andrea L. Walker, Director

Department of Public Works and Transportation

Findings and Recommendations

1. Audit Finding

The Bureau's regulations did not fully comply with the County Code and did not establish contract eligibility criteria or acceptable contracted rates.

Audit Recommendation

We recommend that the Bureau update its regulations to establish disposal and transfer rate structures inclusive of all customers and establish contract eligibility criteria and acceptable contracted rates.

Response to Audit Recommendation

The Bureau agrees with the audit recommendation. By July of 2024 all commercial vendors will be in compliance with an established rate.

2. Audit Finding

Certain policies and procedures related to sanitary landfill fees were not documented, not adequate, and/or not established.

Audit Recommendation

To ensure sanitary landfill fee billings and corresponding collections are accurate and properly safeguarded and that all funds collected and recorded are deposited, we recommend that the Bureau establish and document adequate policies and procedures related to sanitary landfill fees.

Response to Audit Recommendation

The Bureau agrees with the audit recommendation. The Bureau has been continuously updating operating manuals to include new policies, particularly related to billing procedures, utilization of the Paradigm system and scale house operations. The Bureau has also adjusted working hours as of January 1, 2024 at the ESL scale house to ensure that all funds are properly safeguarded.

3. Audit Finding

The Bureau did not always comply with certain established waste disposal regulations, cash collection procedures, and/or waste disposal contract terms.

Audit Recommendation

To ensure waste disposal billings and corresponding collections are accurate and properly safeguarded, and that only authorized waste is disposed at the ESL, we recommend that the Bureau comply with its waste disposal regulations, the Office of Budget and Finance's procedures for cash collection, and the County's waste disposal contract with Harford County Government.

Response to Audit Recommendation

The Bureau agrees with the audit recommendation. Our responses address specific bullets within #3.

- The Bureau agrees with the finding related to \$3,000 being incorrectly billed. That account was adjusted to ensure that all material is being charged a commercial fee.
- The Bureau agrees with the finding related to the permitted six visits per year. The Bureau is in the process of updating the regulations so that the RDOC visit limit can be adequately enforced. Regulations will be updated in FY2025.
- The issue with P.O boxes at the RDOC is slated to be addressed with system updates in FY 2025.
- The Bureau addressed the concern around non-profit status in 2023. Clear procedures were established for non-profits, requiring organizations to submit proof of non-profit status and apply for a commercial account. Two accounts are created, one to accommodate the 100 gratis tons, the other to accommodate the commercial rates once the 100 free tons are reached. This eliminated any confusion about billing before or after 100 free tons. Any gratis disposal at the county landfill requires documented pre-authorization from the Bureau, otherwise it will be charged a commercial rate.
- The Bureau is working to establish regulations around restricted waste and the handling of special waste. These regulations are anticipated to be enacted in FY 25.
- The Bureau agrees with the finding related to cash collection procedures.

4. Audit Finding

The Bureau did not properly separate certain waste disposal fee billing and collection duties at the Scalehouse.

Audit Recommendation

We recommend that the Bureau separate incompatible waste disposal fee billing and collection duties at the Scalehouse. Specifically, the inbound cashier should not be responsible for billing the waste disposal fee while also being responsible for collecting, maintaining, and recording payments. Additionally, the outbound cashier should not be

responsible for collecting, maintaining, recording, and depositing payments while also being responsible for reconciling the payments to the sanitary landfill system.

Response to Audit Recommendation

The Bureau agrees) with the audit recommendation and remedied this with the January 1, 2024 scalehouse schedule change. A third weighmaster was put in place at the ESL scalehouse as of that date to assist with collecting fees and properly supervising transactions.

5. Audit Finding

Certain employees' access to the Bureau's computerized systems was not appropriate based on their job function(s), and the Bureau's procedure to review granted access was not documented nor adequate.

Audit Recommendation

We recommend that the Bureau modify the update access in accordance with Bureau employees' job responsibilities and remove access for the two non-Bureau employees. We also recommend that the Bureau update and document its current procedure to require a periodic (at least annual) review of granted access levels to its computerized systems to ensure that access remains commensurate with employees' job functions.

Response to Audit Recommendation

The Bureau agrees with the audit recommendation. This was remedied in 2023 and access was adjusted appropriately. The bureau performs bi-annual system access audits.

AUDIT TEAM

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