
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of Solid Waste Management Department

Organics Recycling Program

Project No. AU22-042

May 9, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Solid Waste Management Department (SWMD), specifically the Organics Recycling Program. The audit objectives, conclusions, and recommendations follow:

To determine if key components for the City's Organics Recycling Program are accurately monitored, supported, and reported.

We determined that key components for the City's Organics Recycling Program are accurately monitored, supported and reported. SWMD has appropriate contract monitoring procedures to ensure the contractor is meeting contractual requirements. Outreach efforts are ongoing to educate residents and communities over the Organics Recycling Program. Additionally, SWMD has effective controls to confirm completion of required safety training. Also, sufficient safety procedures, necessary safety protocols and facility security measures are in place. Lastly, procedures are in place to ensure accurate invoicing and payments to the contractor.

We make no recommendations to the Solid Waste Management Department; consequently, no management responses are required. Management's acknowledgement of audit results is in Appendix B on page 7.

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Background

The Solid Waste Management Department's (SWMD) mission is to provide reliable collection and sustainable services to the community, safely and professionally, while protecting San Antonio's environment, resources, and the health of its citizens.

SWMD began the Organics Recycling Program in 2011 as a major strategy to divert waste from the landfill and increase recycling in the community. The organic materials are collected from the green carts (64-gallon or 96-gallon) by SWMD crews using automated equipment and delivered to a contractor to process the material into compost. During FY 2021, SWMD collected 199,525 tons of organic matter from the 368,558 single-family households the department serves.

On January 1, 2021, SWMD entered a 10-year contract that may be extended for two additional one-year extension periods, with Atlas Organics. Atlas was selected for their sorting system using robotics and artificial intelligence that promised to accept all loads despite contamination with non-organic material. By utilizing this sorting system within the recycling program, no loads are rejected, and the amount of waste recycled rather than sent to the landfill rose to 40%. In the future, SWMD will focus on increasing the diversion of organic materials.

The City of San Antonio has allocated \$5,828,749 in funding for Atlas Organics to design and construct an organic material processing facility and install the equipment to run the facility at the City's Nelson Garden Brush Recycling Center. The equipment and facility will ultimately become City property after contract expiration.

Audit Scope and Methodology

The audit scope was from October 2020 through October 2021.

We interviewed SWMD staff and management to obtain an understanding of operational and financial reconciliation processes. Additionally, we reviewed federal and state requirements cited in the contract, relied on City ordinances, and departmental policies and procedures to determine if the Organics Recycling Program is accurately monitored, supported, and reported.

We visited Nelson Gardens Brush Recycling Center to observe safety standards stated within the contract and reviewed training records for SWMD Organics drivers. We reviewed the Contract Administration Plan (CAP) and supporting documents on file, such as Atlas' insurance certificates, performance bond, scale certification and safety plan, to verify compliance with key contract requirements. We reviewed the organics cart inspection process and education efforts provided to residents by SWMD to assist with lower contamination rates. Additionally, we performed tests over invoices billed by the contractor for accuracy.

We relied on computer-processed data in the SAP to validate the invoice amounts billed by Atlas Organics. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included verifying the invoice amount was adequately supported. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

A. Safety Training & Protocols

SWMD has adequate procedures to address training and safety. We reviewed a list of 44 Organics drivers and confirmed that although 73% of Organics drivers did not complete Professional Truck Driver training due to the Covid-19 pandemic, they do hold CDL licenses which are required to operate the organics trucks. Training has since resumed on March 9, 2022. We also reviewed SWMD's Standard Operating Procedures for the Organics Recycling Program and confirmed it is up to date and thorough in its description of safety processes related to the collection and delivery of organic materials to Atlas Organics.

We conducted a site visit at the Nelson Gardens Brush Recycling Center and observed the signage present was adequate. Since January 1, 2021, the beginning of the Atlas Organics contract, there have been no reportable injuries or illnesses. SWMD has the Atlas Fire Prevention and Response Plan on file and Atlas stores organic material in compliance with Texas Commission On Environmental Quality (TCEQ) requirements.

Recommendations

None.

B. Insurance, Bonds, and Permits

SWMD maintains a Contract Administration Plan (CAP) that monitors contractual obligations stated in the contract. The insurance and performance bond meet contract requirements and all necessary permits required by state/federal regulation have been obtained and are kept on file.

Recommendation

None.

C. Program Marketing Efforts

SWMD provides sufficient marketing and advertising efforts of the Organics Recycling Program. We reviewed pamphlets and fliers provided by SWMD management and gained an understanding about the community outreach efforts

SWMD provides to residents. We also verified that information on the City's website pertaining to the Organics Recycling Program is correct.

Recommendation

None.

D. Scale Maintenance

We verified that the truck scales are inspected and calibrated annually by a third party. Additionally, we selected a sample of SWMD organics trucks and verified that the tare weights, the total weight when vehicle is empty, have not been modified since their in-service date. Finally, we reviewed the list of users with access to modify vehicle tare weights for appropriateness.

Recommendation

None.

E. Fee Collection

Fees are charged to customers who place unaccepted or contaminated items in organics carts. We verified that SWMD inspects the contents of organics carts before trucks collect the materials. Additionally, organics carts are removed from those address that are repeat offenders, however, these customers are not being fined due to the Covid-19 pandemic.

We reviewed a listing of FY21 and FY22 (to date) addresses where bins were considered "contaminated" and verified that addresses were removed from the program due to repeat offenses.

Recommendation

None.

F. Physical Security

We conducted a site visit to the Nelson Garden Brush Recycling Center to verify the facility is secured before and after hours of operation. Additionally, we verified that security cameras at the Nelson Garden Brush Recycling Center weighing station were functional and facing the appropriate direction.

Recommendation

None.

G. Invoice Reconciliation

SWMD has a sufficient reconciliation process in place to ensure that invoices billed by Atlas Organics are correct prior to the authorization of payment by the City. We reviewed 3 monthly invoices from FY 2021 and determined they reconciled with supporting documentation.

Recommendation

None.

Appendix A – Staff Acknowledgement

Gabriel Trevino, CISA, Audit Manager
Sophia Konstantinidis, Auditor in Charge
Loretta Faxlanger, Auditor

Appendix B – Management Acknowledgement



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

April 4, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Audit of Solid Waste Management Department
Organics Recycling Program

Solid Waste Management Department has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Solid Waste Management Department:




Fully Agrees



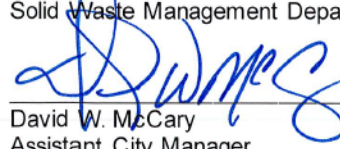
Does Not Agree (provide detailed comments)

Sincerely,


David Newman

Director
Solid Waste Management Department


Date


David W. McCary
Assistant City Manager
City Manager's Office


Date