

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

145



FROM: County Auditor-Controller

SUBMITTAL DATE:
February 24, 2011

SUBJECT: Internal Audit Report 2010-020: Riverside County Waste Management Department, El Sobrante Landfill

RECOMMENDED MOTION: Receive and File Internal Audit Report 2010-020: Riverside County Waste Management Department, El Sobrante Landfill.

BACKGROUND:

The Internal Audit Division of the Auditor-Controller's Office has completed an audit of Waste Management, El Sobrante Gate Fee Operations. The audit objective was to independently assess the adequacy of internal controls over the revenue collected and disbursed in accordance with the contract agreement as it relates to the El Sobrante landfill. We conducted the audit during the period May 12, 2010, through December 14, 2010, for operations April 1, 2010, through September 30, 2010.

(Continued)

Departmental Concurrence

Paul Angulo

Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dept't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District:
ALL

Agenda Number:

2.8

February 24, 2011

PAGE 2

BACKGROUND CONTINUED:

In our opinion, internal controls are adequate and effective. We determined the department complied with the terms of the agreement between Riverside County Waste Management and Waste Management, Inc. which ensures appropriate fees are collected and forwarded in accordance with aforementioned agreement.



County of Riverside

INTERNAL AUDIT REPORT

2010-020

Riverside County Waste Management Department El Sobrante Landfill

February 24, 2011

Office of
Paul Angulo, CPA, MA
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



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



COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER

Paul Angulo, CPA, MA
AUDITOR-CONTROLLER

February 24, 2011

Hans Kernkamp, General Manager
Waste Management Department
14310 Frederick Street
Moreno Valley, CA 92553

Subject: Internal Audit Report 2010-020: Riverside County Waste Management Department, El Sobrante Gate Landfill

Dear Mr. Kernkamp:

The Internal Audit Division of the Auditor-Controller's Office has completed an audit of Waste Management, El Sobrante Gate Fee Operations. The audit objective was to independently assess the adequacy of internal controls over the revenue collected and disbursed in accordance with the contract agreement as it relates to the El Sobrante landfill. We conducted the audit during the period May 12, 2010, through December 14, 2010, for operations April 1, 2010, through September 30, 2010.

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 and examining, on a test basis, evidence about the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, and performing other procedures we considered necessary. We believe this audit provides a reasonable basis for our conclusion.

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

In our opinion, internal controls are adequate and effective. We determined the department complied with the terms of the agreement between Riverside County Waste Management and Waste Management, Inc. which ensures appropriate fees are collected and forwarded in accordance with aforementioned agreement.

We thank Riverside County Waste Management Department and staff for their cooperation during the audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA
County Auditor-Controller

A handwritten signature in black ink that reads "Melissa S. Bender". The signature is written in a cursive, flowing style.

By: Melissa S. Bender, CIA
Audit Manager

cc: Board of Supervisors
Executive Office
Grand Jury

Executive Summary

Overview

The Riverside County Waste Management Department (RCWMD) was a part of the Road Department but was separated by the Board of Supervisors in 1986. RCWMD became a county Department in 1998. There are over 200 employees, most of which work in one of the seven landfills.

The El Sobrante landfill is one of seven landfills under RCWMD jurisdiction. It is privately operated and managed by Waste Management, Inc (WMI) through a contract agreement. This landfill receives waste daily from the following counties: Riverside, Los Angeles, Orange, San Diego and San Bernardino. It accepts up to 10,000 tons per day of various types of waste, seven days a week.

The contract between the County of Riverside and WMI is a 30 year contract and can only be amended with approval from the Board of Supervisors. The details from the contract include but are not limited to provisions for expansion of the landfill, the approach for paying deposited waste, the restrictions for tonnage that flows through the landfill and limits to non-county waste to be deposited into the landfill. The focus of this audit related to how the department managed the gate fee operation revenues. Per the terms of the agreement, WMI is paid based on the tonnage, type and origination of the waste that is brought to the landfill.

Audit Objective

The audit objective was to independently assess the adequacy of internal controls over the revenue collected and disbursed in accordance with the contract agreement as it relates to the El Sobrante landfill.

Audit Highlights

El Sobrante landfill is permitted to be open 24 hours per day, but only accepts waste from 4:00 a.m. to midnight. The current hours of operation for commercial haulers are 4:00 a.m. to midnight, Monday through Friday, 6:00 a.m. to 6:00 p.m. on Saturday, and closed on Sunday. The general public is limited to 6:00 a.m. to 6:00 p.m. Monday through Saturday.

The gate fees are collected by the Gate Services Assistants (GSAs) as customers enter the landfill. The fees collected in all the landfills represent nearly 90% of the department's revenues and are assessed in accordance with the County of Riverside Board approved rates. A scale ticket is issued to each customer. The ticket captures the charge per ton, the type of refuse and the location where refuse originated, as required by the contract. The GSAs collect cash, process credit/debit card transactions and RCWMD account cards issued by account receivables division approved customers.

Each transaction processed by the GSAs is verified by office staff daily. Additionally, the office staff reconciles the daily bank deposits and sales cash collected. Reports are issued to capture the revenue collected, tonnage by site, refuse type, number of tickets, and type of customers.

Office staff maintains and generates the reports relating to the Countywide Disposal Tonnage Tracking System (CDTTS).

After selecting 54 sample transactions for September 14, 2010, we determined through our review of the scale tickets, daily bank deposit and sales cash reconciliations, and supporting documentation that RCWMD adequately processed transactions and proper controls are in place to monitor the revenue collected at the El Sobrante landfill.

Audit Conclusion

In our opinion, internal controls are adequate and effective over gate fee operations at El Sobrante Landfill. We determined the staff complied with the terms of the agreement between Riverside County Waste Management and Waste Management, Inc. which ensures appropriate fees are forwarded in accordance with aforementioned agreement.