

**OFFICE OF THE CITY CONTROLLER**



**SOLID WASTE MANAGEMENT DEPARTMENT  
PERFORMANCE REVIEW FOLLOW-UP**

**Sylvia R. Garcia, City Controller**

**Judy Gray Johnson, Chief Deputy City Controller**

**Steve Schoonover, City Auditor**



OFFICE OF THE CONTROLLER  
CITY OF HOUSTON  
TEXAS

SYLVIA R. GARCIA

August 15, 2002

The Honorable Lee P. Brown, Mayor  
City of Houston, Texas

SUBJECT: Solid Waste Management Department-Follow-Up Review  
Performance Review (Report No. 02-06)

Dear Mayor Brown:

The City Controller's Office Audit Division, working jointly with the Administration, has completed a Follow-Up Review of the Solid Waste Management Department Performance Review Report (report) that was issued in April 1999. The findings and recommendations that were presented in the report that was distributed to the Mayor and City Council Members included strategy and planning, service delivery, maintenance functions, and supportive means of the department.

Our review was designed to determine the progress the department has made towards implementation of the recommendations made in the original report. The review consisted primarily of conducting on-site interviews with department personnel and reviewing relevant documentation related to recommendations implemented. The auditors concluded that the Department has made progress in the implementation of recommendations identified in the report or implemented alternative procedures in certain instances.

We appreciate the cooperation extended to our auditors by Department personnel during the course of the work.

Respectfully submitted,

  
Sylvia R. Garcia  
City Controller

xc: City Council Members  
Albert Haines, Chief Administrative Officer  
Oliver B. Spellman, Jr., Chief of Staff, Mayor's Office  
Thomas Buchanan, Director, Solid Waste Management Department  
Philip Scheps, Director, Finance and Administration Department

## CONTENTS

LETTER OF TRANSMITTAL.....	i
SCOPE AND PURPOSE.....	1
CONCLUSION .....	1
FINDINGS, RECOMMENDATIONS & MANAGEMENT RESPONSES-EXHIBIT 1	

## SCOPE AND PURPOSE

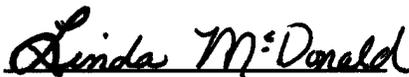
We have completed a follow-up review of the findings and recommendations that were presented in the Solid Waste Management Department Performance Review Report No. 98-29 (report) dated April 7, 1999. Our review, working jointly with the Administration, was designed to determine the progress the department has made towards implementation of the recommendations made to the department in the original report.

The findings and recommendations that were identified in the report that was distributed to the Mayor and City Council Members included strategy and planning, service delivery, maintenance functions, and supportive means of the department.

The review consisted principally of conducting on-site interviews with department personnel; reviewing relevant documentation related to recommendations implemented; and creating a compliance matrix categorizing the status of action taken by management. The scope was limited to the recommendations from the report and the accompanying responses prepared by department management. The review included examining the responses in detail to determine whether management considered the recommendations and strategies for implementation as presented and whether progress was made since issuance of the report.

## CONCLUSION

Based on the results of our review, we conclude the Solid Waste Management Department has made progress in implementation of the recommendations detailed in the report or has implemented alternative procedures in certain instances. Management provided explanations for recommendations not implemented.

  
Linda McDonald  
Auditor-in-charge

  
Rudy Garcia  
Audit Manager

  
Steve Schoonover  
City Auditor

# **EXHIBIT 1**

**CITY OF HOUSTON  
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AUDIT DIVISION  
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AUDIT FINDING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED	MANAGEMENT RESPONSES
<b>STRATEGY AND PLANNING</b>				
Currently, the City provides heavy trash pickup once a month. Neighborhood depositories allow customers to take heavy trash to a collection point four times monthly for subsequent disposal by the department.	The City should study the feasibility of providing heavy trash pickup less frequently (once a quarter) than it currently does and offering supplemental heavy trash service on request. In addition, the City should evaluate the costs and benefits of assessing a fee designed to recover the cost of such on-request heavy trash pickup service.	<b>Not Implemented</b>	Interviewed Solid Waste Management (Management).	Solid Waste Management (Management) stated that KPMG's recommendation was not feasible for a variety of reasons, including: 1) Policy-Makers would have to agree to and vote for a City ordinance revision allowing for quarterly heavy trash pick-up and fees. The possibility of charging fees for trash collection has been discussed with the past three administrations and the proposal has consistently been rejected; 2) Quarterly heavy trash pick-up could cause a public health issue by allowing trash to sit out for long periods of time; and 3) The possibility exists that Solid Waste would need more trash pick-up equipment in order to handle the additional accumulation of heavy trash.
Illegal dumping cost the City of Houston approximately \$600,000 during fiscal year 1997.	Two possible strategies be considered: 1) Increase code enforcement efforts against illegal dumping; and 2) Assess the economic impact of allowing small businesses to use neighborhood depositories rather than risking illegal dumping, since it may be more cost effective to accept heavy trash from small business whereby potentially reducing costs associated with cleaning up illegal dump sites.	<b>Partially Implemented</b>	Interviewed Management and reviewed the Solid Waste Organizational Chart to verify that positions were increased in the code enforcement group.	Management stated that they have rearranged staffing duties to increase the code enforcement group from four to seven. Additionally, in designated areas throughout the City, the Houston Police Department is also assisting us in enforcing code compliance and deterring illegal dumping. It is Management's opinion that the economic impact of allowing small businesses that allowing small businesses to use neighborhood depositories would result in increased costs to the City with no measurable reduction in illegal dumping. Management purports that it is not small businesses that create the illegal dump sites.
The Recycling Division operations are divided into two primary functions, curbside recycling and yard-waste collection. Although recycling results in a net incremental cost to the City, the full environmental benefits of not using existing landfills for reusable items as a result of recycling should be considered. For fiscal year 1999, \$419,000 in disposal cost will be avoided as a result of separate yard-waste collection and composting.	Develop an enhanced educational and marketing program focused at removing yard-wastes from the residential garbage disposed of in landfills through the encouragement of mulching and backyard composting and/or the separate disposal of yard-wastes through the City's yard-waste recycling program.	<b>Partially Implemented</b>	Interviewed Management and reviewed documentation that identifies a 1999 pilot program to test the impact of residential backyard composting.	It is the opinion of Management that educational and marketing programs related to recycling have limited success, and because of this, the Solid Waste Recycling budget is limited. The majority of the City's funding for recycling education comes from the Texas Natural Resource Conservation Commission (TNRCC), through grants. In March 2001, yard-waste collection was transferred from the Recycling Division to the Residential Trash Collection Division. This has resulted in a reduction of man-hours devoted to yard-waste collections (from 32 crews to 19 crews). It has not reduced the disposal costs associated with yard-waste. The City has one pilot program focused on recycling.
The City has the potential of realizing an annual cost savings due to increasing the use of competitively sourced units from the current 32% to 50% of the service area.	Assess the feasibility of competitive sourcing residential garbage collection and service center operations for entire quadrants while retaining ownership of the capital assets and providing for their maintenance. The Department should retain complete operation of at least two quadrants.	<b>Not Implemented</b>	Interviewed Management, and reviewed the Bid Tabs showing the City's bid for providing trash collection services.	Management strongly disagreed with KPMG's recommendation. The City will not allow Contractor's to use City-owned equipment. Bids received for collection services in March 1999 demonstrated that Solid Waste's costs are competitive with the private sector prices and no significant cost savings would be realized by awarding additional contracts.

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<b>SERVICE DELIVERY</b>				
The Department maintains 30% reserves in manpower and equipment in order to meet required daily line-ups. The Department has stated that even with seemingly large reserves, the Department has difficulties meeting line-ups, the cause of which is predominantly personnel shortages.	Develop a system to ensure adequate manpower levels while utilizing special equipment such as automated trucks during peak seasons. Also, assess the feasibility of utilizing a temporary placement service, who has qualified commercially licensed drivers, in conjunction with cross-trained employees from other divisions such as heavy trash personnel in order to meet personnel requirements.	<b>Not Implemented</b>	Interviewed Management.	Management uses unskilled seasonal temporary employees for peak periods. At this time, hiring temporary Commercial Drivers is not an option for the department, as they are in high demand and difficult to recruit. Management continues to cross-train its employees on special equipment, however, if the cross-trained employees/operators of the heavy equipment do not get continued exposure to operating the equipment, the skills are quickly lost. Generally speaking, it is more efficient for the crews to add to their routes in order to cover a manpower shortage, than to try to bring in outside help, or use City cross-trained employees.
One of the significant benefits the Department expects to achieve as a result of complete automation is a reduction in the number of personnel required to deliver services. The Department plans to down-size its work force through several means, including natural attrition and inter-departmental transfers. Initially, the Department will be over-staffed by approximately 26 full-time equivalent employees.	KPMG identified the overstaffing levels currently being absorbed by the Department. Consider the possibility of inter-departmental loaning of personnel. Using a City-wide perspective should enable the City to maximize its use of currently available human resources.	<b>Not Implemented</b>	Interviewed Management and they stated that they do not allow the "loaning" of personnel between departments. We reviewed the Solid Waste 2001 budget to compare the budgeted full time equivalent staffing positions (ftes) for 1998 to 2001. In 1998, Solid Waste had budgeted approximately 700 ftes. For 2001, Solid Waste had 595 ftes authorized.	Natural attrition within the Department has resulted in staff reductions. Currently, the Department has 595 positions authorized with 540 positions filled. Inter-departmental loaning of personnel is not a feasible option for City personnel.
The pre-operation, operating checks, and post-operating vehicle checks required by the Department's standard operating procedures are not consistently being performed.	Require operators to strictly comply with the daily preventative maintenance procedures. Requiring prompt documentation of these procedures serves to ensure that operators are indeed performing the equipment inspections, enhancing operator safety, and maintaining complete vehicle maintenance. As such, the Operator's Daily Report forms should be completed and reviewed to provide an accountability mechanism over operators for compliance with maintenance programs.	<b>Partially Implemented</b>	Interviewed Management and it appears that progress towards the implementation of the recommendation has been made.	Management agrees with the recommendation and progress has been made to ensure consistency in complying with the daily preventative maintenance procedures. The practicality of ensuring strict compliance can be problematical due to a variety of situations that may occur including, but not limited to, occasional manpower shortages, vehicle down-time, and unforeseen weather.
The Department does not standardize its daily operating reports across service centers nor line of service.	Develop and mandate standardized reporting across the organization and link operational reports for improved reporting. Standardizing and linking the Employee Breakdown Reports and Equipment Readiness Reports should provide management with improved reporting mechanisms to enhance analysis of efficient resource allocation between service centers.	<b>Not Implemented</b>	Interviewed Management and reviewed the <i>Equipment Readiness Report</i> for the four City quadrants.	The <i>Equipment Readiness Report</i> and the <i>Employee Breakdown Report</i> are two separate reports. These reports and others are standardized. The reports are used at service center level, <u>not</u> at department level to maximize resource allocation. When necessary, maintenance or collection management use the reports to cross-allocate resources between service centers. The reports are <u>not</u> on line. E-mail is the standard for distribution of these reports.

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SOLID WASTE MANAGEMENT DEPARTMENT  
PERFORMANCE REVIEW FOLLOW-UP**

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The Environmental Planning Section (EP) and operations are involved in developing the routes. EP is charged with developing maps on the Geographic Information System. Each service center develops routes in its area.	Select and implement a routing software (used to develop the most advantageous routes).	<b>Not Implemented</b>	Interviewed Management.	The Department uses the existing Geographical Information System to determine the collection routes. Management determined that the cost of purchasing Routing Software would not present the City with any economic advantage.
The Department collects garbage for the City's facilities including libraries, fire stations, and police substations. Also trailer parks are served by the Department. The number of automated cans to be picked up averages 4.6 for each facility.	Prepare an evaluation of those sites with a high number of trash bins and determine if the Department should consider other methods of trash pickup, including contracting with commercial contractors.	<b>Partially Implemented</b>	Interviewed Management.	Management ceased all solid waste collection services to City facilities. This service was provided to other City departments as a courtesy; therefore, an evaluation of the issue wasn't necessary. The entire issue of trailer park collection is under consideration by City Council Committee.
<b>MAINTENANCE FUNCTIONS</b>				
The GEMS 2000 system does not retain reliable vehicle maintenance history information, resulting from the disabling of certain edit checks during the initial system configuration.	Utilize vehicle maintenance logs which are maintained and kept with the vehicle. The Department has in place a system for scheduling and performing scheduled/preventive maintenance, the integrity and reliability of vehicle maintenance and maintenance data can be enhanced through the use of a vehicle log. Mechanics and operators will have immediate access to the vehicles' maintenance history which also functions as a back-up control to the Department's current manual system and develop a standard preventative maintenance schedule format to ease tracking and improve comparability.	<b>Partially Implemented</b>	Interviewed Management and reviewed the individual vehicle maintenance log kept in each small Department vehicle. The auditor also reviewed the GEMS 2000 system report which tracks all maintenance done on heavy equipment.	Management disagreed with part of this recommendation. A vehicle tracking system for maintenance and repair of the Department's large vehicles and equipment is in place through the use of the GEMS 2000 system, and it is Management's opinion that it functions adequately. Individual vehicle logs are kept with the smaller vehicles.

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AUDIT DIVISION  
SOLID WASTE MANAGEMENT DEPARTMENT  
PERFORMANCE REVIEW FOLLOW-UP**

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<b>SUPPORTIVE MEANS</b>				
Refuse disposal and contract/sponsorship costs are included in administrative costs for budgeting and financial reporting purposes.	Landfill costs are direct costs related to the Department's primary mission and should be included in Collections (Organization Code 1200) or reported separately. Reclassifying these costs out of administration would improve reporting and consistency with generally accepted accounting principles.	<b>Implemented</b>	Interviewed Management, and reviewed 2001 Budget.	The landfill costs are reported separately in Organization 1110.
Discussions with management indicate that the Code Enforcement Section within the Collections Division and Contract Compliance Officers within Internal Review Section perform basically the same functions of enforcing City codes, acting as community liaisons, and ensuring collection performance. The distinguishing factor is the Internal Review Section monitors the areas served by private contractors while the Code Enforcement Section monitors those areas served by the Department personnel.	Combine the Internal Review and Code Enforcement Sections and realize a reduction in the administrative staffing in the combined unit.	<b>Partial Implementation</b>	Interviewed Management and reviewed the Solid Waste 2001 Budget.	The Internal Review section was comprised of contract monitors <u>and</u> the department's internal audit section. When we combined contract monitoring and code enforcement, the requirement for internal audit remained; therefore, this part of the Internal Review Section was <u>not</u> eliminated. Citizen and Council demand for additional code enforcement has actually resulted in a greater than 25% increase in employees where were transferred in <u>as other</u> functions were eliminated.
Invoice processing seems to be inefficient, since invoices pass through too many hands and stages of review. In addition, a Data Entry sheet is manually prepared which duplicates the Purchase Order information.	Improve the process by logging the invoice as it is date stamped. Also the Data Entry sheet can be eliminated, since the clerk that enters the invoice into the ADPICS can match the information to the purchase order and verify mathematical accuracy, thereby eliminating one level of the Senior Account Clerk review.	<b>Not Implemented</b>	Interviewed Management.	Management disagreed with this recommendation, and did not revise the invoice review process; they stated that a minimum review process by three persons is appropriate and necessary.
The Department receives truck reports from tipping vendors. Such reports include details of waste disposal activity and support the vendors invoices. The reports are input to a data base that takes approximately 60 hours of labor monthly.	Obtain the Truck Report data in an electronic format to enable importing such data directly into the traffic management database to improve data accuracy and reduce required staff time for database management.	<b>Not Implemented</b>	Interviewed Management.	Management has approached the Contractors about receiving the Truck Report data in electronic format. The Contractors are unable to provide such reports.
A comparison of the compositions of the Department's Payroll Section to other Department's and other governmental entities indicates that the Department may be over-staffed.	Assess the feasibility of reducing payroll section staffing as the Department's personnel levels decrease as projected.	<b>Implemented</b>	Interviewed Management.	The Department has reduced the payroll section staffing. There is currently an "administrative supervisor" that supervises the payroll section and there are only two "senior payroll clerks". An employee with the job title of "payroll supervisor" was not then and is not currently in the payroll section. An attempt was made to change this employee's job title this budget fiscal year, when City Administration announced a hiring freeze. The hiring freeze also included employee promotions. There was also an employee with the job title "senior payroll clerk" that was not in the payroll section at the time of the review. This employee's job title was changed in 1999.

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<p>The Department currently has a seat on the Houston Galveston Area Council Grant Funding Committee and has been able to secure substantial grant funding relative to other Texas municipalities. Discussion with Department personnel reveal that the employee charged with researching and staying current on federal and state grant opportunities is primarily charged with other responsibilities, and has expressed that she has no previous experience nor sufficient training in the area.</p>	<p>Provide the necessary resources (one full-time equivalent employee) to ensure the Department has resources focused on grant research, writing and compliance.</p>	<p><b>Not Implemented</b></p>	<p>Interviewed Management.</p>	<p>Management does not agree with this recommendation. The number of grants available to Solid Waste do not justify the need for a full-time employee. Most of the grant money that Solid Waste could receive comes from the Texas Natural Resource Conservation Commission (TNRCC), and these grants are relatively small.</p>

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PERFORMANCE REVIEW FOLLOW-UP

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<b>STRATEGY AND PLANNING</b>				
<p>Currently, the City provides heavy trash pickup once a month.</p>	<p>1-1 The City should study the feasibility of providing heavy trash pickup less frequently (once a quarter) than it currently does and offering supplemental heavy trash service on request. In addition, the City should evaluate the costs and benefits of assessing a fee designed to recover the cost of such on-request heavy trash pickup service.</p>	<p><b>Not Implemented</b></p>	<p><i>11/5/01: Initial Interview with Annette Booker: She stated this recommendation was not one to be made by Solid Waste Management. A decision like this was a policy decision to be made by the Mayor and/or City Council.</i>  11/6/01: INTERVIEW WITH DAN GUTIRREZ, CAROL FRANCIS, DAN CONTRERAZ: THE POSSIBILITY OF A SURCHARGE FOR HEAVY TRASH PICK-UP HAS BEEN DISCUSSED WITH THE ADMINISTRATION, BUT THE POLICYMAKERS WILL NOT CONSIDER CHARGING A FEE.  11/7/01: Interview with Charles Ross: He expanded the reasons as to why quarterly trash pick-up was not feasible. He explained that the City would need more equipment and workers to perform quarterly heavy trash pick-up, due to the fact that there would be more trash to pick up.</p>	

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<p>Illegal dumping cost the City of Houston approximately \$600,000 during fiscal year 1997.</p>	<p><b>1-2</b> Illegal dumping is a public concern that cost citizens approximately \$600,000 during fiscal year 1997. KPMG recommends 2 possible strategies to be considered: 1) Increase code enforcement efforts against illegal dumping; and 2) Assess the economic impact of allowing small businesses to use neighborhood depositories rather than risking illegal dumping, since it may be more cost effective to accept heavy trash from small business whereby potentially reducing costs associated with cleaning up illegal dump sites.</p>	<p><b>Partially Implemented</b></p>	<p>11/6/01: INTERVIEW WITH DAN GUTIRREZ, CAROL FRANCIS, DAN CONTRERAZ: THE DEPARTMENT HAS IMPLEMENTED THE FIRST RECOMMENDATION OF INCREASING CODE ENFORCEMENT EFFORTS BY INCREASING STAFF. THE SECOND RECOMMENDATION OF ALLOWING BUSINESSES TO USE NEIGHBORHOOD DEPOSITORIES HAS BEEN VERBALLY DISCUSSED WITH POLICYMAKERS/MANAGEMENT. THIS RECOMMENDATION WOULD REQUIRE AN ORDINANCE CHANGE.</p>	
<p>The Recycling Division operations are divided into two primary functions, curbside recycling and yard-waste collection. Although recycling results in a net incremental cost to the City, the full environmental benefits of not using existing landfills for reusable items as a result of recycling should be considered. For fiscal year 1999, \$419,000 in disposal cost will be avoided as a result of separate yard-waste collection and composting.</p>	<p><b>1-3</b> We recommend the Department develop an enhanced educational and marketing program focused at removing yard wastes from the residential garbage disposed of in landfills through the encouragement of mulching and backyard composting and/or the separate disposal of yard wastes through the City's yard waste recycling program.</p>	<p><b>Not Implemented</b></p>	<p>11/5/01: <i>Initial Interview with Annette Booker: She stated this recommendation was tried on a test basis in one or two neighborhoods. It was a total failure because the customers complained for a variety of reasons, including the smell, and the vermin that collected due to the mulching and composting.</i></p> <p>11/7/01: <i>Interview with Edward T. Chen: He stated that he is in complete agreement with KPMG's recommendation. He stated that there could be significant savings to the City if yard waste management could be implemented, but the funding is not available in the budget. 30% of the garbage collected is yard waste. In order to carry out this recommendation, there needs to be a great deal of public education, and that takes grant money. There is no full-time employee to request grant money, and therefore, his division is stuck. (see 4-6)</i></p>	

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The City has the potential of realizing an annual cost savings due to increasing the use of competitively sourced units from the current 32% to 50% of the service area.	<b>1-4</b> We recommend the City assess the feasibility of competitive sourcing residential garbage collection and service center operations for entire quadrants while retaining ownership of the capital assets and providing for their maintenance. The Department should retain complete operation of at least two quadrants.	<b>Not Implemented</b>	11/5/01: <i>Initial Interview with Annette Booker: She stated this recommendation was completely rejected by Solid Waste management. The City would never consider outsourcing 50% of its collections whereby the vendor uses City equipment. .</i>	
	<b>1-5</b> The Department planned to open additional transfer stations and make available more privately-held landfills which should address the limited number of tipping sites currently available.	<b>Implemented</b>	11/6/01: INTERVIEW WITH DAN GUTIRREZ, CAROL FRANCIS, DAN CONTRERAZ: THE DEPARTMENT HAS ADDED TWO ADDITIONAL TRANSFER STATIONS FOR A TOTAL OF THREE OPERATIONAL STATIONS. THE CITY OWNS THEM, AND THEY ARE OPERATED HAS IN OPERATION A TOTAL OF THREE TRANSFER STATIONS. HAS IMPLEMENTED THE FIRST RECOMMENDATION OF INCREASING CODE ENFORCEMENT EFFORTS BY INCREASING STAFF. THE SECOND RECOMMENDATION OF ALLOWING BUSINESSES TO USE NEIGHBORHOOD DEPOSITORIES HAS BEEN VERBALLY DISCUSSED WITH THE POLICY MAKERS (THE MAYOR AND/OR CITY COUNCIL), BUT THE IDEA WAS REJECTED.	
	<b>1-6</b> The Department completed full implementation of automated residential garbage collection service for residential units served directly by the Department by September 1, 1998. The Department expects to realize approximately \$4.3 million in annual recurring savings.	Determine if the savings have been realized.	11/5/01: <i>Initial Interview with Annette Booker: She stated that the savings of \$4.3 million was a number that KPMG surmised, and it was not a savings quoted by Solid Waste. Get further information from Mr. Buchanan</i>	

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	<p><b>1-7</b> The Department is currently pilot testing a combined service delivery concept ("One Call"). The pilot program commenced on July 1, 1988, and is scheduled for one year through June 30, 1999. The program provides for the servicing of 16,000 residential units in the Northwest quadrant of the City. Preliminary results indicate a reduction in employee over-time and absenteeism while customer satisfaction and employee morale has improved. The Department is considering expansion of the program to 32,000 residential units beginning July 1, 1999.</p>	<p>Determine if the additional residential units have been added.</p>	<p><i>11/5/01: Initial Interview with Annette Booker: She stated that a total of three "One Call" areas are in existence. Get further information from Mr. Charles Ross.</i></p>	
	<p><b>1-8</b> The Department negotiated new disposal contracts (effective July 1998) with more beneficial terms than the previous contract. This should result in cost savings.</p>	<p>Determine if the new contract has delivered savings.</p>	<p><i>11/5/01: Initial Interview with Annette Booker: She stated there were no cost savings to her knowledge, but we needed to ask Mr. Buchanan.</i></p>	

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SERVICE DELIVERY				
<p>The Department maintains 30% reserves in manpower and equipment in order to meet required daily line-ups. The Department has stated that even with seemingly large reserves, the Department has difficulties meeting line-ups, the cause of which is predominantly personnel shortages.</p>	<p><b>2-1</b> KPMG identified the need to develop a system to ensure adequate manpower levels while utilizing special equipment such as automated trucks during peak seasons. KPMG recommends the Department assess the feasibility of utilizing a temporary placement service, who has qualified commercially licensed drivers, in conjunction with cross-trained employees from other divisions such as heavy trash personnel in order to meet personnel requirements.</p>			
<p>One of the significant benefits the Department expects to achieve as a result of complete automation is a reduction in the number of personnel required to deliver services. The Department plans to down-size its work force through several means, including natural attrition and inter-departmental transfers. Initially, the Department will be over-staffed by approximately 26 full-time equivalent employees.</p>	<p><b>2-2</b> <b>KPMG identified the overstaffing levels currently being absorbed by the Department KPMG recommends the possibility of inter-departmental loaning of personnel. Using a City-wide perspective should enable the City to maximize it use of currently available human resources.</b></p>			

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<p>The pre-operation, operating checks, and post-operating vehicle checks required by the Department's standard operating procedures are not consistently being performed.</p>	<p><b>2-3</b> We recommend the Department require operators to strictly comply with the daily preventative maintenance procedures. Requiring prompt documentation of these procedures serves to ensure that operators are indeed performing the equipment inspections, enhancing operator safety, and maintaining complete vehicle maintenance. As such, the Operator's Daily Report forms should be completed and reviewed to provide an accountability mechanism over operators for compliance with maintenance programs.</p>			
<p>The Department does not standardize its daily operating reports across service centers nor line of service.</p>	<p><b>2-4</b> We recommend the Department develop and mandate standardized reporting across the organization and link operational reports for improved reporting. Standardizing and linking the Employee Breakdown Reports and Equipment Availability Reports should provide management with improved reporting mechanisms to enable efficient resource allocation.</p>			
<p>The Environmental Planning Section (EP) and operations are involved in developing the routes. EP is charged with developing maps on the Geographic Information System. Each developing routes in its area.</p>	<p><b>2-5</b> <b>KPMG recommends the Department select and implement a routing software (used to develop the most advantageous routes).</b></p>			

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The Department collects garbage for the City's facilities including libraries, fire stations, and police substations. In addition, a number of trailer parks are served by the Department.	<b>2-6</b> Prepare an evaluation of those sites with a high number of trash bins and determine if the Department should consider other methods of trash pickup, including contracting with commercial contractors.			
	<b>2-7</b> In January 1998, the Maintenance Division began cross-training its employees in order to maximize utilization, achieve further downsizing through attrition and demonstrate efficient just-in-time staffing method.	Determine if Solid Waste continues to cross-train its employees.	11/5/01: Initial Interview with Annette Booker: She stated that she thought this was implemented, <b>but we needed to ask Mr. Andrew Contrerez.</b>	
	<b>2-8</b> The Department has plans to utilize the bar-coding capability of GEMS 2000 system, which would improve the efficiency for charging vehicle parts and labor to work orders.	Determine if Solid Waste has begun using the bar-coding system. In addition, determine if Solid Waste has a work order system in place.		
<b>MAINTENANCE FUNCTIONS</b>				
The GEMS 2000 system does not retain reliable vehicle maintenance history information, resulting from the disabling of certain edit checks during the initial system configuration.	<b>3-1</b> KPMG recommends the Department utilize vehicle maintenance logs which are maintained and kept with the vehicle. The Department has in place a system for scheduling and performing scheduled/preventive maintenance, the integrity and reliability of vehicle maintenance and maintenance data can be enhanced through the use of a vehicle log. Mechanics and operators will have immediate access to the vehicles' maintenance history which also functions as a back-up control to the Department's and develop a standard preventative maintenance schedule format to ease tracking and improve comparability.			

**CITY OF HOUSTON  
OFFICE OF THE CITY CONTROLLER  
AUDIT DIVISION  
SOLID WASTE DEPARTMENT  
PERFORMANCE REVIEW FOLLOW-UP**

AUDIT FINDING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED	SOLID WASTE RESPONSES
<b>SUPPORTIVE MEANS</b>				
Refuse disposal and contract/sponsorship costs are included in administrative costs for budgeting and financial reporting purposes.	<b>4-1</b> Landfill costs are direct costs related to the Department's primary mission and should be included in Collections (Organization Code 1200) or reported separately. Reclassifying these costs out of administration would improve reporting and consistency with generally accepted accounting principles.	<b>Implemented</b>	11/5/01: Initial Interview with Annette Booker: She stated the costs had been reclassified as recommended by KPMG. (See departmental budget) <b>Speak with Dan Gutierrez</b>	
Discussions with management indicate that the Code Enforcement Section within the Collections Division and Contract Compliance Officers	<b>4-2</b> Combine the Internal Review and Code enforcement Sections and realize a reduction in the administrative staffing in the combined unit.	<b>Partial Implementation</b>	11/5/01: Initial Interview with Annette Booker: She stated the that the two departments were combined, but that no staff reductions were realized. <b>Speak with Dan Gutierrez</b>	
Invoice processing seems to be inefficient, since invoices pass through too many hands and stages of review. In addition, a Data Entry sheet is manually prepared which duplicates the Purchase Order information.	<b>4-3</b> The process can be improved by logging the invoice as it is date stamped. Also the Data Entry sheet can be eliminated, since the clerk that enters the invoice into the ADPICS can match the information to the purchase order and verify mathematical accuracy, thereby eliminating one level of the Senior Account Clerk review.	<b>Not Implemented</b>	11/5/01: Initial Interview with Annette Booker: She stated this recommendation was not implemented as far as she knew, but we <b>should get further information from Mr. Dan Gutierrez or Carol; Francis.</b>	
The Department receives truck reports from tipping vendors. Such reports include details of waste disposal activity and support the vendors invoices.	<b>4-4</b> Obtain the Truck Report data in an electronic format to enable importing such data directly into the traffic management database to improve data accuracy and reduce required staff time for database management.		11/5/01: Initial Interview with Annette Booker: She stated this recommendation was not implemented as far as she knew, but we <b>should get further information from Mr. Dan Gutierrez or Carol; Francis.</b>	
A comparison of the compositions of the Department's Payroll Section to other Department's and other governmental entities indicates that the Department may be over-staffed.	<b>4-5</b> <b>KPMG recommends the Department assess the feasibility of reducing payroll section staffing as the Department's personnel levels decrease as projected.</b>	<b>Not Implemented</b>	11/5/01: Initial Interview with Annette Booker: She stated this recommendation was not implemented. Annette also stated that KPMG's recommendation was based on misinformation, and the payroll clerk position is in title only. The "payroll clerk" doe no payroll duties. is but we <b>should get further information from Mr. Chang.</b>	

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AUDIT FINDING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED	SOLID WASTE RESPONSES
<p>The Department currently has a seat on the Houston Galveston Area Council Grant Funding Committee and has been able to secure substantial grant funding relative to other Texas municipalities. Discussion with Department personnel reveal that the employee charged with researching and staying current on federal and state grant opportunities is primarily charged with other responsibilities, and has expressed that she has no previous experience nor sufficient training in the area.</p>	<p><b>4-6 KPMG recommends the Department provide three necessary resources (one full-time equivalent employee) to ensure the Department has resources focused on grant research, writing and compliance.</b></p>		<p><i>11/5/01: Initial Interview with Annette Booker: She stated she did not think this recommendation was implemented, but we <b>should get further information from Mr. Chang.</b></i></p>	