



Audit of Personnel-Related Practices in the Department of Sanitation Services

July 23, 2024

Mark S. Swann, City Auditor

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Executive Summary

Objective and Scope

The objective of this audit was to determine if the Department of Sanitation Services has clearly defined administrative and operational procedures relating to its drivers.

The scope of the audit was from July 1, 2021, through June 30, 2023.

Recommendations

Management should:

- Establish Department of Sanitation Services-specific written procedures to address practices for:
 - Disciplinary action
 - Route/Worker observations
 - Suspension of driver privileges
 - Driver assignments
 - Employee training and maintenance of training records
 - Wearing and tracking of uniforms
 - Tracking of *Acknowledgement of Sanitation Vehicle Surveillance Directive* forms
- Establish procedures to ensure compliance with all A & Associates, Inc. contract terms.

Background

The Department of Sanitation Services provides weekly recycling and garbage collection and monthly brush and bulky item collection to over 250,000 single-family homes and duplexes. Commercial and multi-family properties may choose collection services from the Department of Sanitation Services or from a private solid waste hauler that is authorized to conduct business within the City.

Budgeted operating expense and revenue are \$153,910,883 and \$152,709,535 respectively for FY 2023-24 with 690.12 full-time equivalent employees.

Observed Conditions

There is a general lack of Department of Sanitation Services – specific written administrative and operational procedures relating to drivers. After the conclusion of the audit period, the Department of Sanitation Services issued a *Sanitation Operations Handbook* that generally establishes employee expectations. However, it does not include all the internal controls needed to ensure compliance with the expectations detailed in the Handbook.

There is a lack of monitoring of the temporary staffing contract.

Objectives and Conclusions

1. Does the Department of Sanitation Services have clearly defined administrative and operational procedures relating to its drivers?

No. The Department of Sanitation Services generally does not have written administrative and operational procedures relating to its drivers, and its recordkeeping with respect to its drivers is incomplete. This condition was observed for the audit period July 1, 2021, through June 30, 2023. After the conclusion of the audit period, the Department of Sanitation Services issued a *Sanitation Operations Handbook* that generally establishes employee expectations. However, it does not include all the internal controls needed to ensure compliance with the expectations detailed in the Handbook. (See [Observation A](#)).

Audit Results

Both *City Council Resolution 88-3428* and Administrative Directive 4-09, *Internal Control*, prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Lack of Department of Sanitation Services – Specific Written Procedures

The *Department of Sanitation Handbook*, effective October 2, 2023, generally establishes employee expectations. However, it does not include all internal controls needed for management to ensure employees comply with the expectations detailed in the *Department of Sanitation Handbook*. The lack of internal controls in existing written procedures and a complete set of records increases the risk of inconsistency with respect to the following:

- Disciplinary Actions – Documentation provided by the Department of Sanitation Services did not show where seven employees that received disciplinary action (suspension) served the assigned disciplinary action.
- Route/Work Driver Observations (in cab and follow along) – Documentation provided by the Department of Sanitation Services indicated only 349 of the required 482 route/work driver observations were documented (72 percent). Also, of the 38 drivers that had been disciplined and were still employed by the Department of Sanitation Services that were interviewed, 17 indicated not receiving route/work driver observations (44.7 percent).

- Suspension of Driver Privileges – Not all Department of Sanitation Services drivers that should have had their driving privileges suspended, per *Administrative Directive 3-03*, received a suspension of their driving privileges.¹
- Driver assignments – There is no standardized procedure for the assignment of equipment, trucks, overtime, and other work when there is no truck available to drivers.
- Maintenance of Training Records – There is no standardized process or centralized repository for tracking and maintaining all driver-related training records. The Department of Sanitation Services' local districts did not maintain records recording the training completed by drivers. Training records related to environmental and safety issues were available and documented, but other driving-related training records were not maintained.
- Employee Training after New Employee Training – Drivers in the Department of Sanitation Services are provided with training in their initial six-month probationary period. However, there is no selection process for drivers that have accumulated one or more incident points to attend subsequent driver related training, including the Smith System (driver safety training). Of the 38 drivers interviewed that had been disciplined and were still employed by the Department of Sanitation Services, 26 indicated not receiving additional training beyond their initial probationary period (68.4 percent).
- Wearing of Uniform – Of the 37 drivers eligible for a uniform interviewed that had been disciplined and were still employed by the Department of Sanitation Services, eight were not wearing the required uniform at the time of the interview (21.6 percent).
- Tracking City of Dallas Uniforms – The Department of Sanitation Services does not track the number of uniforms delivered and picked up by the vendor and, instead, they rely on the numbers provided by the vendor.
- Tracking of Acknowledgement of Sanitation Vehicle Surveillance Directive – Only 3 of the 48 requested *Acknowledgement of Sanitation Vehicle Surveillance Directive* forms were provided (6.25 percent).

¹ On July 28, 2023, the City issued a revised version of *Administrative Directive 3-03*. Although the version of *Administrative Directive 3-03* that was in effect during this audit period required the suspension of employees' driving privileges in certain circumstances, the revised Administrative Directive made the suspension of driving privileges discretionary.

Criteria

- ❖ Standards for Internal Control in the Federal Government:

Principle 10 – Design Control Activities

Assessed Risk Rating:

High

We recommend the **Director of Sanitation Services**:

A.1: Ensure written procedures include appropriate internal controls needed to address the practices identified in this Observation.

Observation B: Temporary Staffing Contract Monitoring

The A & Associates, Inc. contract is not properly monitored to ensure the following contract terms are met:

- Certification of temporary worker's authorization to work in the United States.
- Certification of temporary worker's negative pre-employment drug test.
- Background checks – Lack of certifications letters at time temporary workers begin performing work for the City of Dallas. Possible lack of complete background checks.
- Onsite supervision – Lack of a supervisor at each location.
- Lack of temporary worker identification card - Interviews indicated that work-related ID cards were not issued.
- Lack of standard uniform.

Criteria

- ❖ Standards for Internal Control in the Federal Government:

Principle 10 – Design Control Activities

Assessed Risk Rating:

High

We recommend the **Director of Sanitation Services**:

B.1: Establish procedures to ensure all A & Associates, Inc. contract terms are followed.

Appendix A: Background and Methodology

Background

The Department of Sanitation Services was established as an Enterprise Fund in Fiscal Year 2015-16 to be more consistent with other municipalities and require it to be self-supporting from residential and commercial fees, and cash customers using their collection and disposal services.

The Department of Sanitation Services' mission statement is:

Operate a clean, green, and efficient integrated solid waste management system for the residents of Dallas while supporting the City's vision to achieve a sustainable future. Our vision is to be a best-in-class and resilient integrated solid waste management agency, continually advancing progress toward Zero Waste, in alignment with the City's Comprehensive Environmental and Climate Action Plan.

Department of Sanitation Services' goals related to this audit are as follows:

- Establish and implement innovative operational best practices to provide efficient, cost effective, and environmentally responsible service.
- Implement additional fleet resources and improve equipment availability.

The Department of Sanitation Services operates two divisions with distinct areas of business for the public: Sanitation Collections Operations Division and Sanitation Post-Collection Operations Division. The Collections Operations Division performs the garbage and brush pickups and has face-to-face contact with the public. The Post-Collection Division operates the landfill-side of the business. Operations and procedures for these Divisions differ from one another.

The Department of Sanitation Services has approximately 500 employees and 200 temporary workers. The temporary workers are not a substitute for employees. The Collections Operations Division uses a staffing agency to obtain temporary workers with the specific labor task of riding on the back of the garbage trucks to pick up the garbage. The Department of Sanitation Services utilizes temporary workers due to high turnover in this role.

During the audit scope (December 5, 2022) the Department of Sanitation Services revised the collection routes, which increased the required number of daily collection trucks from 127 to 148. The collection routes were revised to a 5-day from a 4-day work week and collection schedule. The purpose of the revision was to give the employees a better quality of life and to provide the Department of Equipment and Fleet Maintenance more time to repair and perform preventative maintenance on the trucks.

[Exhibit 1](#) gives the revenues and expenses during the audit scope.

Exhibit 1:

Department of Sanitation Services Revenue and Expenses During the Audit Scope

Fiscal Year	Revenues	Expenditures
2021-22 Actual	\$144,066,996	\$140,667,598
2022-23 Adopted	145,369,518	143,785,140
2022-23 Forecast	147,534,865	143,785,140
2023-24 Budget	152,709,535	153,689,531

Source: City of Dallas Fiscal Year 2023 -24 Adopted Budget Financial Summaries
Sanitation Services

Methodology

The audit methodology included:

1. Interviewing personnel from:
 - Department of Sanitation Service
 - Office of Risk Management
 - Equipment and Fleet Management Department
2. Reviewing policies and procedures, the *Texas Local Government Code*, applicable Administrative Directives, and best practices.
3. Performing various analyses.

In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

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 upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Keith Maddox, MBA, CIA, CGAP – In-Charge Auditor
Rory Galter, CPA – Engagement Manager
Brandon Boykin, MBA, Auditor

Appendix B: Management's Response

Memorandum



DATE: July 17, 2024

TO: Mark S. Swann – City Auditor

SUBJECT: Response to Audit of Personnel-Related Practices in the Department of Sanitation Services

This letter acknowledges the City Manager's Office received the *Audit of Personnel-Related Practices in the Department of Sanitation Services* and submitted responses to the recommendations in consultation with the Department of Sanitation Services.

The Department of Sanitation Services is committed to operating a clean, green, and efficient integrated solid waste management system for the residents of Dallas while supporting the City's vision to achieve a sustainable future. The Department of Sanitation Services recognizes the essential role stakeholders, including residents, employees, temporary staff, and vendors, play in helping to ensure the department realizes its mission and goals.

The Department of Sanitation Services has been actively working to strengthen its written administrative and operational procedures, including creating a *Sanitation Operations Handbook* to guide employees on expectations. The Department of Sanitation Services is committed to continuing to enhance its processes.

Specifically, The Department of Sanitation Services will:

- Further strengthen its existing Sanitation Operations Handbook by developing supplemental procedures that integrate appropriate internal controls for the processes identified by the auditors; and
- Develop a process for ensuring vendors fulfill key contract terms, such as those specifically identified in the recommendation.

Sincerely,


Kimberly Bizer-Tobert (Jul 19, 2024 11:01 CDT)

Kimberly Bizer Tobert
City Manager (I)

C: Jack Ireland, Chief Financial Officer
Alina Ciocan, Assistant City Manager
Clifton Gillespie, Department of Sanitation Services, Director

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Assessed Risk Rating	Recommendations	Concurrence and Action Plans		Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Director of Sanitation Services:				
	A.1: Establish written procedures to address the practices identified in Observation A .	Agree	The Department of Sanitation Services will further strengthen its existing Sanitation Operations Handbook by developing supplemental procedures that integrate appropriate internal controls for the processes identified by the auditors.	6/30/2025	12/31/2025
	B.1: Establish procedures to ensure all contract terms are followed.	Agree	The Department of Sanitation Services will develop a process for ensuring vendors fulfill key contract terms, such as those specifically identified in the recommendation.	12/31/2024	6/30/2025