

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
2.7
(ID # 9827)

MEETING DATE:

Tuesday, May 21, 2019

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2018-014: Riverside County
Department of Waste Resources Audit, District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit.

ACTION:Consent


Paul A. Angulo, County Auditor-Controller 5/5/2019

MINUTES OF THE BOARD OF SUPERVISORS

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Waste Resources Department to provide management and the Board of Supervisors with an independent assessment of internal controls over compliance with regulations over closed and transfer waste sites, employee safety and operational training programs, and vehicle maintenance programs.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to compliance with regulations over closed and transfer waste sites, employee safety and operational training programs, and vehicle maintenance programs.

We will follow-up in one year to determine if actions were taken to correct the findings noted.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	n/a

C.E.O. RECOMMENDATION: Approve

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A.

Riverside County Auditor-Controller - Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit


 Stephanie P., Principal Management Analyst 5/14/2019

Internal Audit Report 2018-014

**Riverside County
Department of Waste Resources Audit**

Report Date: April 25, 2019



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Oscar Valdez
Assistant Auditor-Controller

April 25, 2019

Hans Kernkamp
General Manager-Chief Engineer
Riverside County Department of Waste Resources
14310 Frederick St.
Moreno Valley, CA 92553

Subject: Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit

Dear Mr. Kernkamp:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Waste Resources Department to provide management and the Board of Supervisors with an independent assessment of internal controls over compliance with regulations over closed and transfer waste sites, employee safety and operational training programs, and vehicle maintenance programs.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency and effectiveness of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to compliance with regulations over closed and transfer waste sites, employee safety and operational training programs, and vehicle maintenance programs.

Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

Table of Contents

	Page
Executive Summary	4
 Results:	
Compliance with Regulations of Closed and Transfer Waste Sites	6
Employee Safety and Operational Training Programs	9
Vehicle Maintenance Programs	11

Executive Summary

Overview

The Riverside County Department of Waste Resources (Waste Resources) is tasked with the protection of the general public's health and welfare by managing the County of Riverside's solid waste system. Waste Resources manage six landfills and operate with an adopted budget of \$110 million and 230 authorized positions for Fiscal Year 2018-19. *County of Riverside, Fiscal Year 2018-19 Adopted Budget, November 2018, 281*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over compliance with regulations over closed and transfer waste sites, employee safety and operational training programs, and vehicle maintenance programs

Audit Scope and Methodology

We conducted the audit from January 29, 2018, through June 4, 2018, for operations from July 1, 2015, through January 31, 2018. Following a risk based approach, our scope included the following:

- Compliance with regulations of closed and transfer waste sites
- Employee Safety and Operational Training Programs
- Vehicle Maintenance Programs

Audit Highlights

Existing Conditions

Current processes have not mitigated the following risk areas:

- Photographs from previous years were used to satisfy county inspection requirements on transfer site inspections. Photographs are used as documentation to support safe working conditions or proper signage of hazardous materials
- A closed site inspection was not completed for one site as required by Waste Resources policies and procedures in order to ensure compliance to California Code of Regulations, Title 27 regulations
- Mandated and safety trainings are not completed by all employees as required

Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit

- Daily inspections as required by Waste Resources, *Code of Safe Practices, Fleet Program Guide*, were not completed for six of the 20 sampled equipment vehicles we selected for review. Furthermore, four of the 20 sampled inspection reports did not have documented support of management review for the same day the inspections were completed. Management review helps ensure inspections are completed accurately and equipment is ready for operation

Improvement Opportunities

The improvement opportunities are in the following areas:

- Use new photographs on all inspection reports when submitting documentation that inspection procedures were performed
- Ensure all closed site inspections are completed on a monthly basis as required by Waste Resources policies and procedures in order to ensure compliance to California Code of Regulations, Title 27 regulations
- Monitor all required mandated and safety trainings to ensure they are completed as required
- Ensure heavy equipment vehicle inspections are completed and reviewed by a supervisor every time a vehicle or equipment is operated as required by Waste Resources, *Code of Safe Practices, Fleet Program Guide*. The completion of the review needs to be documented with a date and signature of the inspecting supervisor

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to compliance with regulations over closed and transfer waste sites, employee safety and operational training programs, and vehicle maintenance programs.

Compliance with Regulations of Closed and Transfer Waste Sites

Background

Regulatory agencies that Waste Resources must comply with include:

- CAL Recycle
- The Local Enforcement Agency
- Department of Toxic Substance Control
- Air Quality Management District
- State Water Board
- Fish and Wildlife
- Board of Equalization

In order to comply with these regulatory agencies, Waste Resources inspects all active and closed sites on a monthly basis. Inspections performed on closed sites include but are not limited to the following:

- Storm water maintenance/monitoring
- Gas system maintenance/monitoring
- Erosion monitoring
- Gradient, leveling, and scaling when landfill settles

There are currently six open landfill sites, one privately owned site, and 32 closed sites.

In addition to their active and closed sites, Waste Resources also oversees transfer stations. These stations are owned by third parties and are inspected twice a year. There are a total of eight transfer stations in the county and seven outside the county. The focus of these inspections is to ensure only acceptable waste are sent to the landfill. The transfer sites are provided with an inspection report once the inspection is complete.

Objective

To evaluate internal controls over regulations to ensure Waste Resources is in compliance with regulatory bodies and current regulations.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies, department policies and procedures, regulations, applicable standards

Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit

- Conducted interviews and performed walk-throughs with Waste Resources personnel
- Conducted on-site visit of one closed site and one transfer site
- Reviewed monthly inspections and maintenance records for a sample of closed sites
- Reviewed transfer site audits for all in-county transfer sites

Finding 1: Transfer Site Inspections

We reviewed 16 inspection reports and noted eight of the reports had used copied photographs from other reports as validation on inspection procedures. Photographs are used on inspection reports to provide documentation of safe working conditions or proper signage for hazardous materials. Riverside County Ordinance 779, *Solid Waste Facilities and Establishing Fees*, requires Waste Resources to monitor all landfills, including transfer sites, to ensure only acceptable waste is sent to landfills. Waste Resources indicated that copies of photographs were used from previous inspection reports when no changes occurred to signs, spill kits, fire extinguishers, eye wash stations, and designated storage area for hazardous waste. Using copies of photographs increases the risk that inspections steps are not being performed resulting in transfer sites being non-compliant.

Recommendation 1

Ensure new photographs are used to document inspection procedures as required by County Ordinance 779, *Solid Waste Facilities and Establishing Fees*.

Management's Response:

Concur. As a Hazardous Waste Inspector performs a transfer station inspection they are responsible to confirm that signs, spill kits, fire extinguishers, eyewash stations, and designated storage area for e-waste, appliances, hazardous waste, etc. are in place. If there are no changes to these items since the last inspection, pictures from the previous inspection were used to document that no change has occurred. This has been corrected – staff now takes pictures of critical inspection points at the time of inspection.”

Actual/estimated Date of Corrective Action: **August 30, 2018**

Finding 2: Closed Site Inspections

A site inspection was not performed for Mead Valley closed site for November 2017. Closed site inspections are required to be performed monthly per Waste Resources policies and procedures in order to ensure compliance to California Code of Regulations, Title 27 regulations. The inspection was not performed due to miscommunication with staff. Not performing the monthly inspection increases the risk of a harmful situation going undetected as well as not being in compliance.

Recommendation 2

Ensure the schedule for all monthly inspections for closed sites are communicated to staff and performed.

Management's Response:

"**Concur.** Due to miscommunication with staff responsible for monthly closed site inspection of the Mead Valley Landfill, the November 2017 inspection was not completed timely. Monthly closed site inspections for the Mead Valley Landfill have been completed each month since the missed inspection, beginning December 5, 2017."

Actual/estimated Date of Corrective Action: **April 10, 2019**

Employee Safety and Operational Training Programs

Background

Employees receive training according to job responsibilities. Training requirements have been identified by management and documented in the form of a job matrix. Employees who will be working on site have a training regimen tailored to their work group. The department utilizes a training and document tracking program. The system tracks each employees training status. It details training completed as well as training that employees are due to complete.

Objective

To evaluate internal controls over employee safety and operational training programs to ensure Waste Resource employees are receiving required training.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies, department policies and procedures, and regulations
- Conducted interviews and performed walk-throughs with Waste Resources personnel
- Reviewed training records for a sample of employees

Finding 3: Employee Training

We reviewed the training records for 15 employees and found 13 employees had trainings that were not completed within the required timeframes. Waste Resources, *Code of Safe Practices*, identifies the required training for employees and requires them to submit a copy of the certificate of completion once the training is complete. The department is not in compliance with its *Code of Safe Practices* when training is not completed as required. Additionally, the risk of accidents is increased without adequate training.

Recommendation 3

Ensure all required trainings are complete as required by the *Code of Safe Practices*.

Management's Response:

"Partially Concur. The Department defines training requirements by individual employee based on work assignments. 410 training courses were identified for the 15 employee sampled during the audit. During the audit it was found that 26 (6.4%) of the required training courses had yet to be completed or were completed late. Of these 26 classes, 19 classes (73%) are annually recurring

Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit

classes, and while attendance may not have been within 12 months of last class, training was completed within each calendar year. 2 classes were not completed because no courses were offered by CORLearning (New Employee Orientation) from the date of hire for the two affected employees through the time the audit was conducted. The five remaining classes that were not completed at the time of the audit (1.2%), have since been attended by staff or have been scheduled for completion.”

Actual/estimated Date of Corrective Action: **April 10, 2019**

Vehicle Maintenance Programs

Background

A walk-around inspection form is utilized to perform a pre-trip inspection, whether the vehicle is on the road, or a piece of heavy equipment. Equipment operators are to perform walk-arounds, checking for leaks, tires, first aid kits, fire extinguishers, and any other safety concerns. Once operators complete the inspection, the forms are routed to the supervisor to address any concerns noted and determine if work orders need to be submitted. Inspections are only conducted when the equipment/vehicle is to be used.

Objective

To evaluate internal controls over vehicle maintenance programs to ensure routine maintenance and daily inspections on vehicles and equipment are being performed and documented.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies, department policies and procedures, and regulations
- Conducted interviews and performed walk-throughs with Waste Resources personnel
- Conducted on-site visits of a sample of landfills
- Selected a judgmental sample of vehicles and equipment to review safety inspections and maintenance records

Finding 4: Vehicle Inspections

Equipment/vehicle inspections were not performed daily and signed off by the supervisor on the same day.

In reviewing inspection records, we noted the following:

- Six out of 20 vehicles did not have inspection reports
- Four out of 20 vehicle inspections were not signed by the supervisor on the same day. This review helps ensure inspections are completed accurately and heavy equipment is operating in a safe manner.

Waste Resources Code of Safe Practices, *Fleet Program Guide*, 14, states, "Before start-up or operation of any vehicle or piece of equipment, each operator shall perform a walk-around inspection

Internal Audit Report 2018-014: Riverside County Department of Waste Resources Audit

of the vehicle/equipment to ensure that the equipment is safe and fully operational according to the factory specifications.” The policy further states that the supervisor over the operator is responsible to ensure the inspections are completed, checked for accuracy, and then submitted within one week to the designated administrative staff for processing. Waste Resources management indicated that daily inspections are always completed but sometimes not submitted to the administrative team for record keeping. When safety inspections are not completed, the risk of accidents increases. In addition, not having the supervisor sign the inspection form in a timely manner increases the risk that a safety issue will go unnoticed and result in an accident.

Recommendation 4

Ensure vehicle inspection reports are completed and signed off by the supervisor the same day to ensure inspections are completed accurately and heavy equipment is safe for operation.

Management’s Response:

“Partially Concur. The Department confirms that records documenting pre/post trip inspections for six of the sampled vehicles were not received for record keeping. The Department’s, *Fleet Program Guide*, states, “Before start-up or operation of any vehicle or piece of equipment, each operator shall perform a walk-around inspection of the vehicle/equipment to ensure that the equipment is safe and full operational according to the factory specifications.” The policy further states that the supervisor over the operator is responsible to ensure the inspections are completed, checked for accuracy, and are then submitted within *one week* (emphasis added) to the designated administrative staff for record keeping. The Department will modify the Fleet Program Guide and inspections forms for compliance with requirements of Federal Motor Carrier Safety Administration (FMCSA) Title 49 CFR, Section 396.13, Driver Inspections as follows:

Before driving a motor vehicle, the driver shall:

- Be satisfied that the motor vehicle is in safe operating condition;
- Review the last driver vehicle inspection report; and
- Sign the report, only if defects or deficiencies were noted by the driver who prepared the report, to acknowledge that the driver has reviewed it and that there is a certification that the required repairs have been performed. The signature requirement does not apply to listed defects on a towed unit which is no longer part of the vehicle combination.

The Department will provide additional training to operators and supervisory staff to ensure compliance. “

Actual/estimated Date of Corrective Action: **April 10, 2019**