

Recycling Center Billing & Cash Receipts Business Process Review



Town of Trumbull



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Office of Internal Audit

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Executive Summary

The Town of Trumbull's Transfer Station is the processing site where residents from Trumbull, Easton, and Monroe can dispose their solid waste and recycling items that are to be transported to a disposal facility by the contracted haulers.

The Town of Trumbull provides funding for the Transfer Station's operations through the Town's general fund. The revenue from the various fees (**Appendix A**) collected from residents, commercial haulers, and billing fees charged to Easton & Monroe for reimbursement of their portion of the Transfer Station's labor costs and expenses, help defray the Transfer Station's costs.

The Transfer Station currently has 2 full time staff at the Spring Hill site overseeing the Recycling Center's daily operations. The Highway Department Support staff and Office Manager are responsible for the daily record keeping and billing/cash receipt functions related to the Transfer Station revenue.

The focus of this audit was to assess the design of the Department's key Billing and Cash Handling processes, review and identify potential internal control gaps, review the efficiency of the department's business processes, examine and identify potential inefficient processes that may benefit from process improvements and assess compliance of the Town's established policies and procedures related to the Transfer Station's billing and collection of revenue.

Internal Audit (IA) conducted this audit for the period covering July 1,2022 to March 31, 2024.

Internal Audit (IA) identified the following audit observations:

- Department's Policy & Procedures should be documented.
- Department's Billing Accounts Receivable balances were not properly recorded in the Town's Financial System at fiscal year-end.
- The Department's Cash Collection/Deposit process should be reviewed to improve efficiency and eliminate redundancy.
- Administration office oversight & segregation of duties should be revisited to ensure the department meets the Town's internal controls expectations and reporting deadlines.
- Special Revenue account (**SRA**) & Credit Card account reconciliation process should be implemented and documented.
- Adding 1 full time staff at Transfer Station should be considered to provide scheduling relief & reduce overtime costs.
- Software update is needed for the Transfer Station's scale.
- The Trumbull, Easton, and Monroe (**TEAM**) agreement should be revisited and revisions to each town's portion of duties, responsibilities, payment, and potential penalties should be taken into consideration.

I would like to express my appreciation to the Public Works Transfer Station, Highway, and Finance department staff for their time, assistance, and cooperation throughout the audit.

Authorization

Internal Audit (IA) conducted this audit under the authority of Chapter VII, Section 1C of the Town of Trumbull Charter and in accordance with the Annual Audit Plan approved by the Town of Trumbull Board of Finance.

Background

The individual residents, residential hauling contractors, and commercial landscapers for Trumbull, Easton, and Monroe bring their municipal solid waste (MSW), allowable recycling & demolition materials, metal, electronics, and organic materials to the Town of Trumbull's Transfer Station for processing. The Transfer Station's hours of operation, guidelines, fees, and type of allowable waste/recycling materials are posted on the Town of Trumbull's website: [Transfer Station / Recycling Center | Trumbull, CT \(trumbull-ct.gov\)](http://Transfer Station / Recycling Center | Trumbull, CT (trumbull-ct.gov)):

TEAM Transfer Station Guidelines

- **Trumbull Residents:** Driver's License is required.
- **Monroe Residents:** Payment must be made by credit/debit card only directly at the Transfer Station. Tickets are no longer being sold.
- **Easton Residents:** Tickets must be purchased at Easton Town Hall prior to arriving at the Transfer Station. If a resident doesn't have enough tickets for their items, they can pay the difference via debit/credit card at the Transfer Station.
- The Transfer Station does not accept any organic composting material (yard waste/brush) from **residents of Monroe or Easton**.
- **No tickets are required** for recyclables, scrap metal, electronics, batteries, residential motor oil, residential cooking oil, and antifreeze.

The Transfer Station has 2 full time employees working Monday - Saturday. Additional staff from Public Works is also utilized for coverage as needed. The Town of Easton and Monroe are billed for their portion of labor costs – Easton 11.1%, Monroe 30.2%.

The Transfer Station attendants guide haulers to the scale to weigh the vehicle, charge fees, and provide directions to residents bringing their solid waste and recyclables. All payments, except for tires, are made via debit/credit card. The only cash accepted is the \$2 fee for each tire dropped off for recycling. At the end of the day, the Attendants print out a daily report, attach the original receipts, and send it to the Highway department office. The Administrative Support staff records daily transactions in an Excel workbook.

City Carting provides their own employees to maintain the station, provide minor custodial repairs, and haul away the MSW to the WinWaste processing center in Bridgeport. They also haul away the tires, demolition materials, and single stream recycling for a fee per load or tonnage.

The Administrative Support staff receives a monthly report and disposal invoice from WinWaste and reconciles it to the transactions on the Transfer Station's excel workbook for that period. The Administrative Support then creates the TEAM monthly invoice containing an estimate of the salaries/benefits portion payable to The Town of Trumbull, the City Carting fee to run the Transfer Station (% based on population), and the City Carting hauling fee based on tonnage per Town. Each Town pays their tonnage tipping fee directly to WinWaste.

The Administrative Support Staff and the Office manager receive and record payments collected from Easton, Monroe, and commercial haulers. A check log is maintained and a spreadsheet to keep track of all department cash receipts. All monies (checks/cash) are safeguarded in a locked drawer and deposited periodically in the General Fund or Special Revenue Account. The Office Manager is mainly responsible for making the bank deposit and sending Finance the corresponding support documentation. Finance sends the Administrative Support a daily Transfer Station credit card payment report received from the merchant.

Connecticut State law and regulations require solid waste and recycling data to be submitted to the Connecticut Department of Energy and Environmental Protection (**DEEP**) by municipalities and by permitted solid waste facilities - CGS Sec 22a-220(h), *an owner or operator of each CT solid waste transfer station (TS), with a CT solid waste permit to transfer any type of solid waste for disposal, is required to complete DEEP's Transfer Station quarterly report and the Annual Municipal Recycling report.* **The Highway Department's Administrative Support staff is responsible for completing the DEEP reports.**

The Table below shows the Town of Trumbull's Solid Waste and Recyclable materials reported to the DEEP for calendar years (CY) 2021 - 2023:

Table 1 – DEEP Municipal Waste and Recycling Reported

TYPE of WASTE or RECYCLABLE TRANSFERRED	CY 2021 Tonnage/Gallon	CY 2022 Tonnage/Gallon	CY 2023 Tonnage/Gallon
MSW	24,739	24,047	23,997
Construction/Demo Waste	206	166	192
TIRES	23	32	21
OIL	7,350 Gallons	7,000 Gallons	5,275 Gallons
Antifreeze	280 Gallons	285 Gallons	402 Gallons
LEAVES	5,693	4,058	4,646
Yard Waste Mixed	2,473	3,567	3,453
Metals	848	703	712
Electronics	124	95	89

Objective

The objective of the Recycling Center's Billing and Process audit was to:

- assess the design of the Department's key billing, cash receipt, and financial processes,
- review and identify any process or internal control gaps,
- determine the efficiency of the department's business processes and identify redundant processes that can be updated or eliminated,
- assess compliance of the Town's established policies and procedures.

Scope and Methodology

In accordance with the goals set forth in the Town's Annual Audit Plan, IA conducted an audit of the Town of Trumbull's Transfer Station Billing and Cash Receipt processes. The audit was conducted in conformance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. The standards require that IA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. IA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

The scope of the audit was for the periods covering July 1, 2022 to March 31, 2024.

The audit methodologies presented in Table 2 below were to assess the reliability of the Department's design and internal controls and verify departmental processes are following the Town of Trumbull's established policies and procedures.

Table 2 – Audit Methodologies

Methodology	Source
Interviews	Interviews were conducted with the Director of Public Works, Public Works Comptroller, Recycling Center Supervisor, Administrative Support Staff, and Highway Department's Office Manager to gain an understanding of their roles and the department's processes and needs related to the Department's system design and internal controls.
Walkthrough	Onsite walkthrough was conducted of the Transfer Station/Recycling Center and Highway Staff processes to understand their internal control structure and operations.
Documentation Review	IA reviewed the Transfer Station's Daily reports, daily ticket receipts, the monthly billing to clients, quarterly true up billing for labor costs, department cash receipts and deposit support documentation. Additionally, the State of CT DEEP quarterly reporting and Annual Municipal Recycling report were reviewed for compliance.
File Review	The Munis financial system was reviewed for the recording of Accounts receivable, cash receipts deposit, and credit card payments. The SRA was reviewed for deposits and allowable expenditures.

Opportunities for Improvement

During the audit, IA identified certain areas for improvement. The audit was not designed or intended to be a detailed study of every transaction, procedure, or relevant system. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

Observations

IA interviewed the Highway Department and Transfer Station's staff regarding their job duties to gain an understanding of the department's processes and needs related to the Department's system design and internal controls. The Highway Department's Administrative Support Staff and Office Manager are responsible for the record keeping and collection of the Transfer Station's daily transactions and all related cash receipts/credit card payments.

The Transfer Station attendants process fees from commercial and individual clients that unload their waste/recycled materials at the Station. Each vehicle is weighed and charged a fee in accordance to the Town's Fee Schedule. The Highway Department's staff receive the Transfer Station's daily reports and paper receipts for transactions processed onsite. The transactions are then recorded on a monthly spreadsheet by category. The Administrative Support Staff prepares the Easton and Monroe monthly billing for each town's portion of the amount due to City Carting and WinWaste Innovations for waste hauling and their portion due to the Town of Trumbull for their interim salary and repair/testing/utilities expenses. On a quarterly basis a Team Labor Cost billing is also sent to Easton and Monroe to true up the Recycling Center's payroll costs.

Observation #1: Policies & Procedures of the department's transactions and related internal controls of its operations should be clearly documented, and periodically reviewed and updated.

Recommendation: Departmental policies and procedures should be documented, implemented, and periodically updated to bring uniformity to the department's operations and therefore reduce the risk of an unwanted event. Policies and Procedures, among other things, provide structure and standardization to processes, give guidance for decision-making, streamline internal processes, define responsibilities of both management and staff, and promote efficiency.

Management Response: The Public Works Comptroller will work with the Highway department staff to create the Department's Policies and Procedures. The Department acknowledges the benefits of having documented P & Ps essential for guidance in the absence of staff and individual responsibilities and management oversight.

Accounts Receivable refers to the amounts owed to a company by its customers for goods or services that have been delivered but not yet paid for. IA reviewed the Transfer Station Billing for the Town of Easton and Monroe for accuracy, completeness, timeliness to determine if the Accounts Receivable balance for each town was properly recorded in the Town of Trumbull's Munis Financial system.

The Department's Administrative Support staff sends a monthly Billing via email to the Town of Easton & Monroe itemizing their portion of that period's amount due for The Trumbull Transfer Station services provided—the Finance Director is cc'd on the email. Quarterly an additional bill is emailed to each Town for their portion of the labor/benefit costs of the TEAM at the Transfer Station. Prior to FY2023, the bills included the current period's amount and did not provide an outstanding balance owed to Trumbull. The accounts receivable tracking is maintained on an Excel spreadsheet and any follow up is completed by the Highway department staff.

In January 2023 the Town of Monroe sent the Town of Trumbull a check in the amount of \$93,625 for the pro-rated share of labor costs for the period covering July 2019 to June 2022. This amount was not recorded as an outstanding Accounts Receivable balance in the Town's Munis system at the end of FY2022. The Assistant Finance Director was not aware of the TEAM outstanding Accounts Receivable balance and only recorded the amount noted on the fiscal year's monthly June billing.

Observation #2: The Department's Billing Accounts Receivable balances were not properly recorded in the Town's Financial System at fiscal year-end.

Recommendation: The Town of Easton & Monroe's Accounts Receivable balances should be provided to the Finance department at the end of each fiscal year. The Department should implement an automated billing and monitoring system for the Accounts Receivable outstanding balances, if feasible within the Town's Munis system, to help with the timely collections of monies due, identify any irregularities, and provide Finance with an accurate amount due to the Town for the purposes of the Town's Financial reporting.

Management Response: The Department will reach out to the Town's Finance Director to determine if through the Munis system an Accounts Receivable billing process can be set up like the Police Department's special detail account. This would facilitate the department's client billing and create an automated record of the client's billing, payments received, and related aging report with their respective outstanding balance.

Corrective Action: The Highway Department Support Staff has provided the Town of Easton, Monroe, and commercial hauler's Accounts Receivable balance to the Assistant Finance Director for FY2024.

IA observed the Department's cash handling process to verify the cash/checks on hand are safeguarded in accordance with the Town's Cash Handling policy. The process included recording the monies received in a Log and then enter the same on a excel spreadsheet for deposit preparation and tracking.

IA obtained copies of the Cash Receipts documentation to verify segregation of duties exist and bank deposits were made in a timely manner. The department's Office Manager completes the deposit and initials the forms sent to Finance with the deposit ticket and support documentation – currently no additional staff reviews the prepared bank deposits . IA compared payments collected per the Cash

Receipts file to the bank deposit and the amount recorded in Finance's Munis system. IA noted the bank deposits timeliness was not consistent with the Town's cash handling policy.

Finance sends the Department a daily Merchant Activity report for the Transfer Station's credit card payments received in the bank. The Department was not provided training to reconcile the Merchant data to the Transfer Station credit card records in the CLOVER system.

Just over half of the DEEP quarterly/ annual reporting and department's bank deposits did not meet the required State deadlines or follow the Town's cash handling policy. Management or peer oversight of the reporting was not evident. The department was also not aware of the quarterly SRA account reconciliation process. IA has expressed the importance of compliance with policies and has provided the SRA reconciliation template with training material.

Observation #3: The Department's Cash Collection/Deposit process should be reviewed to improve efficiency and eliminate redundancy.

Recommendation: Working with the Public Works Comptroller, the Administrative Support staff and the Office Manager should review their current work processes to determine if there are any steps that can be eliminated to improve efficiencies and eliminate duplication of effort noted.

Management Response: The Highway department staff agree the current processes have been in place since they were hired many years ago. The Public Works Comptroller will work with the Administrative Support and Office Manager to review processes and revise any that can be automated and/or eliminated to improve efficiency.

Observation #4: Administration office oversight & segregation of duties should be revisited to ensure the department meets the Town's internal controls expectations and reporting deadlines.

Recommendation: Segregation of duties and oversight of process should be implemented to ensure one person is not solely responsible for the entire bank deposit cycle or other duties requiring review, i.e. the Office Manager can have the Administrative Support Staff or other designee verify the prepared bank deposit to the back up and signoff prior to taking the deposit to the bank; the Public Works Comptroller can verify and signoff on the SRA Reconciliations or Deep Reports prior to sending.

Management Response: The Public Works Comptroller will work with the Administrative Support and Office Manager to review processes and implement oversight where applicable.

Observation #5: SRA & Credit Card account reconciliation process should be documented and implemented.

Recommendation: Town wide departments should contact Finance for cash receipts and reconciliation training of newly hired staff responsible for their financial functions. Human Resources could implement an orientation process to include Finance training when applicable. Although Finance has conducted some Town wide training in the past, there should be periodic refresher training to ensure new

processes are update and department personnel are properly trained, i.e. when the department starts to accept credit card payments and receive Daily Merchant Reports from Finance.

Management Response: The Office Manager and the Administrative Support staff were not given guidance regarding the SRA and credit card accounts, nor were there any request from Finance regarding any outstanding quarterly SRA reconciliation. Finance sends the department the Merchant Daily reports via email, but no instruction was provided as to what should be done with them.

Corrective Action Taken: During the course of this audit, the Department has implemented the reconciliation process of the credit card transactions in the CLOVER system to the Merchant Daily reports. IA has provided the Department with Finance's SRA reconciliation training materials & template.

IA conducted an onsite walkthrough of the Transfer Station on Spring Hill Rd. Staff work Monday – Saturday (1/2 day). The Recycling Center Supervisor and an Attendant tend to incoming vehicles recording applicable weight on the scale, providing needed directions, collecting applicable fees (no cash except for tires), and process the scale system's daily reports sent to the Highway department. **IA observed, on what was generally a slow day, the activity was constant and at times the line of vehicles was long creating backed up traffic on Spring Hill Rd and can be somewhat overwhelming for just 2 employees when they leave their post to provide assistance or direction.** IA inquired about coverage in the event of staff absence and was informed the Public Works provides coverage if feasible when needed. This involves pulling one resource to cover another, resulting in a shortage elsewhere.

Observation #6: Adding 1 full time staff at Transfer Station should be considered to provide scheduling relief & reduce overtime costs.

Recommendation: The town should consider approving the Transfer Station's request for an additional full-time employee on their next budget request to help provide additional scheduling coverage and not impact the Public Works department by removing their needed staff to cover the Recycling Centers staffing needs.

Management Response: Management concurs this has been an ongoing issue for several years and attempts to add staff at most annual budget requests. Management acknowledges overtime cost have been incurred to provide coverage at the Recycling Center. Adding an additional staff would be ideal and help with scheduling and coverage at the facility.

IA noted the Transfer Station scale software is very old, has not been upgraded, and provides limited reporting options. The Highway staff is unable to run or create monthly reports to reconcile to the WinWaste monthly report. Instead, the Recycling Center staff prints out daily reports and send it to the Highway Administrative Support Staff who then enters the transaction information on an excel worksheet. **This is a tedious manual process and has been a finding in both the 2016 Transfer Station Cost Review and 2020 Department of Public Works Operational Review.**

Observation #7: Software update is needed for the Transfer Station's scale.

Recommendation: The scale's software available is outdated and needs to be updated. **The Department should consider covering the cost of the system upgrade using funds from the SRA account-- FY2024 balance was \$360,858.**

Management Response: The Department is looking into with the IT Director and the Director of Operations and exploring options to upgrade the system.

IA interviewed the Director of Public Works and the PW Comptroller to obtain an understanding of the Transfer Station's daily operations and potential needs. The Transfer Station capital improvement project continues in the design stage and several essential upgrades would be included in the project. As a result, this is expected to take a few years as it is a major project. One area of concern is the current TEAM agreement. The current agreement does not specify the portion each Town is responsible for if there is a significant event requiring unexpected costs. Generally, the Town absorbs the cost and/or tries to work out some form of payment with Easton and Monroe.

Observation #8: The TEAM agreement should be revisited and revisions to each town's portion of duties, responsibilities, payment, and potential penalties should be taken into consideration.

Management Response: The Department acknowledges there is a need to include the specific detail in the TEAM agreement to include unusual and unexpected expenditures related to the Transfer Station. The Department would like to work with the Town and Finance regarding the feasibility of this matter.

Appendix

Appendix A - Transfer Station Billing Fee Schedule

Biller	Bill Recipient	Billing Description	Rate	Billing based on:
WinWaste	Trumbull Easton Monroe	Tipping fee	\$70.49	Tonnage (Trumbull pays only their portion)
City Carting	Trumbull	MSW Hauling	\$18.00	Tonnage
City Carting	Trumbull	Monthly Admin. Fee	\$36,838.44	Monthly Flat Fee
City Carting	Trumbull	Tires	\$225.00	# of hauls
City Carting	Trumbull	Tires	\$120.00	Tonnage
City Carting	Trumbull	Demolition	\$195.00	# of hauls
City Carting	Trumbull	Demolition	\$85.00	Tonnage
City Carting	Trumbull	Single Stream	\$225.00	# of hauls
ECG	Trumbull	Waste Oil	\$0.85	Gallons
Interstate Refrigerant Recovery	Trumbull	FreeOn	\$7.00	Units
Oakridge	Trumbull	Single Stream disposal	variable rate	Tonnage
Stratford Baling	Trumbull	SSRI (Town Buildings and BOE) Commercial Hauler recycling	variable rate (same as Oakridge)	Tonnage
Grillo	Trumbull	Brush and Leaves	\$29.55	Tonnage
Trumbull	Easton Monroe	Repairs, Testing, Utilities	\$2.50	Tonnage
Trumbull	Easton Monroe	Salaries and Benefits Monthly Estimate	\$6.00	Tonnage
Trumbull	Easton Monroe	Salaries and Benefits True Up	Varies	Quarterly actuals true up. \$6.00/ton monthly bill is trued up vs actuals. Actuals less monthly estimates = net due to Trumbull
Trumbull	Easton Monroe	MSW Hauling	\$18.00	Tonnage (Trumbull invoices Easton and Monroe but payments are made directly to City Carting)
Trumbull	Easton Monroe	Monthly Admin. Fee	11.10 % Easton 30.20% Monroe	Population (Trumbull issues invoice for Easton and Monroe but payments are made to City Carting)
Trumbull	Trumbull, Easton and Monroe Residential Haulers	License Fees	\$500.00	Yearly per truck
All American	Trumbull	Trash and recycling pick up Town buildings & BOE	\$23,654.64 Town \$ 66,368.28 BOE	Yearly
Tighe and Bond	Trumbull	MS4, Landfill Monitoring and Industrial Stormwater permits	~\$ 70,000	yearly
Complete Environmental	Trumbull	Waste Oil Testing	\$75	Per test
GI Johns	Trumbull	Portable toilets and handwashing stations	\$450	Monthly