

November 2020



Office of Internal Audit

Why We Did This Audit

This audit was conducted as part of the Office of Internal Audit's Fiscal Year 2020 Audit Plan.

Key Recommendations

- The City Clerk implement procedures to reconcile its bulk trash sticker activity monthly. At any point in time, the reconciliation should indicate how many bulk trash stickers are on hand, which can be verified with a physical inventory.
- The City Clerk store its bulk trash stickers in a locked cabinet when they are not in use and in the vault when the office is closed.
- DPW offer residents the option to purchase bulk trash stickers by mail or online.

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Review of the Department of Public Works Bulk Trash Sticker Program Highlights

Background

The Department of Public Works (DPW) offers bulk trash collection to those residents and properties that pay the City's annual trash fee. Residents can schedule bulk trash pick-up through the City's 3-1-1 call center and purchase a bulk trash sticker to place on a bulk item for \$8.00 and a sticker for an extra trash bag for \$2.00. These stickers can be purchased at the City Clerk at City Hall and at all Big Y supermarkets located in Springfield, East Longmeadow, Longmeadow, Ludlow, and West Springfield.

What We Found

In general, the bulk trash sticker program at DPW is sound. Bulk trash stickers are reconciled, safeguarded, and properly accounted for at both DPW and Big Y. We did, however, note a few of areas that need improvement as follows:

- Bulk trash stickers are neither monitored nor reconciled at the City Clerk.
- Procedures to safeguard bulk trash stickers at the City Clerk could be improved.
- Options to purchase bulk trash stickers could be improved.



Introduction

Chapter 468 of the Acts of 2008 authorizes the Director of Internal Audit to examine the records of the City of Springfield, MA (City or COS) and its departments to prevent and detect waste, fraud and abuse and to improve the efficiency, effectiveness and quality of public services provided in and by the City. In accordance with this legislation, all offices and employees of officers, boards, commissions, agencies and other units of City government are required to comply with requests for information or access to systems and records by the Office of Internal Audit (OIA). The following review aligns the authority and goals of the OIA with those of the City. Specifically, this audit addresses the City's values related to accountability such as integrity, fiscal responsibility and transparent practices. The audit also supports the City's strategic priorities ensuring operational excellence, fiscal health and sustainability in all divisions, departments, programs, and activities.

This report is not intended to be an adverse reflection of the City or of its departments. The intent is for City management to utilize these findings and recommendations to help in making future well-informed strategic decisions while ultimately meeting City objectives.

Background

The Department of Public Works (DPW) offers bulk trash collection to those residents and properties that pay the City's annual trash fee. The curbside bulk trash pickup fee is \$8.00 and \$2.00 for an extra trash bag. Residents can schedule bulk trash pick-up through the City's 3-1-1 call center and purchase bulk trash stickers at the City Clerk at City Hall and at all Big Y supermarkets located in Springfield, East Longmeadow, Longmeadow, Ludlow, and West Springfield. Big Y does not charge a fee to administer the DPW's bulk trash sticker program. Bulk trash sticker sales are recorded in the Trash Enterprise Fund and amounted to \$224,893 in Fiscal Year 2020.

Objectives, Scope, and Methodology

Objectives

The primary objectives of this review were to:

- Determine whether bulk trash stickers were appropriately tracked and inventoried, physically secured, safeguarded from unauthorized access, use or theft, and reconciled regularly,
- Determine whether there were proper segregation of duties in administering the bulk trash sticker sales.

Scope

Our scope included bulk trash sticker activity at DPW, City Clerk, and Big Y for the period July 1, 2020 through August 31, 2020 and Fiscal Year 2020.



Methodology

To accomplish our objective, we performed the following procedures:

- Reviewed relevant records and policies,
- Conducted inventory counts at the City Clerk and at Big Y stores located at St. James Street, Springfield, MA; Cooley Street, Springfield, MA; and East Longmeadow, MA,
- Performed various tests,
- Conducted interviews, and
- Performed other tests deemed as necessary.

Findings and Recommendations

The following are audit findings and their potential risks/impact, recommendations, and management responses to address the weaknesses identified during the audit.



No.	Finding	Finding Description	Potential Risk/ Impact	Recommendation	Management Response
1.	Bulk trash sticker activity is neither monitored nor reconciled at the City Clerk.	We noted that the City Clerk is not adequately monitoring or reconciling its bulk trash sticker activity. Since the City Clerk is not performing reconciliations, the beginning inventory is unknown and tracking of bulk sticker activity is incomplete.	The lack of monitoring and reconciling bulk trash sticker activity increase the risk of bulk trash stickers to be misused, lost, or stolen without detection.	We recommend that the City Clerk reconcile its bulk trash sticker activity monthly. At any point in time, the reconciliation should indicate how many bulk trash stickers are on hand, which can be verified with a physical inventory count. We have provided a Monthly Reconciliation Template for City Clerk to use. See Appendix A.	<p><u>City Clerk</u></p> <p>We agree with the Audit and have taken the following steps:</p> <p>Our office will use a reconciliation template to begin tracking/inventorying the bulk pick up stickers.</p> <p>Beginning November 1, 2020, we will perform a monthly inventory of the stickers performed by Atty. Davis and double checked by Ms. Nelson.</p>
2.	Procedures to safeguard bulk trash stickers at the City Clerk could be improved.	We noted that bulk (yellow) stickers are kept in a folder outside of an employee’s cubicle. Additionally, we noted that the extra trash bag (orange) stickers are kept on a window sill at the City Clerk. According to the City Clerk, these bulk trash stickers are not kept in the vault when the office is closed.	Unsecured bulk trash stickers increase the risk of misuse, loss, and theft.	<p>Since bulk trash stickers have value, i.e., could be converted into cash, their access should be restricted.</p> <p>For expediency for customers and employees, we recommend that the City Clerk place a certain number of stickers out for operating purposes and secure the remaining, unused bulk trash stickers in the office vault. Also, the City Clerk should store</p>	<p><u>City Clerk</u></p> <p>We agree with the Audit and have taken the following steps:</p> <p>Our office has begun storing the stickers for both extra trash bags and bulk pick up in the vault at the end of the night. During the day, only Clerk staff is behind the counter and as stated for expediency and convenience, we will place a specified number (TBD) of both stickers on a counter next to Ms. Nelson’s desk.</p> <p>The log of sequential sticker numbers will be made part of the reconciliation template. We inventory other items in</p>



No.	Finding	Finding Description	Potential Risk/ Impact	Recommendation	Management Response
				<p>the stickers that are out for operating purposes in the vault when the office is closed. A log showing the sequence numbers of the bulk stickers should be kept with the operating stickers.</p>	<p>a similar fashion, so we have examples to use.</p>
<p>3.</p>	<p>Options to purchase bulk trash stickers could be improved.</p>	<p>We noted that bulk stickers are sold at two Big Y stores in Springfield and at the City Clerk. For those residents that live in certain areas of Springfield, like Mason Square, getting to a Big Y store in Springfield takes some effort, if they don't have a car. For example, a resident would have to take two buses get to either Big Y stores located in Springfield from Mason Square; and the journey (to either Big Y stores) could take in excess of an hour. Alternatively, a resident could purchase bulk trash stickers in person at the City Clerk; but in the current Covid-19 operating environment, they would have to make an appointment to do so, which could take up to two weeks or more.</p> <p>We noted certain neighboring communities, such as town of Longmeadow, offer remote options to purchase of a dump pass – a dump</p>	<p>Limiting options to purchase bulk trash stickers could increase the risk of bulk trash to accumulate, creating neighborhood blight, physical injury to people who may come into contact with the bulk trash, and illegal dumping in Springfield Parks.</p>	<p>We recommend that the DPW offer residents the option to purchase bulk stickers by mail or online. For those purchases made by mail, we recommend DPW use an application for residents to complete and mail in to DPW along with the required fees and postage. For the online program, we recommend that DPW work with the City Treasurer to develop a platform for residents to use.</p>	<p><u>Department of Public Works</u></p> <p>We agree with the auditor's suggestion to explore alternative measures to implement additional options for residents to purchase bulk stickers, provided they are logistically and economically feasible.</p>



No.	Finding	Finding Description	Potential Risk/ Impact	Recommendation	Management Response
		pass can be purchased by Longmeadow residents to dispose of their bulk trash – such as, by mail or online. In addition to the added convenience for residence, remote purchases of bulk trash stickers may be preferable, safer in the current Covid-19 environment.			



Appendix A - Monthly Bulk Trash Sticker Activity Reconciliation

City of Springfield, MA

City Clerk

Monthly Bulk Trash Sticker Inventory and Reconciliation

Month:

	(Quantity)		Comments	
	Yellow Stickers	Orange Stickers		
Beginning Inventory				
+ Plus replenishment from DPW				
- Number of sales				
Ending inventory	-	-		
Physical Count				
Difference, if any	-	-		
Signature of Preparer:				Date
Signature of Person Verifying Physical Count:				Date