

Transitional Internal Audit of the Public Works Department

Presented by: Donna L. McGinnis, CPA, CFE- Internal Auditor/Compliance Officer

Audit Authorization

- ▶ The audit was authorized by City Council on February 8, 2022.

Audit Process

- ▶ Authorization of Audit
- ▶ Development of Audit Program
- ▶ Entrance Conference With Auditee
- ▶ Conduct of Fieldwork

Audit Process (Continued)

- ▶ Preparation of Draft Audit Report
- ▶ Exit Conference with Auditee
- ▶ Auditee Response
- ▶ Preparation of Final Audit Report
- ▶ Presentation to City Council

Audit Scope

- ▶ Organizational Structure of the Public Works Department
- ▶ Operations
- ▶ Inventory and Assessment of Vehicles, Capital Equipment, & Facilities
- ▶ Financial Position

Audit Scope (Continued)

- ▶ Employee Verification & Position Description Review
- ▶ Administrative and Financial Operations
- ▶ Business Continuity Plan & Employee Succession Plan

Audit Activity and Observations

- ▶ Touring of the Recycling Center, cemetery and landfill properties as well as Fleet Maintenance, Rainwater Management, Street Maintenance, Animal Control, Facilities Maintenance, Driver's Training, Community Service & Administration.
- ▶ Met the team from the NAPA Store, which is managed on-site within Fleet Maintenance.
- ▶ Have visited the city-wide inventory area and found the area well-maintained and stocked with commonly used products.
- ▶ In touring Animal Control, observed that due to staff shortages, hours of operation had been modified, but also noticed that current fostering was alleviating capacity problems, and that financial sponsors had been secured to fund several dog kennels.

Audit Activity and Observations

- ▶ In Rainwater Management it was noted that Stormwater funding is largely spent on repairs and remediation as new infrastructure has been supported by Engineering purchases.
- ▶ Payroll testing occurred, with no discrepancies noted.
- ▶ Within Community Service, it was noted that due to the limited availability of probationers, along with limited full-time staffing, it was noted that the litter hotspot list which involves the patrol of 96 main roads often is not completely addressed each month. The volume of 311 work orders continues to increase, and as a result, only about half of the hotspot list is addressed each month.
- ▶ Within Fleet Maintenance, vehicle records were reviewed and found to be in good order- titles, registration records and departmental maintenance records are maintained in an orderly manner.

Audit Activity and Observations

- ▶ Advantage Budgetary reporting was reviewed for the most recently completed 3 fiscal years, with overruns associated with the use of Outside Vendors and Contractors in Fleet and Facilities Maintenance.
- ▶ Following a review of Animal Control, it appears that the CAC could benefit from ARP or other grant funding that may be used to expand our available runs, which would maximize our capacity and possibly minimize or eliminate euthanasia.

Audit Findings

- ▶ Payroll administration was confirmed to be functioning very well.
- ▶ In a 3-year review of budgetary performance, there had previously been budget overruns in the maintenance of capital equipment. It was noted that once Fleet Maintenance was more fully staffed, costs were then contained with repairs handled by our Fleet team, rather than relying on Outside Vendors. Fixed asset records were also well maintained.
- ▶ Within Integrated Waste, it was determined that the currently monthly rate of \$18 does not cover the cost of the provision of this service. Studies over the last few years have identified costs as high as \$24-25 monthly.

Audit Findings (Continued)

- ▶ Rates are not yet established for supplemental bins or carts requested by service addresses, or for requested handicapped services.
- ▶ Upon review of the cost of the Amwaste contract, steps to bring the collection activity in-house have merit. The initial contract funding came from Landfill Reserve funds and will need to be replenished.
- ▶ Due to the deteriorating availability of skilled prisoner or probationer labor, our liability has increased and related legal claims are on the rise.

Audit Findings (Continued)

- ▶ As a result of a strict adherence to the 4-year degree requirement for division leadership positions, there are several long-term vacancies at the helm of several skilled trade divisions.
- ▶ Aged capital equipment remains in service well beyond expected useful lives, with employees persevering, keeping assets in service.
- ▶ We are running out of available cemetery plots for indigent residents who may need them.

Audit Findings (Continued)

- ▶ As a result of recent staff shortages and departures, Facilities Maintenance is no longer able to provide skilled staff support at the Muscogee County Jail or at the City Service Center. Additionally, when staff has been insufficient, it's been necessary to more increasingly rely upon outside vendors or contractors, incurring additional expenses.
- ▶ Driver's Training/Risk Management doesn't have a well-developed succession plan, with one FTE serving city-wide. At a minimum, standards require instruction and testing to be conducted by two different qualified individuals. A couple of additional employees have been identified for training in the area though additional budgetary positions do not yet exist. Third-party testing is also an unavailable option at the present time.
- ▶ The developing Public Works- GIS team was running on budget resources drawn from several other divisions. The work unit is providing unique services not otherwise available from Engineering –GIS or Emergency Management or Homeland Security.

Audit Recommendations

- ▶ A degree preferred or “and/or” policy would provide important latitude in hiring decisions, resolving long-vacant leadership positions in those Public Works divisions that rely heavily upon skills in the technical trades.
- ▶ The acquisition of Cemetery Management software would be helpful considering the scarcity of available plots on our current properties.
- ▶ In response to scarce cemetery plot options, a cemetery policy revision should address the criteria for indigent services, providing additional policy guidance re: cremation options and mausoleum accommodations.

Audit Recommendations (Continued)

- ▶ A rate study should be approved, addressing the true cost of Waste Collection services, with a review of the monthly rate, along with a supplemental cost for handicapped services, or a second cart or bin provided at a service address. The action should also involve the development of a process for the ordering of supplemental bins at an address.
- ▶ A Capital Equipment Replacement Plan should be developed and funded, as most heavy equipment has a 5-year life, with a supportive request reflected in the FY24 budget submission.
- ▶ A 3-person team should be established, via the FY24 budget process, in the Driver's Training/Risk Management Office. While there has been some in-house development of additional teammates, the work area has an insufficient succession plan at the present time. Along with this action, it would be important to return to the provision of third-party driver's testing.

Audit Recommendations (Continued)

- ▶ Challenging employee retention issues can be additionally addressed by reviewing and addressing the pay grade disparities between necessary CDL employees and our experienced skilled technical trade personnel.
- ▶ The Public Works- GIS Team would benefit from the establishment of their own budgetary division in future budgets, as their current funding is coming from funding pulled from several other Public Works operating divisions. This small team would benefit from additional specialized training, as well as upgraded software.
- ▶ As the quality and availability of prison labor has diminished since the early days of the COVID pandemic, the additional liability and related legal action is on the rise. In response to this concern, it is recommended that we staff our own CCG Waste Collection Team, which would allow us to more effectively implement automated services without relying on the Amwaste contract.

Auditee Response

- ▶ Drale Short, Public Works Director has responded, with additional supplemental notes re: the audit findings and recommendations and thanked the auditor for her thorough efforts to assist Public Works divisions, identifying recommendations that will assist the Public Works team.

Questions

- ▶ Are there any questions from City Council or Executive Management regarding this report?